

TO MEMBERS OF THE COUNCIL

Notice is hereby given that a special meeting of the Council of the London Borough of Bromley is to be held in the Council Chamber at Bromley Civic Centre, Stockwell Close, Bromley, BR13UH on Monday 26 February 2024 at 7.00 pm which meeting the Members of the Council are hereby summoned to attend.

Prayers

A G E N D A

- 1 Apologies for absence
- 2 Declarations of Interest
- 3 To confirm the Minutes of the meeting of the Council held on 11 December 2023 (Pages 3 - 26)
- 4 2024/25 Council Tax (Pages 27 - 98)
- 5 Capital Strategy 2024/25 to 2027/28 and Q3 Capital Programme Monitoring (Pages 99 - 134)
- 6 Treasury Management - Annual Investment Strategy 2024/25 and Quarter 3 Performance 2023/24 (Pages 135 - 184)
- 7 2024/25 Pay Award (Pages 185 - 208)
- 8 Pay Policy Statement 2024/25 (Pages 209 - 228)
- 9 Members Allowances Scheme 2024/25 (Pages 229 - 240)
- 10 The Mayor's announcements and communications.

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Ade Adetosoye

Ade Adetosoye CBE
Chief Executive

BROMLEY CIVIC CENTRE
STOCKWELL CLOSE
BROMLEY BR1 3UH
Friday 16 February 2024
Vol.60 No.5

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LONDON BOROUGH OF BROMLEY

MINUTES

of the proceedings of the Meeting of the
Council of the Borough
held at 7.00 pm on 11 December 2023

Present:

**The Worshipful the Mayor
Councillor Mike Botting**

**The Deputy Mayor
Councillor Keith Onslow**

Councillors

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

The meeting was opened with prayers

In the Chair
The Mayor
Councillor Mike Botting

34 Apologies for absence

Apologies for absence were received from Councillors Will Connolly, Simon Fawthrop, Adam Grant, Jonathan Laidlaw, Ryan Thomson and Thomas Turrell.

35 Declarations of Interest

Cllr Simon Jeal declared a non-pecuniary interest in minute 37 (Petition) as a trustee of XbyX, and stated that he would not speak or vote on the matter.

36 To confirm the Minutes of the meeting of the Council held on 16 October 2023

RESOLVED that the minutes of the meeting held on 16th October 2023 be confirmed.

**37 Petition
 Report CSD23145**

The following petition had been received by the Council –

“We, the undersigned, object to the proposed demolition of Lewis House and the displacement or closure of the service it provides.”

The lead petitioner, Mr Garnet Frost, attended the meeting and addressed the meeting in support of his petition.

A motion to take no further action on the petition was moved by Councillor Colin Smith, seconded by Cllr Kate Lymer and **CARRIED**.

(Councillor Simon Jeal abstained – recorded at his request).

38 Questions

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

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

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

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

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

A statement had been requested by Cllrs Julie Ireland and Sam Webber from Cllr Nicholas Bennett, the Portfolio Holder for Transport, Highways and Road

Safety on the effect of the forced use of the RingGo parking app, and what evidence he would take into account when he reviewed the scheme.

The Portfolio Holder stated that he would not be making a statement as there would be a report to the PDS Committee in January. Questioned by Cllr Alison Stammers about fall in parking income since the introduction of the app, the Portfolio Holder repeated that she would have to wait for the report.

Cllr Chloe-Jane Ross asked whether, in view of the reported destruction of ULEZ cameras, he was concerned about RingGo being targeted? Cllr Bennett responded that he condemned the criminal damage to ULEZ cameras and hoped that the perpetrators would be caught.

Cllr Webber added that he hoped that the Council would take into account people's personal circumstances and the outages suffered by the app.

40 Capital Programme Monitoring Quarter 2 2023/24
Report CSD23151

A motion to approve the following amendments to the Capital Programme -

- (i) increase of £3,000k for surveys and potential remedial works in relation to reinforced autoclaved aerated concrete (RAAC);
- (ii) increase of £1,893k in relation to depots; and
- (iii) increase of £700k in relation to increased costs on the social care case management system;

was moved by Councillor Christopher Marlow, seconded by Cllr Yvonne Bear and **CARRIED**.

41 Treasury Management Quarter 2 Performance 2023/24 and Mid-Year Review
Report CSD23152

A motion to note the treasury management performance for the second quarter of 2023/24 and approve the prudential indicators set out in Appendix 4 to the report was moved by Cllr Christopher Marlow, seconded by Cllr Colin Smith and **CARRIED**.

42 Review of the Constitution
Report CSD23144

A motion to approve the new layout and updated contents of the Constitution, as at Appendix 1 to the report, was moved by Cllr Nicholas Bennett, seconded by Cllr Pauline Tunnicliffe, and **CARRIED**.

**43 Development Control Committee and Plans Sub-Committees -
Terms of Reference**
Report CSD23148

A motion to approve the updated terms of reference of Development Control Committee and Plans Sub-Committees was moved by Cllr Nicholas Bennett, seconded by Cllr Alexa Michael and **CARRIED**.

44 Committee Appointments
Report CSD23149

A motion proposing that Cllr Josh Coldspring-White be appointed to the vacant committee seats was moved by Cllr Pauline Tunnicliffe, seconded by Cllr Colin Hitchins and **CARRIED**.

(Note: The vacant seats were on Environment & Community Services PDS Committee, Public Protection and Enforcement PDS Committee, Renewal, Recreation & Housing PDS Committee, Development Control Committee, General Purposes and Licensing Committee, Pensions Committee and Standards Committee.)

45 SACRE Annual Report 2022/23
Report CSD23143

A motion to receive and note the SACRE Annual Report for 2022/23 was moved by Cllr David Jefferys, seconded by Cllr Jonathan Andrews and **CARRIED**.

46 To consider Motions of which notice has been given.

(A) Care Experienced People

The following motion was moved by Cllr Ruth McGregor and seconded by Councillor Rebecca Wiffen:

“Council notes that:

- Care experienced people face significant barriers that impact them throughout their lives;
- Despite the resilience of many care experienced people, society too often does not take their needs into account;
- Care experienced people often face discrimination and stigma across housing, health, education, relationships employment and in the criminal justice system;
- The Public Sector Equality Duty requires public bodies, such as councils, to eliminate unlawful discrimination, harassment, and victimisation of people with protected characteristics;
- The Independent Review into Children’s Social Care published its report in May 2022 and recommends that the government should make care experience a protected characteristic

Council resolves:

- That this council will treat care experience as if it were a Protected Characteristic so that future services and policies made and adopted by the Council should be assessed through Equality Impact Assessments to determine the impact of changes on people with care experience, alongside those who formally share a Protected Characteristic;
- To formally call upon all other bodies including government to treat care experience as a Protected Characteristic until such time as it may be introduced by legislation;
- For the Council to continue to proactively seek out and listen to the voices of care experienced people when developing new policies based on their views.”

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

(B) Prostate Cancer

The following motion was moved by Cllr Chris Price and seconded by Cllr Sophie Dunbar:

“This Council notes;

Prostate cancer is the most common cancer in men.

1 in 8 men will be diagnosed, rising to 1 in 4 for Black men.

As many as 69% of those treated with surgery may experience urinary incontinence as a result.

1 in 25 men aged over 40 will experience some form of urinary leakage every year.

1 in 20 men aged 60 or over will experience bowel incontinence in the UK.

Men who need to dispose of their sanitary waste (including incontinence pads, pouches, stoma, catheter, colostomy, ileostomy waste by-products) often have no direct access to a sanitary bin in male toilets.

Bromley Council resolves:

To ask the executive member for Environment to investigate providing at least one sanitary bin in all Council operated and contracted male public toilets.

To encourage other providers of public and workplace toilets in the borough to make male sanitary bins available in their facilities.

That the Leader should write to our 4 local MP’s to encourage for Government to update any necessary regulations to ensure that ‘suitable means for the disposal of sanitary dressings’ is provided in all toilets, in alignment with the Prostate Cancer ‘Boys need Bins’ campaign.”

The following members voted in favour of the motion:

Councillors Jeremy Adams, Jessica Arnold, Kathy Bance, Graeme Casey, Sophie Dunbar, Robert Evans, Alisa Igoe, Julie Ireland, Mike Jack, Simon Jeal, Charles Joel, Kevin Kennedy-Brooks, Josh King, Ruth McGregor, Tony McPartlan, Chris Price, Chloe-Jane Ross, Shaun Slator, Mark Smith, Alison Stammers, Melanie Stevens, Harry Stranger, Sam Webber and Rebecca Wiffen (24).

The following members voted against the motion:

Councillors Jonathan Andrews, Felicity Bainbridge, Yvonne Bear, Nicholas Bennett, Kim Botting, Mark Brock, David Cartwright, Josh Coldspring-White, Aisha Cuthbert, Peter Dean, Kira Gabbert, Hannah Gray, Sunil Gupta, Christine Harris, Colin Hitchins, David Jefferys, Kate Lymer, Christopher Marlow, Alexa Michael, Tony Owen, Angela Page, Will Rowlands, Colin Smith, Diane Smith, Michael Tickner and Pauline Tunnicliffe (26)

The following members abstained:

Councillors Mike Botting and Keith Onslow (2).

The motion was **LOST**.

47 The Mayor's announcements and communications.

The Mayor thanked Members who attended the Ball at The Warren and the dinner at Tamasha, and reminded Members about the following events –

- The Carol Service and Nine Lessons on Sunday 17th December 2023 at All Saints Church in Orpington;
- Sunday Lunch at The Warren on 21st January 2024 – all funds to the Rotary Club of Bromley for supporting Ukraine;
- Commemorating Holocaust Remembrance Day on Wednesday 31st January at the Civic Centre;
- A wine tasting conducted by Cllr David Cartwright on Saturday 16th March 2024 in the Old Palace;
- Dinner at the East India Club on Thursday 11th April 2024.

The Meeting ended at 9.08 pm

Mayor

Council

11 December 2023

Questions from Members of the Public for Oral Reply

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

Please list the annual energy bill for each of the Council owned leisure centres, what plans are there to reduce the energy bills at these buildings, does the Council accept responsibility to make all these buildings completely climate change friendly and if not, why not?

Reply:

The energy bills for the leisure centres are paid for by Mytime Active who are consequently motivated to maximise energy efficiency to reduce costs and are currently investigating options for renewable energy provision, specifically at Beckenham Spa. The major works planned for the Walnuts and West Wickham leisure centres also include improvements to energy efficiency and a bid has been submitted for a grant to fund this.

Supplementary Question:

Mr Mckibbin asked whether the Portfolio Holder could speak to Mytime to investigate the slow progress at The Spa.

Reply:

Cllr Bear agreed to contact Mytime.

2. From Ju Owens to the Portfolio Holder for Renewal, Recreation and Housing

With the winter weather starting to bite, and the cost of living crisis increasing what provisions has Bromley Council put in place to ensure that no one is forced to sleep rough this winter; and that everyone found homeless is helped to find to secure and affordable housing?

Reply:

The Council works with partner agencies throughout the year to identify and engage with anyone found to be sleeping rough in the borough. The support provided includes access to accommodation, support with health matters and referrals to appropriate agencies. This proactive work throughout the year means that the numbers of people sleeping rough in the borough remain low and that new flow to the streets is responded to very quickly.

Supplementary Question:

Ms Owens asked whether the Council would be joining other councils, charities, businesses, community and faith groups in joining the Mayor of London's Rough Sleeping Charter?

Reply:

Cllr Bear responded that the Council would do its best to address rough sleeping with or without a charter and was making good progress. At the last survey, only one Bromley resident was found to be sleeping rough who was not previously known to services. The Charter had been created in collaboration with London Councils, reflects best practice across all London Boroughs and encourages other organisations to assist with tackling rough sleeping. The Council will review the Charter.

Supplementary Question from Cllr Simon Jeal:

Cllr Jeal asked how the monitoring and identification of rough sleepers worked – how this was counted and quantified?

Reply:

Cllr Bear explained that the number of rough sleepers was regularly monitored and as soon as a report of a new rough sleeper was received the outreach team was sent to investigate. Five people had been found sleeping rough at the last survey.

Supplementary Question from Cllr Alisa Igoe:

Cllr Igoe complained that she had emailed about a rough sleeper, but had not received a reply.

Reply:

Cllr Bear asked for the details to be sent to her and she would follow up. She added that usually a team was sent out the same night, but sometimes it was not possible to find the person.

Supplementary Question from Cllr Kathy Bance:

Cllr Bance asked where rough sleepers should be reported?

Reply:

Cllr Bear advised that reports should always be made to the Council's rough sleeper team, who could then refer to other agencies as appropriate.

Supplementary Question from Cllr Sam Webber:

Cllr Webber asked what support for rough sleepers was available at weekends?

Reply:

Cllr Bear explained that the outreach team worked 24/7 and every day of the year. Even where the Council did not have a duty of care the team would always try to assist and support as far as possible.

Council

11 December 2023

Questions from Members of the Public for Written Reply

1. From Fiona Brandhorst to the Portfolio Holder for Children, Education and Families

Will LBB introduce council tax exemption for care leavers up to 25, and those who move to Bromley from other areas, as called for by The Children's Society? As the corporate parent to these young people, can you provide them with a fairer start into adulthood and protection from debt?

Reply:

We continue to support our Care Leavers in a number of other ways which have been previously outlined. The recent Ofsted inspection was satisfied with the ways in which we support our young people as they move into independence.

2. From Kyle Sewell to the Portfolio Holder for Transport, Highways and Road Safety

Would the Portfolio Holder say that, whilst crossing at the Homesdale Road roundabout, pedestrians experience near misses with speeding cars because their parents haven't told them how to cross the road properly?

Reply:

All road users should take care when using roundabouts or indeed any road.

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

A question to the 16/11/23 ECS PDS Committee asking for dates and locations of surface water flooding in the Crays in 2021 elicited a response detailing only those on 20 October 2021. Serious flooding also took place on 20 July 2021.

Please detail all other flooding locations and dates for 2021.

Reply:

The significant storms in 2021 that resulted in flooding to SMC occurred on 20th July and 20th October.

As a result of the 20th of July storm flooding was reported at -

- Station Road, St Mary Cray
- Leasons Hill, St Mary Cray
- Kynaston Road, Orpington
- Repton Road, Orpington

4. From Ian Dunn to the Portfolio Holder for Resources, Commissioning and Contract Management

Please provide the balance in each Earmarked Reserve as of 30 September 2023, showing the following information:- The date the reserve was created and the initial amount, the value and date of the most recent deposit and the value and date of the most recent withdrawal. Please sort the table by current balance.

Reply:

(See attached appendix)

EARMARKED RESERVES BALANCES AT 30TH SEPTEMBER 2023

Description	Balance at 30/09/23 £'000	First contribution date	First contribution amount £'000	Last contribution date	Last contribution amount £'000	Last drawdown date	Last drawdown amount £'000
Collection Fund Surplus Set Aside	37,155	15/04/2014	2,964	31/03/2022	16,822	31/03/2023	1,700
Growth Fund	21,061	14/01/2015	10,000	31/03/2020	1,425	31/03/2023	178
Housing Investment Fund	20,894	28/03/2019	7,500	31/03/2023	17	31/03/2023	6,536
Invest to Save	18,275	09/11/2011	14,000	31/03/2023	400	31/03/2023	637
Financial Planning & Risk Reserve	10,000	31/03/2015	5,000	31/03/2018	5,000		
Income Equalisation Reserve	9,030	31/03/2018	1,086	31/03/2023	2,044		
Government Grants	8,481	31/03/2011	884	31/03/2023	8,092	31/03/2023	8,481
COVID recovery Fund	8,443	31/03/2021	10,273	31/03/2022	2,771	31/03/2023	4,600
Investment Fund	6,146	31/03/2013	20,693	31/03/2023	16	31/03/2022	13
Various Joint Schemes and Pump Priming Investments	5,091	31/03/2016	3,100	31/03/2023	77	31/03/2022	501
Hospital Discharge Funding	5,031	26/02/2021	1,677	31/03/2023	1,677		
Utilisation of New Homes Bonus	4,829	31/03/2012	993	31/03/2023	253	31/03/2019	0
Business Rates Risk Reserve	4,200	31/03/2015	1,200	31/03/2016	3,000		
Insurance Fund	3,970	30/04/2016	3,099	31/03/2022	540	31/03/2022	922
Health & Social Care 'Promise Programme'	3,953	31/03/2012	4,995	31/03/2012	4,995	22/03/2017	2,000
Housing Invest to Save	3,409	31/03/2019	3,409	31/03/2019	3,409		
Parallel Fund	3,097	12/01/2015	2,700	31/03/2023	77	31/03/2017	109
Schools	3,071	31/03/2005	9,014	31/03/2023	3,803	31/03/2023	3,541
Health & Social Care Integrated Commissioning Fund	3,030	31/03/2015	4,553	31/03/2019	2,000	14/12/2020	520
Transition Fund	2,559	04/05/2016	2,068	23/01/2018	2,052	05/03/2019	30
Collection Fund Deferred Costs Reserve	2,283	31/03/2021	2,662	31/03/2022	2,283	31/03/2023	2,662
Winter Pressures	2,010	04/03/2014	1,542	31/03/2017	468	05/03/2014	1,542
Building Infrastructure Fund	2,000	31/03/2023	2,000	31/03/2023	2,000		
Healthy Bromley Fund	1,899	31/03/2014	2,670	31/03/2015	1,250	31/03/2023	1,117
Future Pensions Risk on Outsourcing	1,729	31/03/2018	203	31/03/2023	247	15/11/2022	9
Key Health & Social Care Initiatives	1,700	31/03/2014	1,700	31/03/2014	1,700		
Social Care Staffing Fund	1,700	31/03/2023	1,700	31/03/2023	1,700		
Integration of Health & Social Care Initiatives	1,614	31/03/2014	4,067	27/07/2018	750	19/12/2017	800
Health & Social Care Transformation Fund	1,500	27/02/2020	1,500	27/02/2020	1,500		
Capital Fund	1,252	31/03/2022	2,900	31/03/2022	2,900	31/03/2023	2,630
Technology Fund	1,229	31/03/2005	1,325	31/03/2023	31	31/03/2022	100
Transformation Fund	1,224	31/03/2009	500	31/03/2022	93	31/03/2022	93
Tremendous Fund	1,161	31/03/2023	595	31/03/2023	595		
Health Facilities Fund	993	27/02/2020	993	27/02/2020	993		
Carbon Neutral Initiatives Fund	875	31/03/2021	875	31/03/2021	875		
Platinum Jubilee Fund	854	31/03/2022	1,000	31/03/2022	1,000	31/03/2023	146
Bromley Welfare Fund	753	31/03/2015	970	31/03/2022	600	31/03/2023	179
One off Member Initiatives	654	31/03/2012	2,620	31/03/2023	3	31/03/2023	30
Legal Fund	635	31/03/2023	635	31/03/2023	635		
Education Fund	630	31/03/2023	630	31/03/2023	630		
West Wickham Leisure Centre & Library Redevelopment	623	22/03/2018	993	22/03/2018	993	31/03/2021	1
Payment in Lieu Reserve for Temporary Accommodation	536	31/03/2015	23	31/03/2023	166		
Environmental Initiatives	425	06/03/2017	500	31/03/2020	33	31/03/2023	3
Infrastructure Investment Fund	412	17/04/2012	4,463	31/03/2019	1,106	31/03/2022	147
Arboriculture Backlog Fund	400	31/03/2023	400	31/03/2023	400		
IT Procurement Fund	336	31/03/2023	336	31/03/2023	336		
Transformation Programme	250	28/03/2019	500	28/03/2019	500	31/03/2022	93
Investment to Community	228	24/02/2010	250	31/03/2020	1	31/05/2023	1
Loneliness Strategy Fund	149	31/03/2023	296	31/03/2023	296	31/03/2023	147
Professional Advice for Future Schemes	122	31/03/2017	147	31/03/2017	147	31/03/2022	10
High Street & Parks Improvement Fund	71	28/03/2019	115	28/03/2019	115	31/03/2020	44
Housing feasibility and viability	36	31/03/2020	250	31/03/2022	477	31/03/2023	72
Planning Services Charging Account	-155	31/03/2011	75	31/03/2021	511	31/03/2022	70
DSG Adjustment Account (unusable reserve)	-12,706					31/03/2023	5,563

Notes:

1. Detailed financial records are not held prior to 1st April 2005. Any contributions listed above with a date of 31st March 2005 are therefore the total balances carried forward at that date.

2. The majority of earmarked reserve transactions are actioned whilst closing the accounts and therefore have a date of 31st March for transactions in the preceding financial year.

3. The Provisional Final Accounts report to the Executive on 5th July 2023 provides details on the projected future utilisation of these reserves (para 12.3). In particular, planned commitments will reduce the total balance to £108.2m as at 31st March 2026, and specific monies for health, schools, insurance and government grants reduce that to £81.1m. If reserves are required to meet the budget deficit reported to Executive in February 2023, and if the DSG deficit continues, then the projected remaining balance is £30.2m.

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Council

11 December 2023

Questions from Members of the Council for Oral Reply

1. From Cllr Chloe-Jane Ross to the Portfolio Holder for Environment

What action is the Council taking to reduce light pollution and promote dark skies (is there a policy) and what enforcement occurs to deal with excessive light complaints?

Reply:

The Council does not have a Dark Skies Policy however Light pollution (excessive glare) may, under some circumstances, be assessed as a statutory nuisance and thus resolved using shielding, timers, negotiation, or enforcement using S.79 & 80 of the Environmental Protection Act 1990.

Supplementary Question:

Cllr Ross asked whether, in view of the large proportion of the borough that was rural in nature, the Council could consider developing a policy?

Reply:

Cllr Rowlands responded that the Council did have relevant policies – he read an extract from Policy 122 Light Pollution in the Local Plan. The issue could be looked at, but there was also a balance to be found with safety requirements relating to the prevention of crime and road safety.

Cllr Simon Jeal added a comment agreeing that the desire for dark skies did need to be balanced with the need for safety.

Supplementary Question from Cllr Graeme Casey:

Cllr Casey asked about enforcement in relation to a tennis club's floodlights in his ward.

Reply:

Cllr Rowlands asked that the specific details be passed to him. Some of the issues related to planning restrictions – he gave the example of the Lidl supermarket in his ward.

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

What plans do we have to bid for funding from the Mayor of London's new Council Homes Acquisition Programme?

Reply:

Officers have already met with the GLA to discuss the programme and ensure a full understanding of how it might help Bromley. Officers are now assessing the merits

further of how this funding could support Bromley's plans with a view to being ready to progress a submission when the CHAPs programme opens to bids.

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

Reference: Environment PDS Committee 16 November, Item 13, page 221: "The first part of 2023 has not been good in terms of serious collisions".

The paper and Appendix show a high projection of 122 KSIs (People Killed & Seriously Injured in Road Traffic Collisions) against a "target" of 79 KSIs on Bromley roads, for 2023/24.

Previous years:

Actual	Target	Year
103	79	2022/23
109	86	2021/22
77	92	2020/21 Pandemic year

Of the actual 61 KSIs so far this year up to June 2023, how many of the drivers involved in these collisions were aged 17-24 years old?

Reply:
Nine.

Supplementary Question from Cllr Simon Jeal:

Cllr Jeal asked about the road safety scheme for young drivers.

Reply:

Cllr Bennett confirmed that this was the Driven by Consequences event held at Langley Park on 7th July. The event had been very successful and he hoped that it could be repeated next year.

Cllr Webber thanked the Portfolio Holder for his engagement with road safety issues in Holmesdale Road. Traffic and pedestrian surveys were underway, and he hoped these would lead to further road safety improvements.

4. From Cllr Julie Ireland to the Leader of the Council

Residents across Bromley Borough and particularly some in Bromley Town are reporting receiving post only two or three times a month. This is particularly important as Christmas approaches but also affects official time critical correspondence, such as parking tickets that arrive too late to qualify for the discounted period. What steps has the Council Leader taken to liaise with Royal Mail to highlight the particular problems in Bromley and what mitigation can he put in place for people who suffer a financial penalty caused by post arriving late?

Reply:

As I advised Cllr Casey in response to a similar question in this Chamber on the 17th July, when I believe you were present too.

"I can do better than that for you. Having written to the CEO of the Royal Mail on two occasions myself as long ago as January 2021, only to be completely ignored, enquiries of this nature for Bromley & Chislehurst residents were streamlined and are being pursued directly by Sir Bob Neill and his team at Westminster. Sir Bob is in regular correspondence with Royal Mail as delays are reported, has visited Sherman Road sorting office and held talks on site there with senior Royal Mail Managers, as well as meeting local postmen and women and Trade Union representatives, explaining directly the impacts that these delays have on local residents and businesses. With that in mind, you might find it helpful to steer any of your constituents who approach you complaining of delays directly to his office."

There is unfortunately no mitigation that I can think of in general terms that the Council can put in place to compensate for the Post Office's ongoing inability to do their job properly.

In the specific instance of a Parking Ticket, I would suggest without prejudice that appealing to the Council's parking team on that basis might be considered sympathetically, certainly for a first-time offender.

In summary. Sir Bob Neill remains in correspondence with both the Secretary of State for Business and Trade and Ofcom on related matters, in an effort to improve the situation for all concerned.

Supplementary Question:

Cllr Ireland stated that she was grateful to Sir Bob Neill MP for his efforts on this issue; there had been some improvements, but performance had slipped again. She was aware that this was not within the Council's control, but she urged that the matter be raised again.

Reply:

Cllr Smith assured Members that the issue was being pursued through Sir Bob Neill, who had referred the matter to Ofcom.

Supplementary Question from Cllr Tony McPartlan:

Cllr Tony McPartlan urged that a cross party letter from all Members be drawn up to put pressure on Royal Mail.

Reply:

Cllr Smith stated that he would be happy to support a letter from all group leaders.

Supplementary Question from Cllr Mike Jack:

Cllr Mike Jack commented that residents and businesses were going to the depot at Sherman Road to collect their mail. However, the opening hours had now been reduced. He asked the Leader if there was anything that the Council could do to encourage them to stay open longer?

Reply:

Cllr Smith responded that if fellow group leaders wanted to send a letter this issue could be included.

Cllr Graeme Casey added that the letter would need to be hand-delivered.

5. From Cllr Jeremy Adams to the Portfolio holder for Renewal, Recreation and Housing

The Chancellor announced in the Autumn Statement that local authorities will be able to claim back the costs of processing major business planning applications on the condition they meet faster timelines. Based on current planning application flows and staffing, how well-equipped is Bromley Council to meet accelerated timelines and regain costs?

Reply:

At present the Local Planning Authority is performing well and meeting all of its statutory performance targets so is well placed with regards to the upcoming changes. The resourcing requirements of any enhanced service together with the ability of third-party consultees to respond in reduced timescales will need to be assessed to determine whether any increased fees are achievable and economically viable.

6. From Cllr Kathy Bance MBE to the Portfolio Holder for Public Protection and Enforcement

Can the Portfolio Holder request an update from the Metropolitan Gangs Unit on its work and achievements in Bromley?

Reply:

In direct response to your question, the Gangs Unit has not been active in Bromley due to there being no identified gangs at the current time.

However, what has happened is that the South Area Gangs Unit was replaced on the 4th December by an Offender Management Team which is part of the move to put more resource under local rather than Met wide control.

Supplementary Question:

Councillor Bance commented that there appeared to be less violent crime in Penge, but that there were still issues further out in Beckenham and Bromley.

Reply:

Cllr Page re-stated that there were no gangs operating in the borough, but there were sometimes problems stemming from the surrounding areas. She would be happy to provide the information she had to Cllr Bance.

Supplementary Question from Cllr Kevin Kennedy-Brooks:

Councillor Kevin Kennedy-Brooks asked what had suddenly changed, that there were no longer any gangs operating in Bromley?

Reply:

Cllr Page responded that she would ask the Police for information on this.

7. From Cllr Chris Price to the Portfolio Holder for Children, Education and Families

The introduction of the Mayor of London's Free School Meals for primary schools this term has helped many families during the cost-of-living crisis. Please can you update the chamber on the take up rate in schools and of the actions that Bromley has taken to promote the scheme.

Reply:

Under the GLA's scheme, the Council does not receive details of uptake. The Department has sent all GLA communications of the scheme on to schools. It is for schools to administer and share details of the scheme as they see fit.

Supplementary Question:

Cllr Price asked whether it would be possible for the Council to obtain the figures from the GLA? He believed that this was a great scheme, and he asked what the Council was doing to promote it – there appeared to be nothing on the Council's website?

Reply:

Cllr Lymer stated that she would pass on take-up rate if she could obtain it. Officers had been instructed not to spend time and money on behalf of the Mayor of London.

Supplementary Question from Cllr Alisa Igoe:

Cllr Alisa Igoe referred to comments in the press that the scheme might be ending – she asked whether the Portfolio Holder had any information on this?

Reply:

Cllr Lymer responded that she would ask.

Supplementary Question from Cllr Kevin Kennedy-Brooks:

Cllr Kennedy-Brooks asked whether the scheme had been promoted on the Council website, and if the Council did not have authority for this scheme, what was commonly done to promote free school meals?

Reply:

Cllr Lymer responded that there was information about free school meals on the website.

Comment from Cllr Michael Tickner:

Cllr Tickner commented that there was no such thing as a free school meal – other taxpayers were subsidising this. This was taxpayers money that some could ill-afford.

Comment from Cllr Colin Smith:

Cllr Smith commented that when the scheme had been debated previously there had been genuine views expressed by members on both sides. He asked whether the

Portfolio Holder agreed that it was not fair that parents from poorer areas to be funding meals for children from wealthier areas?

The Portfolio Holder confirmed that she did not think that the programme was fair.

Supplementary Question from Cllr Tony Owen:

Cllr Owen asked whether the Portfolio Holder had any information about how long the scheme would last?

Reply:

Cllr Lymer responded that free school meals were just funded for this year to align with the GLA election in 2024.

8. From Cllr Julie Ireland to the Portfolio Holder for Transport, Highways and Road Safety

Does the Portfolio Holder expect The Hill Car Park to re-open and if so when? What efforts have been made to let visitors know about alternative late night parking locations in this important trading period for the entertainment and hospitality sector?

Reply:

Posters have been placed at The Hill site to direct customers to other nearby carparks, and there is information on the Council's website. I am delighted to announce that we should be able to re-open The Hill next week.

Supplementary Question from Cllr Alisa Igoe:

Cllr Igoe reported that one lane had been closed going into the Stockwell car park.

Reply:

The Portfolio Holder replied that he would look into this.

9. From Cllr Chris Price to the Leader of the Council Posters have been placed at The Hill site to direct customers to other nearby carparks, and there is information on the Council's website

Does the Leader agree that following the Home Secretary allegedly using derogatory language about an area in another MP's Constituency, that members of this chamber should not use derogatory language when referring to areas of this Borough, when in the chamber?

Reply:

I understand that the Home Secretary subsequently apologised for using derogatory language about a Labour MP.

I hope that elected Members in Bromley try and talk our Borough up at all times, whether inside this Chamber or otherwise.

Supplementary Question:

Cllr Price asked what action the Leader would take if a Member behaved like this?

Reply:

The Leader stated that he would ask to see the evidence, then make a proportionate judgement based on the facts.

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

Did Bromley send any personnel to The Transport & Energy Forum held in Birmingham 16/11/23? The theme - the need to accelerate the transition to decarbonisation. Invitees included transport planners, technology innovators for EV charging, and local authorities were offered fully funded places. Sessions included the Local Electric Vehicle Infrastructure (LEVI) Fund, from which London has received a total of £35million in capital funding plus £3million in capability funding, and insight on collaborating with charge point operators.

Reply:

No.

Supplementary Question:

Cllr Igoe asked whether this approach was ambitious enough to hit the Council's net zero targets?

Reply:

The Portfolio Holder responded that it would have cost £1,100 to send someone, when they could connect online over Teams with little cost. With a budget deficit projected it was not right to suggest spending more money.

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Council

11 December 2023

Questions from Members of the Council for Written Reply

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

Please detail the number of households on Bromley's Housing Register split out by ward and band.

Reply:

Wards	Emergency Band -	Band 1 -	Band 2 -	Band 3 -	Band 4 -	Grand Total
Beckenham Town & Copers						
Cope	1	39	17	40	6	103
Bickley & Sundridge		25	19	11	9	64
Biggin Hill	1	12	14	9	2	38
Bromley Common & Holwood	1	47	28	45	7	128
Bromley Town		30	29	15	9	83
Chelsfield	1	14	4	6	1	26
Chislehurst	1	14	5	16		36
Clock House	1	30	16	30	8	85
Crystal Palace & Anerley	3	78	25	52	6	164
Darwin		5	3	3		11
Farnborough & Crofton		12	4	5	2	23
Hayes & Coney Hall	1	8	6	5	1	21
Kelsey & Eden Park	1	19	7	12	3	42
Mottingham	1	54	17	57	5	134
Orpington	1	56	62	45	12	176
Penge & Cator	6	92	47	96	16	257
Petts Wood & Knoll		17	4	17	3	41
Plaistow		35	24	39	3	101
Shortlands & Park Langley		13	3	16	3	35
St Mary Cray	5	86	60	57	15	223
St Paul's Cray	4	93	81	97	19	294
West Wickham		6	3	4	2	15
OOB	4	85	821	27	84	1021
Grand Total	32	870	1299	704	216	3121

Please note this data captures the household's current address. If they are in temporary accommodation this will reflect the placement address rather than the address and ward which they became homeless from.

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

The Levelling-up and Regeneration Act received Royal Assent in November.

One of the provisions in the Act is to enable retailers, currently using parking space in front of their premises for temporary seating, to now make this permanent.

Could the Portfolio Holder confirm the proposed timescales for this facility to be made available in the borough?

Reply:

During the Pandemic we allowed the temporary use of some parking bays for pavement licences although the Business and Planning Act 2020 is clear that areas of the Highway, not officially designated as pavement, cannot be licenced under the Pavement Licensing Regime. This can only occur if the areas of highway or parking bays have been formally re-designated as pavement.

The Levelling-up and Regeneration Act 2023 identifies a new permanent provision for a Pavement Licensing regime. The commencement of the new provisions will be provided for by regulations – which are yet to be published. We are also awaiting the Guidance so it is not possible to ascertain whether parking bays will be excluded from the new permanent regime, as they are in the current temporary one, or not.

The current temporary pavement licensing scheme is in place until Sept 2024. We anticipate formalisation of the new permanent pavement licensing regulations before then.

3. From Cllr Kathy Bance MBE to the Portfolio Holder for Public Protection and Enforcement

Can the Portfolio Holder provide an update on the Prevent Project in relation to healthy relationships being rolled out to our Bromley Schools?

Reply:

We are not aware of any specific PREVENT project being delivered to schools in Bromley. There is the Healthy London Healthy Relationships (HLHR) which is funded by London Councils and promotes healthy relationships and preventing gender-based violence in London schools. It does not include the PREVENT programme.

4. From Cllr Sam Webber to the Portfolio Holder for Transport, Highways and Road Safety

Would the Transport Portfolio Holder consider these following suggestions from concerned residents in Palace View and Bishops Avenue in Bromley Town ward?

- Installing Zig Zag lines on Bishops Avenue (on the Widmore Road - Mason's Hill rat run) at the rear entrance to Bickley and La Fontaine Primary Schools for the safety of the children, parents and carers. This is a fast down-hill residential road with the footpath off it serving both schools.
- Consider installing a traffic island or traffic calming measure close to the blind downhill right-hand bend at the corner of Bishops Avenue and Palace View.

Reply:

The road and footways outside this particular entrance to Bickley Primary and La Fontaine Primary Schools has been investigated by traffic engineers on a number of occasions in recent years. Zigzag lines were considered, but as these could not be installed on both sides of the street to cover both arms of the footpaths, instead double yellow lines with No Loading restrictions were introduced instead. This was considered a better arrangement by the engineers. In addition, a part time flashing 20mph sign was installed on the southbound approach to this entrance.

In respect to the very tight bend to the south of the entrance in question, the bend was considered to be a traffic calming feature in itself. A traffic island here might encourage crossing at an inappropriate location.

5. From Cllr Sam Webber to the Portfolio Holder for Transport, Highways and Road Safety

Would the Portfolio Holder and Transport Officers consider a review of parking restrictions in Coniston Road around the Bromley Court Hotel?

Residents have been complaining about a number of large vans and small lorries which are permanently parked in this road and about which nothing can be done currently, due to a lack of parking restrictions.

Reply:

Any parking controls would prevent parking by cars and would in any case simply displace the parked vans and small lorries to another, possibly less suitable location.

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Report No.
CSD24022

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 26 February 2024

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

Title: 2024/25 COUNCIL TAX

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 7th February 2024 the Executive considered the attached report on the 2024/25 Revenue Budget and made recommendations concerning the level of the 2024/25 Council Tax and Adult Social Care precept. At the meeting, amended recommendations were tabled by the Director of Finance. The Executive supported the amended recommendations and agreed that they should be passed to full Council for approval. The Executive also authorised the Director of Finance to report any further changes direct to the full Council meeting on 26th February 2024.
- 1.2 Attached to this report are (i) the report to the Executive, (ii) the amended recommendations, (iii) amended appendices 2 and 3 to the report, (iv) appendix 5 to the report, and (v) a summary of the draft minutes from PDS Committees relating to the draft budget.
-

2. RECOMMENDATIONS

1. Council be recommended to:

- (a) Note the following recent changes including the outcome of the Final Local Government Settlement 2024/25 announced by DLUHC on 6th February:
- i) additional Services Grant funding of £24k;
 - ii) final allocation of Public Health Grant which represents a 2.1% increase in funding (£64k); and
 - iii) one-off funding of £411k in 2023/24 only, mainly relating to the government's business rates safety net and levy account.

- (b) Approve the schools' budget of £116.453m which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment;
- (c) Approve the draft revenue budgets (as detailed in the revised Appendix 2) for 2024/25;
- (d) Agree that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 17th January 2024;
- (e) Approve a revised Central Contingency sum to reflect the allocation of the pay award, movement of levies and final local government settlement identified in (a) above, resulting in a sum of £9,816k (see Section 6 and the revised Appendix 3);
- (f) Approve the following provisions for levies for inclusion in the budget for 2024/25:

	£'000
London Pensions Fund Authority *	460
London Boroughs Grant Committee	248
Environment Agency (flood defence etc.)	270
Lee Valley Regional Park	351
Total	1,329

* This amount is provisional and subject to revision.

The decrease of £13k in the 2024/25 levy amounts is offset by a £13k increase in the 2024/25 Central Contingency as a provision towards meeting inflation cost pressures;

- (g) Note the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 12);
- (h) Set a 2% increase in Adult Social Care Precept with a 2.99% increase in Bromley's General Council Tax, compared with 2023/24 (2% increase in Adult Social Care Precept and 2.99% increase in Bromley's General Council Tax) and notes that, based upon their consultation exercise, the GLA are currently assuming a 8.6% increase in the GLA precept;
 - (i) Approve the approach to reserves outlined by the Director of Finance (see Appendix 4); and
 - (j) Consider the Section 25 commentary (Local Government Act 2003), reflected in section 18 of the report, in making recommendations to Full Council.

2. The Director of Finance be authorised to report any further changes directly to Council on 26th February 2024.

3. Council Tax 2024/25 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

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

	2023/24 £	2024/25 £	Increase £	Increase % (note #)
Bromley (general)	1,218.25	1,260.35	42.10	2.99
Bromley (ASC precept)	189.80	217.96	28.16	2.00
Bromley (total)	1,408.05	1,478.31	70.26	4.99
GLA *	434.14	471.40	37.26	8.58
Total	1,842.19	1,949.71	107.52	5.84

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

(#) in line with the 2024/25 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,478.31 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 26th February 2024.

4. Council is recommended to formally resolve as follows:

- (1) It be noted that the Council Tax Base for 2024/25 is 135,300 'Band D' equivalent properties.**
- (2) Calculate that the Council Tax requirement for the Council's own purposes for 2024/25 is £200,016k.**
- (3) That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):**
 - (a) £663,110k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.**
 - (b) £463,094k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.**
 - (c) £200,016k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.**
 - (d) £1,478.31 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.**
- (4) To note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below (NB. the GLA precept figure may need to be amended once the actual GLA budget is set).**
- (5) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.**

Valuation Bands	London Borough of Bromley	Greater London Authority	Aggregate of Council Tax Requirements
------------------------	----------------------------------	---------------------------------	--

	£	£	£
A	985.54	314.27	1,299.81
B	1,149.80	366.64	1,516.44
C	1,314.05	419.02	1,733.07
D	1,478.31	471.40	1,949.71
E	1,806.82	576.16	2,382.98
F	2,135.34	680.91	2,816.25
G	2,463.85	785.67	3,249.52
H	2,956.62	942.80	3,899.42

- (6) That the Council hereby determines that its relevant basic amount of council tax for the financial year 2024/25, which reflects a 4.99% increase (Adult Social Care Precept increase of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2024/25 sets out the principles which the Secretary of State has determined will apply to local authorities in England from 2024/25. Any further changes arising from these Principles will be reported directly to Council on 26th February 2024. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation Policy

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

Financial

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

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable adults and children, Policy, Legal, Finance, HR, Property, Procurement, Carbon Reduction, Local Economy, Health & Wellbeing, Customers, Ward Councillors
Background Documents: (Access via Contact Officer)	[List any documents used in preparation of this report - Title of document and date]

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Decision Maker: **Executive**

Date: **7th February 2024**

Decision Type: Non-Urgent Executive Key

TITLE: 2024/25 Council Tax

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

Director: Director of Finance

Ward: Borough wide

REASON FOR REPORT

- 1.1 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. This was reported to previous meeting of Executive. Details of the capital programme are reported elsewhere on this agenda.
- 1.2 The Provisional Local Government Finance Settlement 2024/25 only covers 2024/25, with no indication of future years funding. The settlement includes continuation of the ASC precept, increase in new homes bonus, increase of repurposed social care funding (children's and adults) and market sustainability improvement fund (adult social care). However, there were significant reductions in the Services Grant.
- 1.3 There remains uncertainty around the level of Government funding for 2025/26 and beyond, particularly as the Government will need to address the significant increase in public debt due to the pandemic. The longer-term Spending Review together with the awaited Fair Funding Review and Devolution of Business Rates (or any revised funding proposals) is not expected until 2026/27 but could be delayed even further.
- 1.4 This report identifies the final issues affecting the 2024/25 revenue budget and seeks recommendations to the Council on the level of the Bromley element of the 2024/25 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 26th February 2024. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2024/25 but to have measures in place to deal with the medium-term financial position (2025/26 to 2027/28).
- 1.5 Following the Government reductions in funding since austerity measures began there have been some recent improvements in funding. However, the burden of financing increasing service demands falls primarily on the level of council tax and share of business rate income. The financial forecast assumes that the level of core grant funding will remain unchanged, in real terms, from 2025/26.

2. RECOMMENDATIONS

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

- (a) Approves the overall Dedicated Schools Budget (DSG) of £116.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2024/25;
- (c) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 17th January 2024;
- (d) Approves a general contingency sum of £9,772k (see section 6);
- (e) Approves the following provisions for levies for inclusion in the budget for 2024/25;

	£'000
London Pension Fund Authority*	460
London Boroughs Grant Committee	248
Environment Agency (Flood defence etc.) *	310
Lee Valley Regional Park *	324
Total	1,342

* Provisional estimate at this stage

- (f) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (See section 12);
- (g) Considers the “Bromley element” of the Council Tax for 2024/25 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues (see section 16);
- (h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);
- (i) Notes that any decision on final council tax levels will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 16.8);
- (j) Consider the Section 25 commentary (Local Government Act 2003), reflected in section 18 of the report, in making recommendations to full council.
- (k) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 26th February 2024.

Impact on Vulnerable Adults and Children

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

Corporate

Policy Status: Existing Policy
MBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
 3. Budget head/performance centre: Council wide
 4. Total budget for this head: £200m Draft 2024/25 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 2 for overall funding of Council's budget
-

Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2024/25 Financial Control Budget to be published in March 2024
 2. If from existing staff resources, number of staff hours – N/A
-

Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2003 and the Accounts and Audit Regulations 2015.
 2. Call-in is applicable
-

Procurement

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

Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2023/24 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

1. Have ward councillors been asked for comments? N/A
2. Summary of Ward Councillor comments: Council wide

3. PREVIOUS REPORTING TO MEMBERS

3.1 The 'Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28' was reported to the Executive on 17th January 2024. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 17th January 2024)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can Impact on Funding the Council's Budget (Section 3 and Appendix 1);
- (b) Provisional Local Government Finance Settlement 2024/25 (Section 6.2 and Appendix 2);
- (c) Government Funding, Comparative Net Expenditure and Council Tax Levels (Appendix 3);
- (d) Latest Financial Forecast (Section 5 and Appendices 5-6);
- (e) Changes since the 2023/24 Budget that impact on the Financial Forecast (Section 6);
- (f) Next phase of Transformation Savings (See Section 6.8);
- (g) Detailed Draft 2024/25 Budget (Section 7 and Appendix 7);
- (h) Impact of Operational Property Review/Property Disposals and Addressing Funding of the Capital Programme (Section 8);
- (i) Housing Provision, HRA and Rent Setting (Section 9);
- (j) The School's Budget (Section 10);
- (k) General and Earmarked Reserves – Drawdown of Reserves to meet the Budget Gap (Section 11);
- (l) Consultation (Section 15);
- (m) Position by Portfolio – Key Issues/Risks (Section 16 and Appendix 10).

All the above should be considered with this report as part of finalising the 2024/25 Budget and council tax levels.

4. 2024/25 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

4.1 The last report to the Executive identified a balanced budget in 2024/25, assuming an illustrative increase in council tax/adult social care precept of 4.99%, and a 'budget gap' of £38.7m per annum by 2027/28. The main updates are shown below:

- (a) The final Local Government Financial Settlement 2024/25 is still awaited (expected mid-February 2023) and any updates will be provided at the meeting;
- (b) Additional homelessness prevention grant of an estimated £1m was included but the allocation to Bromley is still awaited. The Draft 2024/25 Budget assumed that the funding could be utilised towards cost/growth pressures for housing;
- (c) Public Health Grant for 2024/25 is yet to be announced;
- (d) The Government announced additional social care grant funding (children's and adults) on 24th January 2024, after the Provisional Settlement. In addition, there has been an increase in core Government funding. A provisional estimate of £2,480k and £170k respectively has been assumed at this stage. The combined impact is estimated additional funding of £2,650k although the actual allocation is awaited. Given the financial risks detailed in the previous report, this report assumes that an equivalent sum is reflected in the Council's 2024/25 Central Contingency Sum;

(e) Any final changes of the above will be reflected in an updated 2024/25 Central Contingency Sum.

5. LATEST FINANCIAL FORECAST

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

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Variations Compared with 2023/24 Budget				
Changes in Government Core Funding	-2.3	-3.6	-4.6	-5.7
Cost Pressures				
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)	10.7	17.5	23.4	28.7
Total Additional Costs	10.7	17.5	23.4	28.7
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions	-1.3	-0.8	-0.5	-0.5
Income/Savings				
Interest on Balances	-2.2	1.5	3.1	4.1
Additional Social Care Grant (included in Provisional Local Government Settlement 2024/25)	-2.7	-2.7	-2.7	-2.7
Additional Social Care Grant (announced after Provisional Local Government Settlement 2024/25)	-2.5	-2.5	-2.5	-2.5
Release general provision in contingency for significant uncertainty/variables	-3.5	-3.5	-3.5	-3.5
Transformation Savings reported to Executive February 2023	-0.7	-1.5	-1.6	-1.6
Transformation Programme	-4.2	-4.6	-5.0	-5.4
Fall out of non-recurring Building Infrastructure Fund	-2.0	-2.0	-2.0	-2.0
CIL Funding Opportunities	-1.0	-1.5	-1.5	-1.5
Total Income/Savings	-18.8	-16.8	-15.7	-15.1
Other Changes				
Real Changes and other Variations	0.1	0.0	0.8	0.2
Total Other Changes	0.1	0.0	0.8	0.2
Council Tax				
Collection Fund Surplus 2021/22 fall out	5.4	5.4	5.4	5.4
Collection Fund Surplus 2022/23	-2.5	0.0	0.0	0.0
Future years Collection Fund Surplus (estimated)	0.0	-2.5	-1.5	-1.0
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	-3.4	0.0	0.0	0.0
Total Council Tax	-0.5	2.9	3.9	4.4
Growth/Cost Pressures including Mitigation				
- Education	2.1	3.1	4.2	5.4
- Children's Social Care	6.9	7.5	8.1	8.7
- Adults Social Care	4.6	9.3	11.1	12.9
- Housing	4.1	5.5	6.7	7.9
- Environment	-0.3	-0.4	-0.4	1.6
- Public Protection and Enforcement	0.1	0.1	0.1	0.1
- Resources	-0.1	-0.1	-0.1	-0.1
Variation in freedom pass costs to reflect impact of post Covid usage	1.9	3.8	5.1	5.1
Running Costs of Direct Line site (net after income)	3.1	0.4	0.1	-0.5
Total Growth/Cost Pressures	22.3	29.2	35.0	41.1
Sub-total	10.2	28.3	42.4	53.3
Increase in ASC Precept and Council Tax (assume 4.99% in 2023/24 and 2.99% per annum thereafter)	-9.4	-15.4	-21.5	-27.8
Estimated increase in Council Tax Base	-1.4	-1.6	-1.8	-2.0
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures	2.1	3.7	3.7	3.7
Utilisation of Homes for Ukraine funding to support related cost pressures in future years	-2.9	0.0	0.0	0.0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)	-0.9	-0.9	9.1	9.1
Net fall out of Government funding towards additional council tax support costs (held in reserve)	2.3	2.3	2.3	2.3
Remaining "Budget Gap"	0.0	16.6	34.2	38.7

- 5.2 The above table highlights that it has been possible to achieve a potential balanced budget for next year through increasing council tax/ adult social care precept by an illustrative 4.99%, utilising the Covid and collection fund reserves, the impact of transformation savings and other changes. This has been delivered despite the significant cost/growth pressures and high inflation. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections for 2025/26 estimate a 'budget gap' of £16.6m rising to £38.7m per annum from 2027/28. These projections exclude the impact of the annual DSG deficit (impact reported to previous meeting of Executive). Each 1% council tax/adult social care precept increase generates on-going annual income of £1.9m. Ongoing increases of 2.99% per annum from 2025/26 have been assumed in the financial forecast.
- 5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,478.31 (4.99% increase in council tax or adult social care precept) and Appendix 3 includes the Draft 2024/25 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision, and the latest assumptions for levies. This sum excludes the GLA precept.
- 5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a 'structural deficit' as the on-going budget has increasing costs relating to inflation and service pressures. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the 'budget gap'.
- 5.5 Without any action to address the 'budget gap' in future years, reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections from 2025/26 have to be treated with some caution, particularly with the uncertainty on future government funding.
- 5.6 In considering action required to address the medium term 'budget gap', the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings of over £130m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government having placed severe reductions in the level of grant support and any subsequent increases not matching cost/growth pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.
- 5.7 Further changes will be required, prior to the report to full Council on 26th February 2024 for the finalisation of the Council Tax, to reflect latest available information on grants, levies and the final GLA precept.
- 5.8 The above variations assume that there will not be Government funding reductions over the next four years, further growth pressures are contained, and planned mitigation/savings are delivered.
- 5.9 In the financial forecast, after allowing for inflation, council tax income and other changes, there is a significant unfunded budget gap from 2025/26. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all must

consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

6. DRAFT 2024/25 CENTRAL CONTINGENCY SUM

- 6.1 Details of the 2024/25 Draft Contingency Sum of £9,772k have been included in Appendix 3. This sum includes a provision for risk/uncertainty of £4,650k. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives including invest to save.
- 6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2024/25 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2024/25 Budget.
- 6.3 There is a separate provision of £2m relating to the revenue impact of financing the capital programme.

7. GENERAL AND EARMARKED RESERVES

- 7.1 Appendix 4 of this report highlights the Council's approach to utilising reserves and the significant value in retaining reserves. The level of reserves needs to be adequate to ensure the longer-term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the ongoing 'structural' budget deficit facing the Council. Inflation, new burdens, growth/cost pressures and previous reductions in Government funding has created the 'structural' budget deficit. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.
- 7.2 The Council will have retained previous year's collection fund surpluses as well as a financial management and risk reserve (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer-term utilisation of one-off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.
- 7.3 Given the uncertainty over the future of local government funding and the need to set aside resources to provide flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further, the collection fund surplus in previous years has, in some cases, been set aside within earmarked reserves. Given the scale of financial challenges continuing to face the Council in the medium term the financial forecast assumes part utilisation of the collection fund surplus reserve to support the revenue budget and reduce the estimated budget gap. This contribution equates to £10m per annum in 2024/25 and 2025/26.
- 7.4 The Government had provided significant funding towards Covid related costs up to 2021/22 including elements of unringfenced funding. Details of Covid funding and

associated costs were included in the 'Provisional Final Accounts 2021/22' report to Executive on 29th June 2022. Any monies remaining have been retained in the Council's earmarked reserve to support ongoing Covid related costs. As no further funding has been provided by Government for the longer term, a sum of £13m was retained in the Council's earmarked reserve to support future costs. A sum of £5.8m was utilised in 2022/23 and £4.6m in 2023/24 to support the revenue budget and the balance remaining of £2.6m being used for 2024/25.

7.5 The approach identified in Section 7.3 and 7.4 above recognises specific use of earmarked reserves funding to support the revenue budget on a transitional basis.

7.6 The Council had estimated general reserves remaining of £18.6m as at 31/3/24 (see 13.1). A full breakdown of earmarked reserves is detailed in Appendix 4.

8. 2023/24 BUDGET MONITORING

8.1 The 2023/24 financial monitoring position reported to the Executive on 29th November 2023 showed an overall net overspend of £12.6m within portfolio budgets, a £6.7m credit variation on contingency, additional income of £3m for interest on balances, utilisation of Homes for Ukraine one off funding (credit variation of £2m) and other changes of £0.5m – net reduction in general fund balances of £1.4m. Details were reported in 'Budget Monitoring 2023/24' report to that meeting. This represents the impact of the first six months of the financial year and the full year impact of 2022/23 outturn. Details of the key cost pressures including children's social care, housing, adult social care, special needs transport and Dedicated School Grant deficits were included in that report and the full year impact has been reflected in the Draft 2024/25 Budget. There remains the risk that further cost pressures could arise during 2024/25 with associated full year impact which have not been reflected in this report.

9. THE SCHOOLS BUDGET

9.1 Details of the Schools Budget and the changes were included in the previous report to Executive.

9.2 Members are requested to approve the overall Dedicated Schools Budget (DSG) of £116.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment.

9.3 There is an estimated DSG deficit at the end of the 2023/24 financial year of £16,149k.

9.4 Although additional grant been given by DfE, demand continues to outstrip funding. Bromley was one of the last authorities in London to fall into a deficit position regarding its DSG. The overspends are in the main in the high needs block area and are related to the cost of placements in all types of education settings.

9.5 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review. Nevertheless, officers are seeking to further reduce costs, within the tight constraints of the legal framework. Officers are working with DfE and are in discussion with them regarding recovery plans and actions that can be taken to reduce the deficit position.

9.6 Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on the robustness of the budget calculations and adequacy of reserves. The 151 Officer within that commentary is now required to consider the Councils DSG deficit position, despite the statutory override being in place.

- 9.7 The statutory override effectively means that any DSG deficits are not included in the Councils main revenue budgets. However, funding will ultimately need to be identified.
- 9.8 In effect the Council has to still set aside resources to meet the DSG deficit and where no ongoing funding is identified such funding will need to come from the Councils reserves – effectively creating a ‘negative reserve’. On that basis the latest estimate for 2024/25 indicates a deficit of £5,631k which has to ultimately be funded from the Councils reserves unless further Government funding is made available.
- 9.9 Although DSG is effectively ring fenced the ongoing increase through funding by reserves (general and earmarked) creates a financially unsustainable position in the medium to longer term.
- 9.10 The External Auditor as part of the annual accounts, are required to comment on the Councils Value for money arrangements and will be required to consider any DSG deficit and the impact on the Councils finances.
- 9.11 In terms of presentation of the estimated DSG deficit of £16,149k up to 31/3/2024, there will need to be adequate funding from the Councils reserves unless alternative savings can be found. The use of reserves have been assumed in this report, although the specific reserves to use have not been identified at this stage.
- 9.12 Given the continuation of the scale of the DSG deficit, the Director of Education will be reviewing the DSG recovery plan which will be reported to a future meeting.

10. LEVIES

- 10.1 Various levies must be charged to the General Fund and shown as part of Bromley’s expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 26th February 2024. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

- 11.1 It is a statutory requirement to maintain a Collection Fund at arm’s length from the remainder of the Council’s accounts.
- 11.2 For the purpose of Collection Fund accounting, the treatment of council tax and business rate surpluses and deficits is determined in the same way. Before the beginning of each financial year, billing authorities calculate their council tax requirement (including precepts) and their business rate income, and such payments are fixed and paid over the year towards the revenue budget. Any surplus or deficit on the collection fund as a result of income from council tax/ratepayers being more or less than originally estimated, are shared between the Council and the GLA (and in the case of business rates with central government). Any surplus/deficit generated is paid over the course of the second year (e.g. surplus for 2022/23 paid over 2024/25).
- 11.3 The council tax collection fund had a non-recurring council tax surplus of £3.2m reflected in the 2022/23 Provisional Final Accounts report to the Executive on 5th July 2023. A sum of £2.5m will be allocated to the Council, with the £0.7m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council’s budget gap in 2024/25.
- 11.4 Any estimated surplus for the current year (2023/24) can be factored in the following year’s budget which has been applied for Draft 2024/25 Budget – a sum of £3.4m has been applied.

11.5 The financial forecast assumes further surplus would be generated allocating an estimated £2.5m in 2025/26, £1.5m in 2026/27 and £1m in 2027/28.

12. THE GREATER LONDON AUTHORITY PRECEPT

12.1 The GLA's 2024/25 Draft Budget has been issued for consultation and the Mayor of London announced a proposed increase of 8.6% in the existing GLA precept levels for 2024/25 (there was a previous year increase of 9.7%). The final GLA precept for 2024/25 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 22nd February 2024.

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

13.1 The latest estimated general fund (revenue) balance at 31st March 2023, as shown in the 'Budget Monitoring 2023/24' report to Executive on 29th November 2023 is provided below:

	2023/24 Projected Outturn £'Million
General Fund Balance as at 1 st April 2023	20.0
Impact of net projected overspends reflected in the 2023/24 budget monitoring report	-0.8
Adjustment to Balances: Carry forwards (funded from underspends in 2022/23)	-0.6
Estimated General Fund Balance at 31 st March 2024 (end of year)	18.6

13.2 The 'Capital Strategy 2024/25 to 2027/28 & Q3 Capital Programme Monitoring', elsewhere on this agenda, considers the latest position on funding the capital programme. As reported to the previous meeting of Executive, there is no longer the flexibility to fund new schemes within existing overall resources or new capital receipts. Therefore the future use of significant reserves to fund the capital programme would not be financially sustainable and lead to an acceleration of exhaustion of the Councils reserves, whilst borrowing does delay the associated impact. There remains the need to continuously review the capital programme and disposals to contain costs and maximise receipts and consider borrowing where possible to provide a more sustainable financial position.

13.3 Since the capital programme was approved in January 2023, further capital bids/costs, to be funded from within the Council's capital programme, in the region of £5.5m had been identified. There is a further request elsewhere on this agenda for an additional £1m relating to Public Switch Telephone network, making a total of £6.5m. Any additional costs (or net financial impact) of the above, as well as any reduction in estimated proceeds from sales compared to existing capital programme is likely to add to the impact of the 'budget gap' whether through use of reserves (not recommended and reduces investment income) or the cost of borrowing. An ongoing review of the capital programme schemes and 'value engineering' will be required to reflect this. To add to the challenges we face, the existing capital programme excludes the following from the financial forecast projections:

- Potential cost of the move of the central library facilities;
- Any additional provision for the Churchill Theatre (£5m in existing

programme);

- Provisional cost for schemes included in capital programme which may, when fully assessed, result in higher costs or could be reduction in capital receipts not reflected in updated financial forecast ;
- Impact of any further new housing schemes or changes in capital programme include new schemes not identified at this stage – unless equivalent new capital receipts are identified the net costs are not factored in forecast.

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

14. CONSULTATION

14.1 Executive, at its meeting on 17th January 2024, requested that the 'Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28' report proposals are considered by individual PDS Committees. PDS Committee comments relating to the report will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 26th February 2024 where the 2024/25 Budget and Council Tax will be agreed.

14.2 Giving residents an opportunity to comment about their priorities for council services in the context of the council tax setting process is an important part of the Council's strategic approach. The Council's ongoing call for 'Fairer Funding' is very much part of this. Outlining the context of the serious financial challenge faced by the Council started last year, which included the article in the Council's Our Bromley magazine. In common with previous years, engagement and consultation about the Council's priorities, as part of the budget setting process was undertaken and the outcome (Appendix 5) will be circulated separately to this report. The approach allows residents to raise their specific priorities, what is important to them, or make a more general comment and therefore shared with Executive to help support the decision making process.

14.3 The use of DSG was considered by the Schools Forum on the 18th January 2024. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder at her meeting on 1st February 2024.

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

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

15 POSITION BY PORTFOLIO – KEY ISSUES/RISKS

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

15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2024/25

Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2024/25

- 16.1 The Council's tax base, reflected in the Draft 2024/25 Budget, is 135,300 'Band D' equivalent properties. The current overall Council Tax (Band D equivalent) includes the "Bromley element" relating to the cost of the council's services and various levies of £1,408.05 in 2023/24 and a further sum of £434.14 for the GLA precept (providing a total Band D equivalent Council Tax of £1,842.19).
- 16.2 For 2024/25, every £1m change in income or expenditure causes a 0.53% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.9m.
- 16.3 The Government has enabled the Council in 2024/25 to continue to have a council tax precept of up to 2% per annum to specifically fund adult social care. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. As part of the Localism Act, any council tax increase (including ASC precept) of 5% or above in 2024/25 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase, then the Council would be required to meet the cost of the rebilling of approximately £100k. The one-off cost of a referendum is estimated to be £700k.
- 16.4 The Council's ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.
- 16.5 The Draft 2024/25 Budget assumes a Bromley element of a 4.99% council tax increase, including the Adult Social Care Precept, and combined with an increase in the GLA Precept of 8.6% (see Section 12) there would be an overall combined council tax increase of around 5.8%. This would equate to an overall Council Tax (Band D equivalent) of £1,949.71 consisting of the Bromley element of £1,478.31 and GLA precept of £471.40.
- 16.6 The table below identifies the changes required to the Draft 2024/25 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 4.99%, has been assumed in the 2024/25 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2024/25 including Adult Social Care Precept	Additional Income 2024/25 £'m
Freeze	NIL
1.0	1.9
2.0	3.8
3.0	5.7
4.0	7.6
4.99*	9.4
6.0#	11.4

*Assumed in draft 2024/25 Budget. # Would be subject to a council tax referendum

- 16.7 Any decision on council tax levels will need to be based on a medium-term view and therefore not only consider the financial impact on 2024/25 but also the longer-term impact over the four-year forecast period.
- 16.8 The Council Tax Referendum Principles are expected to be confirmed as part of the final Local Government Finance Settlement 2024/25. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.
- 16.9 Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having a below average cost per head of population in outer London. Further details were reported to the previous meeting of the Executive.
- 16.10 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2024/25, having regard to all the above factors including the Director of Finance comments in Section 18 and Appendix 4.

17. FUNDING SETTLEMENT

- 17.1 Details of the Council's Provisional Local Government Finance Settlement 2024/25 were reported to the previous meeting of the Executive. The Council's response is provided in Appendix 6. The Council will continue to engage local MPs and Government ministers to secure a better funding deal for the Council and its residents. The further changes announced on 24th January 2024 are also reflected in this report {See section 4.1 (d)}
- 17.2 Although the Local Government settlement for 2024/25 represents an ongoing improvement in funding from Government (compared with period 2009/10 to 2019/20) it does not represent a medium-term settlement.

18. MEDIUM TERM FINANCIAL PLANNING INCLUDING SECTION 25 COMMENTARY

- 18.1 Section 25 of the Local Government Act 2003 requires the Council's Section 151 Officer to report on the robustness of the budget calculations and the adequacy of reserves as part of the budget and council tax setting decision.
- 18.2 For financial planning purposes (illustrative), the financial forecast assumes a council tax increase of 4.99% per annum for 2023/24 and 2024/25 reducing to 2.99% from 2025/26 towards meeting inflationary costs and provide funding towards increasing growth/cost pressures as well as new burdens. As part of the Local Government Finance Settlement 2024/25, the Government's reported 'Spending Power' of local government assumes that Councils will raise alternative funding, to partly determine grant calculations, from council tax increases and utilisation of the Adult Social Care precept.
- 18.3 Appendix 4 identifies the need for the Council to retain adequate level of reserves to assist in remaining financially sustainable. The reserves remain adequate in considering the 2024/25 Budget. The Council also has a Central Contingency sum to cover risk/uncertainty in the future (£4.65m) included in the base budget (see Section 6.1). The respective budget proposals and planned 2024/25 budget for the year have all been agreed by individual Directors.
- 18.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' financial settlements since 2020/21. However, this has not been sufficient to meet the full impact of inflation, demographic and other cost pressures which has resulted in the need to provide ongoing savings as part of each budget cycle. Savings of over £130m per

annum have been delivered (if mitigation savings are included which offset growth pressures the savings are even higher). The state of local government finances was reported in the previous report to Executive (see Appendix 8 of previous report to Executive).

- 18.5 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a balanced budget. Bromley's history of strong robust financial management, whilst deliver quality services has allowed the Council to be effectively debt free until the need to fund housing costs through borrowing and the Council had retained a healthy level of reserves to deal with uncertainty with a one year financial settlement as well as many risks and challenges (see Appendix 4).
- 18.6 However, the situation has changed significantly not just across many local authorities with reports of Section 114s and Capitalisation Directions (permission to borrow or sell assets to fund revenue deficits which is not sustainable) but is impacting on Bromley facing significant 'budget gaps' for the future with reduced flexibility by having a low cost base and already realising the benefits of many innovative initiatives that helped keep costs low.
- 18.7 The significant challenges now faced by the Council for the medium and longer term include, for example:
- A revenue 'budget gap' of £16.6m in 2025/26 rising to £38.7m per annum from 2027/28;
 - Significant overspends in 2023/24 which if repeated with further overspends in future years could significantly worsen the Council's financial position;
 - Reliance on revenue reserves to support the revenue budget in 2024/25 and 2025/26 which is not sustainable (see Section 11.1 of previous report to Executive). Appendix 4 highlights key factors to determine the sustainable level of one-off reserves that should be retained and the significant value of retaining such reserves;
 - Diminishing resources available to fund the future capital programme, with high historical availability of capital receipts no longer being available following the major asset disposal programme as a result of the Operational Property Review (see Section 8 of previous report to Executive);
 - Dedicated Schools Grant deficit in the region of £5m per annum creating a potential 'negative reserve' of £38m by 2027/28 which is not sustainable (see Section 11 of previous report to Executive);
 - A one year Government financial settlement creates uncertainty around future Government funding available with a remaining risk of reductions in funding in real terms for future years;
 - The 2024/25 Budget and financial forecast includes significant cost pressures which are effectively 'unfunded' from 2025/26 with the 2024/25 Budget and 2025/26 to 2027/28 forecast assuming net cost/growth pressures of £50.6m offset by mitigation of £33.2m (net increase of £17.4m) in 2024/25 which increases to £94.9m and £58.4m respectively (net increase of £36.5m) in 2027/28 – future government funding is not expected to meet future year cost pressures and new burdens which will continue over

the next four years and these costs cannot be matched by council tax alone. In addition, without delivery of the mitigation savings (£58.4m per annum by 2027/28) the 'budget gap' would increase even further;

- Although it was hoped that the Government's 'Fair Funding Review' would provide a fairer (and higher) level of funding for the Council it could also bring new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2026/27 and possibly will be delayed even further.

18.8 To address the significant challenges ahead the Council will need to:

- Progress with the next phase of Transforming Bromley 2024-2028 to address the 'budget gap' (see Section 6.8 of previous report to Executive);
- Review funding of the capital programme as capital receipts have reduced and alternative funding options, including borrowing, needs to be considered to ensure that the Council can retain a reasonable level of reserves for reasons detailed in Appendix 4 of this report;
- Reduce dependency on using reserves to support the revenue budget and take action to avoid a situation where, without significant savings being delivered through the Transformation Programme 2024-2028, reserves would effectively be fully exhausted within three years (see Section 6.8 of previous report to Executive);
- Take action to reduce the ongoing DSG deficit (see Section 6.8 of previous report to Executive) by reviewing the DSG Deficit Recovery Plan and considering options to address the deficit;
- Recognise the significant contribution council tax makes to fund the revenue budget - Council Tax (and ASC precept to support social care) represents a key source of income for the Council, which the Government recognise by including an assumed increase in council tax of 5% in their Core Spending Power calculations. Agreeing a council tax/adult social care precept below the maximum referendum level does result in potential foregone income, particularly when facing a budget gap in the medium and longer term, and such decisions for each subsequent year would not be sustainable on an ongoing basis;
- Further review of significant growth and cost pressures identified in Section 18.6 and look at further options available to reduce such cost/growth pressures (these costs are not financially sustainable);
- Chief Officers take action to address any future in year overspends, recognising that there could be a full year impact which could increase the 'budget gap' further;
- Chief Officers identify mitigating action to address any future in year cost pressures/new burdens and mitigate against inflation cost pressures to remain within their 'cash envelope'.

18.9 Work will also continue to lobby Government for a fairer funding deal for Bromley. However, the Council cannot rely on future significant increases in funding being available, when there is no evidence to suggest this will happen, at this stage.

18.10 The Budget Strategy has to be set within the context of continuing cost pressures while Government funding remains broadly at 'standstill' levels from 2025/26, except to meet new burdens – transformation savings will be required to offset such cost pressures to ensure a balanced budget. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further.

18.11 Without containment of growth/cost pressures or delivery of the combined mitigation and transformation savings of £65.3m per annum by 2027/28, the budget gap would in future years

increase – this clearly must be monitored closely with corrective action taken to avoid any significant increase in the budget gap. Although the 2024/25 Central Contingency Sum and balances (one-off monies) provide a short term ‘buffer’, the sum remaining has been significantly reduced. It is therefore essential to take action to deliver a sustainable ongoing financial resilience – the Council has a statutory duty to have a balanced budget.

18.12 CIPFA have provided advice to local authorities on the financial stress warning signs:

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

18.13 The Council still remains “better placed” than many other authorities due to having planned low borrowing levels (allocated for housing), retaining adequate level of reserves and with provisions remaining (although significantly reduced) in the Council’s revenue budget for unforeseen costs and risks. The Council has maintained four-year financial planning despite the future funding uncertainty. It is however essential to act now (rather than later) to address the significant financial challenges faced by the Council taking the necessary action identified in Section 18.8 above. The Council needs to continue to ‘live within its means’. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens and mitigate against inflation cost pressures to remain within their ‘cash envelope’.

18.14 Commentary on the level of reserves and robustness of the 2024/25 Budget are provided in Appendix 4.

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

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The draft 2024/25 Budget reflects the Council’s key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. TRANSFORMATION/POLICY IMPLICATIONS

20.1 The Draft 2024/25 Budget enables the Council to continue to deliver on its ‘Making Bromley Even Better’ key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium- term financial plan. The Council continues to deliver key services and ‘lives within its means’. This report needs to be considered with previous report to Executive titled ‘Draft 2024/25 Budget and Update on Council’s Financial Strategy 2025/26 to 2027/28’ which referred to the next phase of Transformation.

21. PERSONNEL IMPLICATIONS

- 21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2024/25 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

- 22.1 The budget proposals reflect the cost implications and budget required to meet the Carbon Reduction and Social Value plans of the Council which will have been reported separately to Council committees.

23. CUSTOMER IMPACT

- 23.1 This report reflects the budgetary implications of all the services provided by the Council as well as obligations/duties to support residents, users and businesses in the borough.

24. LEGAL IMPLICATIONS

- 24.1 The Council is required to fix its Council Tax by 11th March in any year. The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.
- 24.2 Schedule 72 to the Localism Act 2011 inserted a new section in the Local Government Finance 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 24.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 24.4 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. The Council has a number of statutory duties which it must fulfil by law. Although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties, however, it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the

Equality Act 2010. In doing so, the Council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

- 24.5 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with ‘protected characteristics’ including the potential for cumulative impact on some groups from separate work streams arising from this budget. As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.
- 24.6 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances, the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes.

<p>Background documents</p>	<p>2023/24 Council Tax, Executive, 8th February 2023 Provisional Final Accounts 2022/23, Executive, 5th July 2023 The ‘Insurance Fund – Annual Report 2022/23’, E,R&C PDS, 27th November 2023 Capital Programme Monitoring 2023/24, Executive, 29th November 2023 Budget Monitoring 2023/24, Executive, 29th November 2023 Draft 2024/25 Budget and Update on Council’s Financial Strategy 2025/26 to 2027/28. Executive, 17th January 2024 Treasury Management – Annual Investment Strategy 2024/25 and Quarter 3 Performance 2023/24, Executive, Resources and Contracts PDS Committee and Council, 5th February 2024 and 26th February 2024 Capital Strategy 2024/25 to 2027/28 & Q3 Capital programme Monitoring, Executive 7th February 2024</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Bromley's Budget Requirement in 2023/24 (before funding from Formula Grant)	237,732	237,732	237,732	237,732	237,732
Formula Grant and Business Rate Share	-48,556	-48,574	-48,574	-48,574	-48,574
Impact of Provisional Local Government Finance Settlement (mainly inflation allowance)		-3,218	-4,486	-5,525	-6,586
	189,176	185,940	184,672	183,633	182,572
Other Changes in Core Government Funding					
New Homes Bonus		-400	-400	-400	-400
Reduction in Services Grant		1,311	1,311	1,311	1,311
		911	911	911	911
Cost pressures					
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)		10,657	17,478	23,394	28,711
		10,657	17,478	23,394	28,711
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions		-1,283	-783	-483	-483
Income/Savings					
Interest on Balances (additional income (-), reduction in income (+) compared with 2023/24 budget)		-2,200	1,500	3,100	4,100
Additional Social Care Grant (included in Provisional Local Government Settlement 2024/25)		-2,650	-2,650	-2,650	-2,650
Additional Social Care Grant (announced after Provisional Local Government Settlement 2024/25)		-2,480	-2,480	-2,480	-2,480
Release general provision in contingency for significant uncertainty/variables		-3,522	-3,522	-3,522	-3,522
Transformation Savings reported to Executive February 2023		-698	-1,489	-1,554	-1,554
Transformation Programme		-4,172	-4,650	-4,998	-5,373
Fall out of non-recurring Building Infrastructure Fund		-2,000	-2,000	-2,000	-2,000
CIL Funding Opportunities		-1,000	-1,500	-1,500	-1,500
		-18,722	-16,791	-15,604	-14,979
Other changes					
Real Changes and Other Variations		71	10	814	199
		71	10	814	199
Council Tax					
Collection Fund Surplus 2021/22 fall out		5,400	5,400	5,400	5,400
Collection Fund Surplus 2022/23 (estimated)		-2,500	0	0	0
Future years Collection Fund Surplus (estimated)		0	-2,500	-1,500	-1,000
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)		-3,400	0	0	0
		-500	2,900	3,900	4,400
Growth/Cost Pressures including Mitigation					
- Education		2,130	3,065	4,245	5,427
- Children's Social Care		6,870	7,470	8,070	8,670
- Adults Social Care		4,584	9,286	11,113	12,940
- Housing		4,103	5,476	6,726	7,881
- Environment		-336	-420	-420	1,580
- Public Protection and Enforcement		92	92	92	92
- Resources		-77	-77	-77	-77
Variation in freedom pass costs to reflect impact of post Covid usage		1,889	3,842	5,119	5,119
Running Costs of Direct Line site (net after income)		3,076	421	99	-491
Total growth/cost pressures		22,331	29,155	34,967	41,141
Sub Total		199,405	217,552	231,532	242,472
2023/24 Council Tax Income	-189,176	-189,176	-189,176	-189,176	-189,176
Increase in ASC Precept and Council Tax (assume 4.99% in 2024/25 and 2.99% per annum thereafter)		-9,440	-15,378	-21,495	-27,794
Estimated increase in Council Tax Base		-1,400	-1,600	-1,800	-2,000
Budget Gap before use of one off collection fund surplus and other reserves		-611	11,398	19,061	23,503
Use of earmarked reserves					
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures		2,100	3,748	3,748	3,748
Utilisation of Homes for Ukraine funding to support related cost pressures in future years		-2,900	0	0	0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)		-889	-889	9,111	9,111
Net fall out of Government funding towards additional council tax support costs (held in reserve)		2,300	2,300	2,300	2,300
		611	5,159	15,159	15,159
Revised Budget Gap		0	16,557	34,220	38,662

1) The above forecast assumes for illustrative purposes a 4.99% increase in ASC Precept/ Council Tax for 2024/25 and 2.99% increase to Council Tax for the following years

2) The above Forecast excludes the DSG deficit

SUMMARY OF DRAFT 2024/25 REVENUE BUDGET - PORTFOLIO

2023/24 Final Budget	Portfolio/Item	2024/25 Draft Budget £'000	2024/25 Band "D" Equivalent £
106,353	Education	129,309	955.72
Cr 98,674	Less costs funded through Dedicated Schools Grant *	Cr 116,453	-860.70
7,679	Sub total	12,856	95.01
47,574	Childrens Social Care	53,774	397.44
84,178	Adult Care and Health	90,841	671.40
38,033	Environment & Community Services Portfolio	40,631	300.30
3,228	Public Protection and Enforcement	3,357	24.81
15,611	Renewal, Recreation and Housing	16,866	124.66
46,649	Resources, Commissioning & Contracts Management	45,436	335.82
1,361	Non Distributed Costs & Corporate & Democratic Core	1,417	10.47
244,313	Total Controllable Budgets	265,178	1,959.92
8,666	Total Non Controllable Budgets	12,247	90.52
Cr 947	Total Excluded Recharges	Cr 937	-6.93
252,032	Portfolio Total	276,488	2,043.51
Cr 14,710	Reversal of Net Capital Charges	Cr 10,184	-75.27
Cr 9,841	Interest on General Fund Balances	Cr 12,041	-88.99
9	Contribution to Utilisation of New Homes Bonus for Housing		
20,031	Central Contingency Sum	9,772	72.22
	Contingency Provision for Revenue Impact of Capital Programme		
6,600	Financing and Loss of Investment Income from Disposals	2,000	14.78
	Levies		
448	- London Pensions Fund Authority *	460	3.40
246	- London Boroughs Grants Committee	248	1.83
266	- Environment Agency *	310	2.29
341	- Lee Valley Regional Park *	324	2.39
255,422	Sub Total	267,377	1,976.18
Cr 9	New Homes Bonus	Cr 409	-3.02
Cr 47,000	Business Rate Retention	Cr 50,227	-371.23
Cr 1,556	Services Grant	Cr 245	-1.81
Cr 5,400	Collection Fund Surplus (previous years)		
	Collection Fund Surplus (estimated 2022/23)	Cr 2,500	-18.48
Cr 9,111	Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	Cr 3,400	-25.13
	Contribution from Collection Fund Surplus Earmarked Reserve	Cr 10,000	-73.91
Cr 2,300	Collection fund surplus for future years (council tax support)		
	Use of Specific Earmarked reserve created during 2022-23 to fund		
Cr 870	additional social work post	Cr 580	-4.29
189,176	Bromley's Requirement (excluding GLA)	200,016	1,478.31

* The highlighted budgets above are still in draft with final allocations still awaited.

2024/25 CENTRAL CONTINGENCY SUM

General	£'000
Provision for Unallocated Inflation	1,886
General provision for risk/uncertainty	4,650
Direct Line Site	3,076
Planning appeals - changes in legislation	60
Property Valuation	100
	<u>9,772</u>
Contingency Provision for Revenue Impact of Capital Financing Programme	<u>2,000</u>
Total Contingency Provision	<u>11,772</u>

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

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2024/25 BUDGET

1. Background

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

2. General Reserves

- 2.1. Bromley has estimated general reserves of £18.6 million as at 31st March 2024 (as reported to Executive on 29th November 2023), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:
- (a) To provide some contingency reflecting the financial risks facing the Council (e.g. future implementation of Adult Social Care Reforms), the scale of mitigation/savings and associated impact, the need to manage effectively action to reduce the longer term 'budget gap' and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;
 - (b) To provide alternative one-off funding to offset the impact of any overall large overspends facing the Council;
 - (c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;
 - (d) To provide support in financing the capital programme, particularly to assist in funding key initiatives;
 - (e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;
 - (f) To utilise short term monies available from any 'front loading' of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the 'sustainability' of the Council's finances;
 - (g) To provide investment to seek a long-term alternative to current income streams;
 - (h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;
 - (i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;
 - (j) To buy time to identify further savings needed whilst avoiding 'knee jerk' actions to deal with future budget deficits;
 - (k) Need to retain significant reserves until there are detailed plans to address the significant budget gap over 4 years;
 - (l) You cannot reinstate reserves through borrowing in the future to compensate – once reserves are used, they are gone;
 - (m) The Council loses significant flexibility within the central contingency sum, with a

further reduction of £3.5m per annum from 2024/25 (reduced by £5.8m in 2023/24 with a cumulative total of £9.3m per annum since 2023/24);

- (n) The financial challenges facing the Council reduce the ability/flexibility to top up reserves in future years (historically used collection fund surplus, new homes bonus and contingency to top up reserves).
 - (o) To assist the Council to achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.
- 2.2 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley's approach to risk management. An 'Annual Governance Statement' signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.
- 2.3 Setting the level of reserves is just one of several related decisions in the formulation of the medium-term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements.
- 2.4 To address the previously identified funding shortfall of the capital programme combined with the impact of the operational property review and considering potential capital receipts from disposals, the Capital Programme Review report to the November 2022 of the Executive resulted in agreement to refinancing housing costs through borrowing, thus releasing previously utilised earmarked reserves (which was set aside to enable internal borrowing), combined with the balance of funding of up to £10m from earmarked reserves. In addition, any future housing scheme subject to suitable business case, will be considered to be funded through borrowing. The previous housing related schemes provided significant savings on temporary accommodation costs and would have been considered to be funded through borrowing – the Council owned sites will form of any future Housing Revenue Account proposal, depending on the specific scheme. These funding changes will help retain a level of reserves to assist further in dealing with future financial challenges. There will be a need for an ongoing review of funding for any further significant increase in costs of the Council's capital programme.
- 2.5 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax then there would be a resultant 'opportunity cost' relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. If the reserves were used to just balance the budget, they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council. The Council continues to face significant financial risks in the future which is evident by existing growth/cost pressures which may continue to increase above the sums assumed in the budget.
- 2.6 Executive previously agreed that the following principles be applied to determining the use of reserves:
- (a) As a prudent working balance, the Director of Finance continues to recommend subsequently reviewed the minimum level of general reserves and recommended a

minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the medium term 'budget gap' with higher amounts being retained for specific purposes;

- (b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council's core infrastructure. The programme should be driven by the Council's asset management plan, which in turn should be derived from the key priorities of the Council;
 - (c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans;
 - (d) The Council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to continue to progress a programme of asset disposals.
- 2.7 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure, this needs to be explicitly considered including the sustainability of this measure over the lifetime of the medium-term financial plan.
- 2.8 An important issue to consider is planning the future use of reserves in the context of the authority's medium-term financial plan and not to focus exclusively on short-term considerations.

3 **Earmarked Reserves**

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

	Balance at 31/03/23	Projected movement 2023/24	Projected Balance at 31/03/24	Projected movement 2024/25	Projected Balance at 31/03/25	Projected movement 2025/26	Projected Balance at 31/03/26	Projected movement 2026/27	Projected Balance at 31/03/27
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Technology Fund	1,229	-402	827		827		827		827
Investment to Community	229		229		229		229		229
Planning Services Charging Account	-155		-155		-155		-155		-155
Government Grants	8,481		8,481	-353	8,128	-185	7,943	-152	7,791
Invest to Save	18,275	-71	18,204		18,204		18,204		18,204
One off Member Initiatives	654		654		654		654		654
Infrastructure Investment Fund	412	-240	172		172		172		172
Health & Social Care 'Promise Programme'	3,953		3,953	-2,500	1,453		1,453		1,453
Winter Pressures	2,010		2,010		2,010		2,010		2,010
Key Health & Social Care Initiatives	1,700		1,700		1,700		1,700		1,700
Integration of Health & Social Care Initiatives	1,614		1,614		1,614		1,614		1,614
Collection Fund Surplus Set Aside	37,155	-9,111	28,044	-10,000	18,044	-10,000	8,044		8,044
Healthy Bromley Fund	1,899	-338	1,561	-338	1,223	-517	706		706
Parallel Fund	3,097		3,097		3,097		3,097		3,097
Health & Social Care Integrated Commissioning Fund	3,030		3,030		3,030		3,030		3,030
Financial Planning & Risk Reserve	10,000		10,000		10,000		10,000		10,000
Bromley Welfare Fund	753	-160	593	-160	433	-160	273		273
Payment in Lieu Reserve for Temporary Accommodation	536	50	586	50	636	50	686		686
Business Rates Risk Reserve	4,200		4,200		4,200		4,200		4,200
Various Joint Schemes and Pump Priming Investments	5,091	-3,135	1,956		1,956		1,956		1,956
Transition Fund	2,559		2,559		2,559		2,559		2,559
Environmental Initiatives	425	-38	387	-75	312	-38	274		274
Professional Advice for Future Schemes	122		122		122		122		122
Utilisation of New Homes Bonus	4,829	-2,591	2,238		2,238		2,238		2,238
Future Pensions Risk on Outsourcing	1,729		1,729		1,729		1,729		1,729
West Wickham Leisure Centre & Library Redevelopment	623		623		623		623		623
Income Equalisation Reserve	9,030	1,000	10,030		10,030	-10,030	0		0
Transformation Fund	1,224		1,224		1,224		1,224		1,224
Investment Fund	6,146	-5,785	361		361		361		361
Growth Fund	21,061	-700	20,361	-1,000	19,361		19,361		19,361
Transformation Programme	250		250		250		250		250
Housing Investment Fund	20,894	-20,894	0		0		0		0
High Street & Parks Improvement Fund	71		71		71		71		71
Housing Invest to Save	3,409	-3,409	0		0		0		0
Health Facilities Fund	993		993	-993	0		0		0
Health & Social Care Transformation Fund	1,500		1,500		1,500		1,500		1,500
Housing feasibility and viability	36	-36	0		0		0		0
Carbon Neutral Initiatives Fund	875	-125	750	-125	625		625		625

	Balance at 31/03/23	Projected movement 2023/24	Projected Balance at 31/03/24	Projected movement 2024/25	Projected Balance at 31/03/25	Projected movement 2025/26	Projected Balance at 31/03/26	Projected movement 2026/27	Projected Balance at 31/03/27
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hospital Discharge Funding	5,031		5,031		5,031		5,031		5,031
COVID recovery Fund	8,443	-5,843	2,600	-2,100	500	-500	0		0
Platinum Jubilee Fund	854	-27	827	-27	800	-27	773		773
Capital Fund	1,252	-1,252	0		0		0		0
Treemendous Fund	1,161	-387	774	-387	387	-387	0		0
Social Care Staffing Fund	1,700	-870	830	-580	250	-250	0		0
IT Procurement Fund	336	-112	224		224		224		224
Legal Fund	635		635	-212	423	-212	211	-211	0
Education Fund	630	-525	105	-105	0		0		0
Building Infrastructure Fund	2,000		2,000	-2,000	0		0		0
Arboriculture Backlog Fund	400	-133	267	-133	133	-133	0		0
Loneliness Strategy Fund	149	-50	99	-50	50	-50	0		0
Sub-Total	202,530	-55,184	147,346	-21,088	126,258	-22,439	103,819	-363	103,456
Schools	3,071		3,071		3,071		3,071		3,071
Insurance Fund	3,970		3,970		3,970		3,970		3,970
Sub-Total	7,041	-55,184	154,387	-21,088	133,299	-22,439	110,860	-363	110,497
DSG Adjustment Account (unusable) *	-12,706	-3,443	-16,149	-5,631	-21,780	-5,135	-26,915	-4,961	-31,876
Collection Fund Deferred Costs Reserve	2,283	-2,283	0		0		0		0
TOTAL	199,148	-60,910	138,238	-26,719	111,519	-27,574	83,945	-5,324	78,621

* Although this is required to be accounted for as unusable reserves, this is currently as a result of the statutory override. It are therefore shown here as if/when the override ends then any deficit will have to be met from revenue reserves.

3.2 A summary of other significant areas are:

- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
- Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.
- Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with previous Bromley Clinical Commissioning Group (now Southeast London ICS) for the funding of future transformation / integration of health and social care and to contribute towards the financial sustainability of local health services that impact on social care.

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

3.4 The outcome of the actuarial valuation as at 31/3/22 was reported to Pensions Investment Sub Committee on 22nd February 2023. The Council's pension fund remains fully funded. The triennial actuarial valuation impacted on the budget from 2023/24 to 2025/26 and there are no changes in the overall employer contribution/oncost for the future service costs. The Council has received various national awards recognising the outstanding investment performance of its pension fund and treasury management. The most recent award was the nationally recognised Public Finance Awards 2021 for 'Achieving Excellence in Asset Management'.

4. Budget Assumptions

4.1 Treatment of Interest Rates and Inflation

4.1.1 The interest on balances budget for 2024/25 has been set at £12.041m (2023/24: £9.841m). Following the succession of increases in the Bank of England base rate to the current rate of 5.25%, counterparty rates were generally in excess of 6% for a one year deposit during the first half of 2023/24. However, interest rates are expected to start reducing during 2024/25, so one year rates are around 5% to 5.3%. The projected increase in the average rate of interest compared to that in the prior year budget is partly offset by an expected reduction in balances available for investment as a result of the projected utilisation of capital receipts, grants/contributions, as well as projected use of the Council's earmarked revenue reserves.

4.1.2 Further details were included in the Treasury Management Strategy 2024/25 report considered at the Executive, Resources and Contracts Policy Development and Scrutiny Committee meeting on the 5th February 2024 and subsequent Full Council meeting.

4.1.3 Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally at least 1% above the Consumer Price Index (CPI) level. The Draft 2024/25 Budget assumes overall price increases, including a cash limit, of

3.5% in 2024/25 reducing to 2.5% in 2025/26 and 2% per annum from 2026/27, which compares with the existing CPI of 3.9% (4.1% for RPIX). Although inflation is expected to reduce further some volatility remains. It is important to note that the rate of 3.5% in 2024/25 is consistent to an approach taken by many other local authorities but it creates a challenge during a period of cost pressures across services - the alternative is more savings to address the alternative increased budget gap. A challenge remains to contain costs within the overall budget, particularly as many contract price reviews reflect January or February annual inflation increase. The 2024/25 Central Contingency Sum does provide some funding towards this financial risk, where necessary.

4.2 Level and Timing of Capital Receipts

4.2.1 Details of the level and timing of capital receipts, with an update on the overall funding position, are included in the 'Capital Strategy 2024/25 to 2027/28 & Q3 Capital Programme Monitoring' report elsewhere on the agenda.

4.3 Revenue Impact of the Capital Programme

4.3.1 An overall sum of £5.3m per annum has been included in the Draft 2024/25 Budget to reflect the financial impact of the capital programme (including the impact of 2023/24 schemes).

4.3.2 The ultimate revenue impact will depend on the phasing of costs, impact of changes in building costs (inflation and supply), timing of disposals, income foregone from interest earnings and latest prevailing borrowing rates.

4.4 Budget and Financial Management and 'Demand Led' Budgets

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

4.3.2 There remain significant cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs. The financial forecast elements are summarised below with more details reported to the previous meeting of the Executive.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Growth/cost pressures	50,596	65,134	79,102	94,898
Mitigation	-33,230	-40,242	-49,353	-58,385
Net additional costs	17,366	24,892	29,749	36,513

4.3.3 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2025/26 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

4.3.4 The draft 2024/25 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

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

4.5 Financial Information and Reporting

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

4.6 Virement Procedures

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

4.7 Risk areas

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

4.8 Link with other plans/strategies

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

4.9 Insurance Fund

4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a significant financial stop loss that prevents the council from having to meet losses in excess of this amount on liability claims in any

one year. The ‘Insurance Fund – Annual Report 2022/23’, considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the E,R&C PDS Committee on 27th November 2023, gives more background information.

4.10 Funds and the adequacy of provisions

4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year’s capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £38.7m per annum by 2027/28, ‘balance sheet’ liabilities combined with the ongoing cost/growth pressures facing the Council. The “budget gap” may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council’s external auditors.

4.10.2 The scale of the medium-term “budget gap”, coupled with the significant financial uncertainty arising from the review of local government finance (delayed until at least 2026/27) makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future development within the borough and other investment options whilst generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. The funds retained are adequate to meet the needs of the Council in the medium-term. The level of reserves will continue to be kept under review during the medium-term financial planning period.

4.11 Council’s Investment Income contributing to supporting key services

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

4.11.2 The Council’s investment income of £17.9m, assumed in the 2024/25 Budget, is shown below:

	£’m
Investment properties and rental income	5.9
Treasury Management Income	12.0
Total investment income	17.9

4.11.3 In acquiring investment properties the Council had used existing resources and did not utilise the option of borrowing. The Council will seek to retain the key investment assets through any future recession period which significantly reduces the longer-term capital risk of the investment.

4.11.4 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 5th February 2024. The approach to addressing Security, Liquidity and Yield is addressed in that report.

Residents' comments about their priorities for Council Services (to follow)



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15th January 2024

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Dear Sir/Madam

Provisional Local Government Settlement 2024/25

We welcomed the continuation of the fifth year of no overall funding reductions, following 10 years of significant funding reductions and the increase in funding for 2024/25 relating to 'repurposed' grants and Market and Sustainability Fund committed as part of the 2023/24 Local Government Finance Settlement. The increase in the Council's Spending Power which equates to an increase of 6.2% and assumes the maximum increase in Council Tax and ASC Precept (4.99%) does help address the inflation pressures facing services. However, this did not meet the full cost and demographic pressures facing the Council and does not provide sustainable funding solution for the Council. The significant reduction in Services Grant is disappointing and the scale of the reduction was unexpected by many local authorities. Overall, the Council did not receive funding to match the cost pressures for children social care, high needs (transport and funding to meet Dedicated Schools Grant deficit), adults social care and homelessness, despite the significant cost pressures remaining that must be met. It is important to recognise that many services face cost pressures considerably higher than general inflation. The increase in the cost of temporary accommodation and children's placements, for example, have significantly exceeding general inflation and such additional costs were not reflected in the funding settlement. There should be more Government funding provided rather than a reliance on local taxpayers to meet the significant costs.

Adult Social Care

There is a national recognition that Social Services is underfunded, and it is still unclear around the funding requirements for the Adult Social Care reforms relating to Fair Cost of Care and Capping of Care Costs. If the earlier planned reforms are progressed there is a need to fully consider the implications and funding requirements of the significant reductions in income from the reforms as well as significant additional commissioning costs arising from the impact to Bromley. On adult social care there is still a need for a fundamental solution to address long term funding. There remains an interdependency between social care and NHS services and with record level hospital waiting lists and its impact of adult social care, there is a need for diverting some of NHS funding towards adult social care to ensure the NHS can deliver its key requirements.

Dedicated Schools Grant – High Needs Deficit

Although not part of the Council's general fund there is a shortfall in funding (Dedicated Schools Grant) to meet the costs of SEND which is creating an annual deficit situation which is increasing in future years. Although additional funding had been provided it does not adequately reflect the demographic changes and the increase in provision (and associated costs) for the borough. Although the DfE have tightened the ring- fence on the Dedicated Schools and continued with the statutory override for the medium term, such changes remain temporary and do not resolve the underlying deficits.

Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the financial pressures on the DSG until an initial deficit position was reached at year end 2020/21. Benchmarking data provided by the Department for Education (DfE) confirmed that Bromley was one of the last London Boroughs to enter a deficit position. The local financial challenges have since continued to increase, with the deficit position having increased to £12m at the end of 2022/23 and forecast to reach an estimated £16m by year end 2023/24, despite extensive mitigation measures. The deficit is projected to increase by around £21m from 2024/25 to 2027/28 which is not financially sustainable (a total of £37m by 2027/28).

The factors resulting in a local overspend position are reflective of the national systemic challenges with the SEND system, as highlighted by the Government's SEND Green Paper which acknowledged:

'Widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and that despite substantial additional investment, the system had become financially unsustainable.'

'High needs spending continuing to increase year on year, with recent increases driven predominantly by an increase in the proportion of children and young people with an EHCP, over and above general population change'

These national issues are compounded by above-inflationary pressures on the costs of children's placements, specialist recruitment and retention difficulties and a lack of local specialist provision. Despite action to reduce the cost pressures, costs and expenditure continue to significantly exceed the level of Government grant for High Needs Funding, in part due to the unfunded extension of the age range of EHCPs to 25 years of age. The 18-25 age range continues to be the fastest growing cohort of those with an EHCP in Bromley, creating sustained future funding challenges.

Feedback received from the Department of Education is that Bromley is doing everything possible to respond to mitigate the deficit position and no further suggestions could be made. Although Bromley's deficit will reach £16m this year and is growing at a rate of c£5m p.a., the Department informs officers that Bromley is a long way down the ranked list of local area DSG deficits and therefore has no realistic possibility of being considered for support through safety valve or DBV within the current Parliament. In the meantime, the Statutory Override will not solve the underlying funding issue but may provide an opportunity to give more time prior to the completion of the Government's SEND review. However, External Auditors will still need to consider the impact of the SEND deficits on a Council and the Section 25 reports produced by Chief Finance Officers will also have to consider the overall impact – the Statutory Override does not eliminate these key considerations. We are aware that some 'safety valve' authorities have received direct financial support from the Government although this is not available to councils like Bromley that are experiencing considerable DSG deficits, despite good financial management.

We are seeking additional financial support towards meeting the DSG deficit as it can't be right that there is a potential perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by the use of resources

– this effectively provides financial compensation which could unintentionally subsidise poor performance.

The current arrangement enables authorities, like Bromley, that manage resources well and experience new burdens relating to SEN, receive no additional financial support towards the DSG deficit when in some cases poor performance is rewarded.

We ask that the Government completes its awaited SEND review and provide adequate funding to prevent the medium-term funding shortfall and avoid a potential financial impact on the Council's general fund. The Government should also avoid the perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by poor use of resources – there should not be financial compensation which could unintentionally subsidise poor performance. The continued extension of the statutory override in place is not sustainable and effectively delays the need to deal with the root cause of the funding problem identified above.

New Burdens Doctrine

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, various changes from the Social Work Act, extended support to care leavers to the age of 25 years old, the previous lifting of the public sector pay cap, indexation and equalisation of guaranteed minimum pensions, deprivation of liberty, national living wage, the Homelessness Reduction Act and there are other examples where such burdens have not been adequately funded. DLUHC have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2024/25A1. However, the further cost pressures in 2024/25 on children's social care, special educational needs, adult social care and homelessness need to be fully recognised given the significant additional cost burden which is not met by the funding provided.

Children's Social Care

We welcomed the review of children's social care launched by the Education Secretary in January 2021 which 'will set out to radically reform the system' and hoped that this would have thoroughly considered the costs pressures on children's social care and the need for adequate funding to improve children's lives. The outcome does not address the funding challenges for children's social care and costs continue to increase to reflect societal changes, demographic changes, improved healthcare and high cost increases amongst the limited number of residential care providers. A sustainable funding solution is required.

Homelessness

Bromley is experiencing significant increase in homeless residents requiring accommodation through the Council which will be due to various elements including, for example:

- Although the changes to local housing allowances were welcomed (raising to a level covering 30% of local rents from April 2024), it does not provide adequate support to significantly reduce the housing need to be met by the Council given despite significant increases in private sector rents across the borough and the high demand for rented accommodation within the borough. In addition, temporary accommodation costs only receive subsidy at 90% of 2011 Local Housing Allowance levels. Given the current difficulty in obtaining suitable permanent accommodation, this housing benefit subsidy should be aligned to current LHA levels;
- Buy to Let reforms combined with higher mortgage rates for landlords reducing the availability of buy to let properties available to residents;
- The significant acquisition of accommodation from the Home Office to provide accommodation for asylum seekers;
- Residents experiencing higher mortgage rates which could impact on ability to remain in their existing property.

Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. Bromley is seeking further increases in Homeless Prevention Grant (in addition to allocation in Provisional Local Government Settlement 2024/25) together with a review of funding for housing including more financial incentives to build housing stock.

Public Health

We would be concerned if the previously reported indicative allocations of 1.3% cash increase becomes final. This is considerably lower than inflation and does not recognise the additional demands on the service post COVID. It is important that the allocations are publicised as soon as possible.

Summary of Financial Impact of Growth Cost Pressures

After allowing for increased costs of 3.5% in 2024/25 (reducing to 2% per annum from 2026/27) and total mitigation of £33.2m in 2024/25 rising to £58.4m in 2027/28 the net position reflected in the Councils financial forecast is shown below:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Children's Social Care	6,870	7,470	8,070	8,670
Education (Mainly SEN transport)	2,130	3,065	4,245	5,427
Adults Social Care	4,584	9,286	11,113	12,940
Housing	4,103	5,476	6,726	7,881
Other	-321	-405	-405	1,595
	17,366	24,892	29,749	36,513

Packaging Reforms

The Government previously planned packaging reforms provided an opportunity for additional funding for local government to reflect the responsibility relating to waste collection and disposal as well as other factors. If the changes do not progress as originally planned, we would hope that alternative income could be provided for local government.

Fair Funding Review

We recognise that the Government will continue to work with local authorities to undertake the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities – it appears to be delayed till 2026/27 at the earliest which is disappointing, given the reliance on core funding data going back to 2013/14 and in some cases census data of 2001. There have been significant changes in demographics during that period which has had a negative financial impact on the borough with no compensation from revised formula funding. The delay in the Fair Funding Review, combined with one year financial settlement also creates significant financial uncertainty in future financial planning to support key services.

We recognise that this review is an opportunity to resolve the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

Workforce Recruitment Challenges

Children's social work is biggest workforce challenge for authorities, with adult social care being the second highest challenge for recruitment in permanent roles which reflects the outcome of a comprehensive survey by the Local Government Association. The Council has been proactive in finding ways to recruitment permanent staff in key roles but this remains very challenging, despite our success in this area. Government investment in local government and its workforce is key to ensure services remain effective and also to delivering the Government's wider policy agenda.

Reinforced Autoclaved Aerated Concrete

As part of an initial assessment the Council has identified potential additional capital costs of £3m and is seeking that the Government considers providing financial support for this unexpected cost pressure.

Key Asks for the next Autumn Statement and the final (2024/25) as well as future Local Government Finance Settlement

Key asks for its associated impact on funding for Bromley are summarised below:

- It should result in a mechanism to reward more efficient authorities (e.g. financial incentives in the system).
- It should recognise low-cost authorities like Bromley (2nd lowest costs per capita among London Boroughs) - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis.
- Recognition of the cost increases exceeding general inflation increases across many Council's services together with the revenue impact of Council's Capital programme with cost increases arising from the implications of high building inflation, supply availability issues and increasing financing costs.
- The negative revenue support funding adjustment is clearly not 'fit for purpose' and should continue to be removed if it is necessary for the existing funding formula to continue whilst the outcome of the Fair Funding Review is awaited.
- It needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London.
- It should recognise that authorities with a low-cost baseline should not have to face a higher proportion of cuts to funding as part of any future austerity and thus recognised/compensated in any future funding arrangements.
- Remove restrictions that prevent local authorities from raising or spending their own resources - we need more flexibility in place to make the best use of our resources for our residents.
- Introduce more flexibility to Councils allow statutory charges to increase by at least inflation to assist in matching increases in costs.
- The future Spending Review should recognise Bromley's cost pressures detailed in this submission. The Council faces a potential budget gap of around £39m by 2027/28, even after allowing for full council tax increases, within referendum limits. The majority of the Council's spending is directed towards statutory services. Years of annual budget cuts, combined with a low cost base, mean there are limited options available to achieve further savings.
- Bromley's population is expected to increase by 7% by 2033, this is a greater increase than the expected national average of 3.5%. Funding is currently not reallocated based on population growth. Using GLA central estimates, between 2023 and 2043 over 65's are expected to increase by 41% and over 90's by 72% with an over 65 population

increase of 14% during that period.

- Should have mechanisms in place to ensure new burdens are adequately funded.
- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income.
- We have previously raised our concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is critical that these points are addressed as part of the future Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements.
- We request that the changes made by previous Governments to give local authorities more control over the funding be reconsidered. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding has been welcomed, there remains a risk of longer-term potential costs being ultimately met by the council taxpayer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council taxpayer is required to fund special educational needs transport costs of around £13m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.
- The Government should remove any funding mechanism that could create a perverse situation where poor performance is compensated e.g. high needs, whilst not recognising fully deficits created by inadequate funding rather than poor practices.
- Recognises the true financial impact of essential highways maintenance and repair in a geographically large borough with an extensive road network.
- The relative size of the Needs and Resource amounts are ultimately set by DLUHC on the basis of judgement - can some of the unique factors for Bromley be reflected in this to ensure low cost-efficient authorities are not penalised?

The above does not reflect all the asks and we recognise that the Government will continue to work with local authorities to consider bringing forward the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities.

Multi-year Settlement Needed

A one-year financial settlement creates uncertainty.

We recognise the difficulty in providing a longer-term financial settlement, given the current economic position. However, a one-year settlement does create uncertainty in future financial planning whilst other key organisations e.g. NHS are provided with a longer-term financial settlement.

We are seeking a multi-year funding settlements from 2025/26 which will enable more long-term stable, predictable funding. This would provide greater planning certainty and allow for greater investment in prevention and other more meaningful long-term financial decisions.

Bromley – Financial Context

It is important that this response is considered in the wider context of historic local government funding challenges and increasing demand for our services.

For 2024/25, Bromley will have the 2nd lowest level of settlement funding in the whole of London despite having the 7th highest population (excluding City of London). Bromley will receive £123 per head of population compared with the average in London of £330 – the highest is £556. Bromley has one of the lowest net expenditure per head for London and an article in telegraph Money section dated 15th December 2023 considered various key local authority indicators and concluded that Bromley came second place for value for money out of 127 authorities reviewed. Despite being low costs our existing funding levels will create an unsustainable financial position for the future without significant cuts to key services in order to balance the budget. We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £53.7m in 2024/25. It is essential that DLUHC reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the future local government settlement, following a future Spending Review.

During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum and delivered savings of £100m per annum. Although we have delivered further savings (cumulative total of £130m per annum), any future ongoing funding reduction (or standstill funding position) would become unsustainable for a low-cost authority. Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low-cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However, this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high-cost authorities.

If there were no future cost pressures, then maintaining the level of Government funding to allow for inflation and allowing flexibility in raising Council Tax would be financially sustainable. However, it is important to be realistic and recognise that the real challenge is dealing with increasing costs/income losses arising from new burdens not fully funded and increasing demand for services, immense pressure on adult, children's social care, Special Educational Needs and Disabilities (SEND) funded through the Council's general fund, homelessness costs, rising population levels and meeting inflation costs. To meet these challenges there needs to be a fairer level of funding to Bromley, without the significant dependency on increasing on council tax. This would be essential to provide a medium and longer term sustainable financial solution. This would enable the Council to meet the key services that matter to our residents and taxpayers.

Reserves do provide a temporary stop gap, allowing for continued delivery of critical services. However, the Council is using reserves to support its existing revenue budget which is not sustainable in the medium and longer term – reserves can only be spent once. The importance of reserves to manage uncertainly and deal with key risks facing council's is well documented and Councils that retain reserves through prudent financial management should not be penalised in any future funding regime. It is essential not to reward poor financial management.

Further background is also provided in the Council's Draft Budget 2024/25 and Update on Financial Strategy 2025/26 to 2027/28 report to Executive on 17th January 2024 (see link below):

[Budget Report 2024 25.pdf \(bromley.gov.uk\)](#)

Statutory Duties – Review of Local Government Services if adequate Funding is not available

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite overall significant funding reductions. This provides a greater challenge for a low-cost authority like Bromley. This

highlights the importance of considering the full impact of any changes affecting local government. The Government should consider reviewing the role and duties of local government to match the potential resources available.

Working with Government

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

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

The 2024/25 settlement does provide recognition of inflation costs which is helpful. However, the scale of financial challenges with a new significant cost pressure rating to housing If the next Spending Review and future Fair Funding enables a more sustainable funding approach it would be welcomed and enable the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to taxpayers and council taxpayers.

Responses to specific questions raised through the consultation are attached.

To allow time to meet the statutory council tax deadlines and our annual billing deadlines, it is important that the final Local Government Finance Settlement 2024/25 is published by 23rd February 2024 to enable sufficient time for final key decisions to be made.

It is important to recognise the financial stresses facing local authorities are unprecedented with more and more authorities in crisis. This includes frequent press reports about potential Section 114 notices across the country. Having a low cost base and without new flexibilities to raise additional funding with adequate funding for key services from Government, the medium and longer term finances for Bromley would not be sustainable.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to respond to the consultation on the 2024/25 Provisional Local Government Finance Settlement.

Yours faithfully



Peter Turner
Director of Finance

RESPONSE TO CONSULTATION QUESTIONS

Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2024-25?

Although the distribution formula urgently needs to be fully updated given the delayed Fair Funding Review, we recognise that the proposed approach to distributing RSG is a reasonable interim measure. Low cost and well-run authorities should not be penalised with a negative RSG requirement, and we are pleased that this is recognised in the provisional settlement. The Fair Funding Review reforms are essential to the effective delivery of important services to the public and must provide a robust system for ensuring that resources are allocated accordingly and recognise the need for a better funding deal for Bromley. The funding baseline no longer resembles the baseline of the Council relating to early 2010s. It is therefore out-of-date, not fit for purpose, discourages local accountability, and undermines local management.

Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2024-25?

We welcome the Government steps to simplify the funding environment by rolling in more grants to core funding. We welcome more flexibility in how we use the funding. However, it is essential that any roll-ins are done in a transparent way to ensure no funding has been reduced.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?

Bromley continues to oppose the 'capping' of council tax increases through the mechanism of referendum principles. Council tax is the only locally determined tax and local authorities must have full flexibility in how it is used as well as how it is set that strikes the appropriate balance between local resources and needs. 'Capping' restricts local decision making. No central government tax is subject to the same approach. As there is to be a continuation of the ASC precept in future years, we would urge the Government to allow flexibility for it to be spent on both adult and children's social care as many boroughs are experiencing large funding pressures in children's social care as many well as in adults.

The continued reliance on Council Tax as the primary driver of increased Core Spending Power is challenging and does not compensate for the funding shortfall to meet key services. Additionally, the assumption that all Council Taxes will be raised by these limits creates a false perception of the amount of new funding provided to local government and reduced transparency regarding the amount of funding provided to local government.

More flexibility and an improved funding system would allow for improved local accountability and long-term financial sustainability.

Question 4: Do you agree with the government's proposals to maintain the Funding Guarantee for 2024-25?

Given the inadequacy and outdated nature of the current funding formula, the Funding Guarantee ensures that local authorities receive at least some additional funding which includes Bromley. (Bromley is just one of only a few London boroughs to receive the guarantee). We understand the rationale around the funding guarantee, but lower tier councils face pressures due to inflation and this represents moving funding from lower tier services grant to a funding guarantee which mainly benefits district councils. Any funding guarantee should be funded from additional rather than existing resources.

Question 5: Do you agree with the government’s proposals on funding for social care as part of the local government finance settlement in 2024-25?

We welcome the significant additional funding to support social care. We seek assurances that the ‘repurposed’ funding (previously set aside for Adult Social Care Reforms) can be retained to support key services with separate funding being provided when/if the delayed Adult Social Care Reforms are implemented. As indicated in the main letter, it is essential that the cost implications of the Adult Social Care Reforms are fully assessed, prior to implementation, to ensure adequate funding is provided. However, Bromley disagrees with the proposed method for distributing funding for both children and adult social care using solely the adult social care RNF. If the intention is for this funding to alleviate pressure on both adult and children's social care, it's distribution should reflect relative levels of needs in both services. We urge the Government to set out why it is not using the existing children's social care funding formula. There is an inconsistency in the proposed allocation method for the Social Care Grant, which is partly reduced for Bromley to reflect equalisation for what can be raised in the Adult Social Care Precept. If the precept remains solely for adult social care, and the support grant for both children's and adult social care, this is effectively reducing the funding available for children's social care pressures. Although the additional funding (committed as part of the 2023/24 settlement) is helpful it will not match the scale of cost pressures in adult's and children's social care, special education needs (general fund) which reflects demographic changes and homelessness.

Question 6: Do you agree with the government’s proposals for New Homes Bonus in 2024-25?

Although we recognise the continuation of funding of New Homes Bonus, the allocation to Bromley is only £0.4m. There remains long-term uncertainty on funding. There has been a long series of adjustments over the years that have reduced the incentive provided by the bonus. Any reforms to the bonus, or indeed a successor scheme, must ensure it truly incentivises house building in areas of the country facing the greatest housing pressures. A permanent solution is required to provide greater long-term funding certainty to encourage home building. We urge the Government to confirm its long-term intentions for the New Homes Bonus as soon as possible including reforms to better incentivise house building in areas of the country facing the greatest housing pressures, such as London.

Question 7: Do you agree with the government’s proposals for Rural Services Delivery Grant in 2024-25?

Bromley disagrees with the provision of additional funding to rural areas, through this mechanism. The existence of the Rural Services Delivery Grant remains based on an unclear evidence base. All funding allocated through this separate grant could otherwise have been distributed more fairly across all local authorities in England based on proven need and also recognise the unique pressures faced by urban areas.

Question 8: Do you agree with the government’s proposals for Services Grant in 2024-25?

Bromley welcomed the additional new one-off “Services Grant” introduced in 2022/23. Given the financial challenges facing the Council (as well as Section 114/ financial distress reported among many local authorities) any reductions to central government grants, including the Services Grant, present significant risk to the longer sustainability of the Council. The reduction to Bromley equated to £1.3m (reduced from £1.5m to £0.2m). This follows a reduction in 2023/24. The Services Grant supports a number of critical local services including, for example, adult social care, children’s social care and temporary accommodation. Given the importance of these services the funding levels for this grant should remain at least at 2023/24 levels i.e. no reduction.

Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

The continued underfunding of local government services and the acute funding pressures that local governments face particularly in the areas of adults and children's social care may have a disproportionate impact on persons who share a protected characteristic.

Question 10: Do you have any views about the government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the '4 day working week' and equivalent arrangements of part time work for full time pay?

Fundamentally questions regarding the appropriate compensation of employees and the level of service provided by local councils should be made locally. This is particularly relevant when proposals impacts the stability and predictability of available funding and further reduce the ability of councils to identify alternative solutions to very real staffing retention and retainment challenges.

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EXECUTIVE MEETING ON 7th FEBRUARY 2024

2024/25 COUNCIL TAX REPORT

2. RECOMMENDATIONS

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

- (a) Notes the following recent changes including the outcome of the Final Local Government Settlement 2024/25 announced by DLUHC on 6th February:
 - i) additional Services Grant funding of £24k;
 - ii) final allocation of Public Health Grant which represents a 2.1% increase in funding (£64k); and
 - iii) one-off funding of £411k in 2023/24 only, mainly relating to the government's business rates safety net and levy account.
- (b) Approves the schools budget of £116.453m which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment;
- (c) Approves the draft revenue budgets (as detailed in the revised Appendix 2) for 2024/25;
- (d) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 17th January 2024;
- (e) Approves a revised Central Contingency sum to reflect the allocation of the pay award, movement of levies and final local government settlement identified in (a) above, resulting in a sum of £9,816k (see Section 6 and the revised Appendix 3);
- (f) Approves the following provisions for levies for inclusion in the budget for 2024/25:

	£'000
London Pensions Fund Authority *	460
London Boroughs Grant Committee	248
Environment Agency (flood defence etc.)	270
Lee Valley Regional Park	351
Total	1,329

* This amount is provisional and subject to revision.

The decrease of £13k in the 2024/25 levy amounts is offset by a £13k increase in the 2024/25 Central Contingency as a provision towards meeting inflation cost pressures;

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

- (h) Sets a 2% increase in Adult Social Care Precept with a 2.99% increase in Bromley's General Council Tax, compared with 2023/24 (2% increase in Adult Social Care Precept and 2.99% increase in Bromley's General Council Tax) and notes that, based upon their consultation exercise, the GLA are currently assuming a 8.6% increase in the GLA precept;
- (i) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4); and
- (j) Consider the Section 25 commentary (Local Government Act 2003), reflected in section 18 of the report, in making recommendations to Full Council.

2.2 Executive is requested to agree that the Director of Finance be authorised to report any further changes directly to Council on 26th February 2024.

2.3 Council Tax 2024/25 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011).

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

	2023/24 £	2024/25 £	Increase £	Increase % (note #)
Bromley (general)	1,218.25	1,260.35	42.10	2.99
Bromley (ASC precept)	189.80	217.96	28.16	2.00
Bromley (total)	1,408.05	1,478.31	70.26	4.99
GLA *	434.14	471.40	37.26	8.58
Total	1,842.19	1,949.71	107.52	5.84

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

(#) in line with the 2024/25 Council Tax Referendum Principles, the % increase applied is based on an authority's "relevant basic amount of Council Tax" (£1,478.31 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 26th February 2024.

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

1. It be noted that the Council Tax Base for 2024/25 is 135,300 'Band D' equivalent properties.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2024/25 is £200,016k.
3. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):

- (a) £663,110k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
 - (b) £463,094k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.
 - (c) £200,016k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
 - (d) £1,478.31 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.
4. To note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below (NB. the GLA precept figure may need to be amended once the actual GLA budget is set).
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

Valuation Bands	London Borough of Bromley £	Greater London Authority £	Aggregate of Council Tax Requirements £
A	985.54	314.27	1,299.81
B	1,149.80	366.64	1,516.44
C	1,314.05	419.02	1,733.07
D	1,478.31	471.40	1,949.71
E	1,806.82	576.16	2,382.98
F	2,135.34	680.91	2,816.25
G	2,463.85	785.67	3,249.52
H	2,956.62	942.80	3,899.42

6. That the Council hereby determines that its relevant basic amount of council tax for the financial year 2024/25, which reflects a 4.99% increase (Adult Social Care Precept increase of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2024/25 sets out the principles which the Secretary of State has determined will apply to local authorities in England from 2024/25. Any further changes arising from these Principles will be reported directly to Council on 26th February 2024. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

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SUMMARY OF DRAFT 2024/25 REVENUE BUDGET - PORTFOLIO

2023/24 Final Budget	Portfolio/Item	2024/25 Draft Budget £'000	2024/25 Band "D" Equivalent £
106,353	Education	129,344	955.98
Cr 98,674	Less costs funded through Dedicated Schools Grant *	Cr 116,453	-860.70
7,679	Sub total	12,891	95.27
47,574	Childrens Social Care	53,774	397.44
84,178	Adult Care and Health	90,777	670.93
38,033	Environment & Community Services Portfolio	40,631	300.30
3,228	Public Protection and Enforcement	3,357	24.81
15,611	Renewal, Recreation and Housing	16,866	124.66
46,649	Resources, Commissioning & Contracts Management	45,436	335.82
1,361	Non Distributed Costs & Corporate & Democratic Core	1,417	10.47
244,313	Total Controllable Budgets	265,149	1,959.71
8,666	Total Non Controllable Budgets	12,247	90.52
Cr 947	Total Excluded Recharges	Cr 937	-6.93
252,032	Portfolio Total	276,459	2,043.30
Cr 14,710	Reversal of Net Capital Charges	Cr 10,184	-75.27
Cr 9,841	Interest on General Fund Balances	Cr 12,041	-88.99
9	Contribution to Utilisation of New Homes Bonus for Housing		
20,031	Central Contingency Sum	9,816	72.55
	Contingency Provision for Revenue Impact of Capital Programme		
6,600	Financing and Loss of Investment Income from Disposals	2,000	14.78
	Levies		
448	- London Pensions Fund Authority *	460	3.40
246	- London Boroughs Grants Committee	248	1.83
266	- Environment Agency	270	2.00
341	- Lee Valley Regional Park	351	2.59
255,422	Sub Total	267,379	1,976.19
Cr 9	New Homes Bonus	Cr 409	-3.02
Cr 47,000	Business Rate Retention	Cr 50,205	-371.06
Cr 1,556	Services Grant	Cr 269	-1.99
Cr 5,400	Collection Fund Surplus (previous years)		
	Collection Fund Surplus (estimated 2022/23)	Cr 2,500	-18.48
Cr 9,111	Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	Cr 3,400	-25.13
	Contribution from Collection Fund Surplus Earmarked Reserve	Cr 10,000	-73.91
Cr 2,300	Collection fund surplus for future years (council tax support)		
Cr 870	Use of Specific Earmarked reserve created during 2022-23 to fund additional social work post	Cr 580	-4.29
189,176	Bromley's Requirement (excluding GLA)	200,016	1,478.31

* The highlighted budgets above are still in draft with final allocations still awaited.

2024/25 CENTRAL CONTINGENCY SUM

General	£'000
Provision for Unallocated Inflation	1,928
General provision for risk/uncertainty	4,652
Direct Line Site	3,076
Planning appeals - changes in legislation	60
Property Valuation	100
	<u>9,816</u>
Contingency Provision for Revenue Impact of Capital Financing Programme	<u>2,000</u>
Total Contingency Provision	<u>11,816</u>

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

Consultation and Engagement - Appendix 5 of 2024/25 Council Tax Report to Executive 7 February 2024

Residents' engagement including in the context of budget setting is important to the council. Feedback has previously indicated that without sufficient contextual information, it is more challenging for residents and groups to express views about relevant priorities for the budget and council services.

The council outlined the context of the budget in the Council magazine before Christmas to better explain the national and local background to residents, not only for the year ahead but also for the next four years, with residents and groups then also able to comment via the usual channels if they so wished. The council's views have also featured in local and regional media, including the ongoing call for fairer funding.

Contextual information has also been published on the website with opportunity for residents to share their priorities for the 2024/5 budget.

Responses have been received around a number of themes and services. Some resident groups along with individual residents have responded directly and indicated their priorities for council services, with other responses identifying potential opportunities for savings or further income streams.

Responses include from Copers Cope Area Residents' Association who set out their priority services for Beckenham, which were: waste management services, road safety and pedestrian improvements, adult and child social care, social housing, sports and leisure facilities, special education and early years education. Libraries, and parks and green spaces.

Similarly, Knoll Residents' Association provided their priority services based on a poll of 76 of their members, from which the top supported priorities were waste services, children's education and schools, parks and green spaces, children special education needs, and children safeguarding. Further views from these members also being provided, including around priorities between council tax levels and service provision and around the budget deficit in future years.

The Council received a range of further comments, with some praise for council achievements and how services are run. There were suggestions around raising further funds through council tax on new builds and from parking charges, with others requesting street lighting or pedestrian crossings in certain locations. Specific spending was also commented on, including requests for funding on Churchill Theatre and questioning of spending on the Crystal Palace Park Regeneration Plan.

Where comments related to specific services, these have also been shared with the relevant officers for consideration.

Alongside formal responses submitted to the consultation, further engagement was also found from social media, with partners and others sharing these posts to help reach further residents and 15 further comments received from residents sharing their views.

It is noted that many of the responses indicated a high level of awareness around the council financial situation and the contextual information provided around the budget setting. As such, responses were generally well considered, providing useful feedback to the council to inform the budget setting process.

From: [REDACTED] <[REDACTED]>

Sent: 29 January 2024 17:46

To: Consultations <Consultations@bromley.gov.uk>

Cc: Fawthrop, Simon, Cllr <Simon.Fawthrop@bromley.gov.uk>; Onslow, Keith, CLLR <Keith.Onslow@bromley.gov.uk>; Owen, Tony, Cllr <Tony.Owen@bromley.gov.uk>

Subject: Re: Planning for the future at Bromley Council - seeking residents' views

Good evening

We asked our Knoll residents the following question:

What 10 services would you prioritise to be protected from council spending cuts from the list provided?

We then provided spend categories as per your consultation information but also supplemented by looking at your annual accounts expenditure information (from 2 years ago). For next year's consultation it would be useful to have a full list of council spend categories as we may have missed some out. Eg a resident pointed out there was not a category for running the council (salaries etc) and another enquired where legal fees for fighting ULEZ would come under.

We had 76 residents respond with their 10 votes each (760 responses in total). This online survey was designed to filter for the most valued services provided by the council.

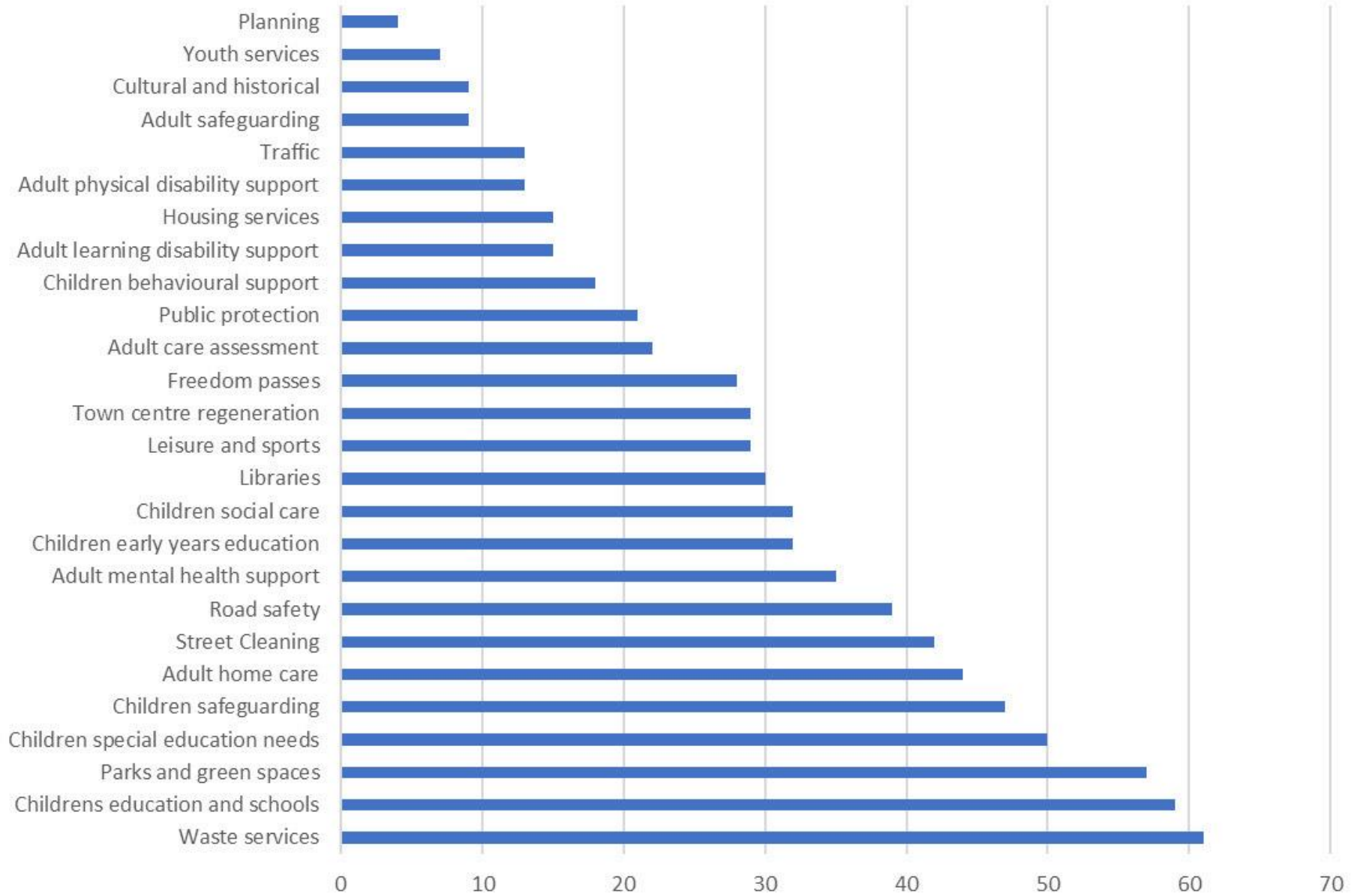
The results are as below. It was noted by one resident that she would be prepared to pay a little more council tax to protect services. This was supported by another 3 residents. Another resident highlighted the projected budget deficit of c£30m in future years would equate to about 10% increase in rates in real terms which didn't seem huge in the view of that resident.

Please let us know if you have any further questions or need any clarification.

Kind regards.

Chair, Knoll Residents Association.

KRA Priority Council Services



Service	Votes
Waste services	61
Childrens education and schools	59
Parks and green spaces	57
Children special education needs	50
Children safeguarding	47
Adult home care	44
Street Cleaning	42
Road safety	39
Adult mental health support	35
Children early years education	32
Children social care	32
Libraries	30
Leisure and sports	29
Town centre regeneration	29
Freedom passes	28
Adult care assessment	22
Public protection	21
Children behavioural support	18
Adult learning disability support	15
Housing services	15
Adult physical disability support	13
Traffic	13
Adult safeguarding	9
Cultural and historical	9
Youth services	7
Planning	4
Total	760

On Tue, 23 Jan 2024 at 11:25, Consultations <Consultations@bromley.gov.uk> wrote:

Dear Residents' Association Representative,

The council is continuing with its annual budget setting process, which this year is against the context of the much-publicised national challenges on local government services.

As we continue with our commitment to sound financial management and achieving a balanced budget, we are seeking views from residents about their priorities so these can be considered. We would be grateful if you could share this opportunity with members of your organisation, with responses from residents' associations or similar organisations also being welcomed.

While Bromley's higher level of reserves than many puts the council at less immediate threat than other less careful local authorities, the budget that is currently being set for 2024/25 remains challenging and we encourage residents to read more about the background to this, which can be found on our website - www.bromley.gov.uk/council-democracy/council-budget-202425 and through www.bromley.gov.uk/consultations.

Responses can be made to consultations@bromley.gov.uk or by return to this email ahead of the budget being determined next month.

Kind regards
Public Affairs Team
Chief Executive's Department,
Bromley Council, Civic Centre, Stockwell Close, Bromley BR1 3UH
www.bromley.gov.uk

This message has been scanned for malware by Forcepoint. www.forcepoint.com

COUNCIL

26 February 2024

DRAFT MINUTES FROM PDS COMMITTEES ON THE DRAFT BUDGET

ENVIRONMENT AND COMMUNITY SERVICES POLICY DEVELOPMENT & SCRUTINY COMMITTEE 23 January 2024

Draft Budget Minutes FSD24009

The report was presented to the committee by the Head of Finance for Environmental and Community Services. The aim of the report was to consider the Portfolio Holders draft 2024/25 Budget, which incorporated future cost pressures, planned mitigation measures and savings from Transformation and other budget options, which we reported to the Executive on the 17th of January 2024.

The Chairman expressed concern at the Council's predicted deficit of £39m by 2027/28.

It had been noted in the meeting that the Department for Transport had allocated £455k to the Council for a fund to deal with pot-holes. A Member commented that he could not find this in the draft budget and asked where it had been detailed. The Director for Environment and Public Protection commented that in his view this was because details of this funding had been released after the Budget had been drawn up. The Member commented that this funding should be added to the Budget. He commented that a budget could not be approved if details were missing. He asked that this comment be forwarded to the Executive.

A Member referred to the fact that the draft budget had shown a loss of income from the closure of West Wickham Car Park. She informed members that Chislehurst Library Car Park was likely to be closed for a period of six months for extensive renovations and that the loss of income from this closure should also be included in the Budget.

RESOLVED that the ECS PDS Committee note the Draft Budget Report.

Post Meeting Note:

Following the question regarding pot-hole funding—the following note was sent out to the committee the following day from the Head of Finance—ECS:

The question asked by Cllr Fawthrop at committee last night regarding the pothole funding for Highways and why that is not reflected in the ECS budget, the answer to

which is because the funding announced is 100% capital, and therefore would not be included in the draft revenue budgets for 24/25.

Please see link to funding announcement below which confirms that all funding is capital in the last paragraph before table 1 for regional allocations.

<https://www.gov.uk/government/publications/highways-maintenance-funding-allocations/local-highways-maintenance-additional-funding-from-2023-to-2034>

**PUBLIC PROTECTION AND ENFORCEMENT
POLICY DEVELOPMENT & SCRUTINY COMMITTEE
24 January 2024**

**Draft Budget Minutes
FSD24010**

A Member enquired if there were any transformational challenges that may at some point flow into the public protection budget. The Director for Environment and Public Protection answered and said that this was a relatively small budget and so no transformation items had been proposed for 2024/25. This could possibly change however in the medium term. The Member also asked if there were any fees for services, and if these would increase in line with inflation. The Director responded and said that the Council was looking at fees across the board; some fees were set by statute. Any proposed changes to fees would be brought back to the committee.

A Member referred to the provisional Local Government Finance Settlement and commented that it would be much more helpful if the settlements were not one-year settlements. It had been the sixth year in a row that the settlement had been on a one-year basis; a longer-term settlement would make financial planning easier. The Director stated that central government had just released extra funding for local government on the day of the meeting.

The Chairman was concerned that further financial assistance was needed, otherwise there would be problems with providing discretionary services and serious decisions would need to be made. He said that CCTV was a good example, although it was a non-statutory service in itself, the Council could not fulfil its statutory duties of protection without the CCTV. The Chairman said that another risk was MOPAC funding as it always seemed to arrive late. The Chairman requested a list of MOPAC funded projects.

RESOLVED that the Public Protection Portfolio Draft Budget be noted.

ADULT CARE AND HEALTH
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

30 January 2024

**57 ADULT CARE AND HEALTH PORTFOLIO DRAFT BUDGET
2024/25
Report FSD24007**

The Committee considered a report setting out the draft Adult Care and Health Portfolio Budget for 2024/25, which incorporated future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to the Council's Executive on 17th January 2024. Members were requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years. It was noted that there were still outstanding issues and areas of uncertainty remaining further updates would be included in the 2024/25 Council Tax report to the next meeting of the Executive.

The Head of Finance for Adults, Health and Housing advised Members that the 2024/25 budget included significant growth to reflect the full year effect of the budget pressures during 2023/24, less some significant savings and mitigation to offset these pressures. Overall the draft 2024/25 budget totalled just under £95m which was a net increase of £6.7m compared to the previous year's budget.

A Member considered that it would be beneficial for the table provided in Appendix 1 to include a column with projected costs for 2023/24. The Head of Finance for Adults, Health and Housing said that the Q2 2023/24 Budget Monitoring report had a projected overspend of £1.5m. The 2024/25 budget looked to address the previous in-year pressures and included growth. The Director of Adult Social Care advised that the planning of the 2024/25 budget was based on the position at the end of Q2, which was reported at the last meeting. It was hoped that going forward there would be reduced pressure in the budget for this year.

In response to further questions, the Director of Adult Social Care advised that pressures on the Learning Disabilities service were in three areas: growth in the numbers using the service as people were living longer; the higher cost of purchasing services; and a significant increase in the number of young people transitioning from Children's to Adult Services. It was noted that the transition figures were based on Q2, however there was often an increase in demand at the end of the school year. With regards to the reference made that 'there may need to be a reduction in the scope and level of services', the Director of Adult Social Care said that the department would not stop providing any statutory services but would look at how they could be delivered more efficiently. The change of approach was outlined in the Adult Social Care Transformation Programme report provided to the meeting. The Director of Adult Social Care confirmed that work to identify any working age adults/older people whose care and support was currently being paid for by Bromley, but were the responsibility of another local authority, was undertaken on a regular basis. However it had been recognised that some were slipping through, particularly when people left hospital and

those with mental health needs. These pressure points had been identified and were being tightened up – the criteria itself was not being changed.

A Member enquired if there were plans to review the provision of stop smoking and weight management programmes. The Director of Public Health advised that an obesity service for adults had been funded from the public health grant, and would continue next year. It was noted that a 1-year pilot to deliver a smoking cessation service had been procured and a provider had been appointed. This was in preparation for the government funded smoking cessation programme from April 2024, which it was hoped would significantly increase the offer across the borough.

In response to further questions, the Head of Finance for Adults, Health and Housing said that the reduction in the budget for the Placement and Brokerage service area was due to the delivery of savings made through the Transformation Programme. The slight increase in the budget for the Information & Early Intervention service area was due to the growth allocated. With regards to the utilisation of the public health reserve to mitigate against inflation increases, the Head of Finance for Adults, Health and Housing advised that the public health grant supported a number of services across the Council and £263k would be used to address the inflationary pressures in these areas. It was noted that the cost of salary uplifts in the Public Health team had previously been funded from the general fund, rather than the public health grant. The Director of Public Health confirmed that the inflationary uplift had been significant – this related to staffing and services that Public Health funded, such as Children's Centres.

A Member noted that a national increase in rates of sexually transmitted diseases (STIs) had been reported in the media and enquired if this was being monitored locally. The Director of Public Health said that the borough had seen an increase in STI rates over a number of years, however this had slowed down. As part of the Public Health transformation programme, a new online testing provision had been implemented a couple of years ago, and the spend on hospital appointments had been significantly reduced. In addition to this, a London sexual health tariff programme had been introduced so all providers charged the same rate. The area of sexual health was a good example of reducing spend by having transformed the service.

In response to a question regarding the mental health budget, the Head of Finance for Adults, Health and Housing said that the full year effect of the 2023/24 overspend on Mental Health services was £529k and this had been funded in the 2024/25 budget. The Director of Adult Social Care confirmed that no additional money had been drawn down during 2023/24, the existing money had just been used in a different way.

RESOLVED that:

- i) The financial forecast for 2024/25 to 2027/28 be noted;**
- ii) Members' comments on the initial draft Adult Care and Health Portfolio budget 2024/25 as a basis for setting the 2024/25 budget be noted; and,**
- iii) Members' comments on the initial draft Adult Care and Health Portfolio budget 2024/25 be provided to the February 2024 meeting of the Council's Executive.**

**CHILDREN, EDUCATION AND FAMILIES
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

48. POLICY DEVELOPMENT AND OTHER ITEMS

**a. CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT BUDGET 2024/25
Report CEF23068**

The report considered the Portfolio Holder's draft 2024/25 budget which incorporated the future cost pressures and initial draft budget saving options reported to the Council's Executive on 17 January 2024. Members were requested to consider the initial draft budget being proposed and to identify any further action that might be taken to reduce cost pressures facing the Council over the next four years with a view to the Council's Executive making recommendations to Council on the 2024/25 Council Tax levels. There were still outstanding issues and areas of uncertainty remaining and any further updates would be included in the 2024/25 Council Tax report to the meeting of the Council's Executive on 7 February 2024.

In reviewing the draft budget, a Member observed that emergency foster placements remained a substantial cost pressure for the Portfolio and queried whether it would be feasible to establish a Local Authority-owned children's home that offered better value for money than placements made via Independent Fostering Agencies. The Director of Children, Education and Families confirmed that all options for future service delivery would be considered. Moving forward, a significant emphasis would be placed on developing innovative and cost-effective service models that would help contain the cost pressures caused by increasing demand for statutory services and regular updates on the findings of this work would be reported to the Committee. A Member suggested there may be scope for innovative practice within the youth service as some local charities and organisations were already working effectively with young people within local communities. Another Member asked about transformation work already delivered within SEND Transport and was advised that two travel trainers were now in place and details of the number of children and young people benefitting from this service would be provided to the Committee following the meeting.

A Member underlined the need to continue to focus on recruitment and retention as permanent staff were more cost effective than those employed via an agency. The Director of Children, Education and Families was pleased to report that the Local Authority's overseas recruitment work continued to be very effective in securing high quality staff and it was anticipated that the 'Outstanding' Ofsted judgement would help attract the highest quality staff to join the Local Authority in a permanent role. Another Member highlighted the Local Authority's low settlement funding per head of population which was £123 per head of population for the 2024/25 financial year against a London average of £330 and stated that this disparity in funding levels needed to be resolved. The Chairman queried whether recharges were made to the Adult, Care and Health Portfolio with respect to services for young people with special educational needs and disabilities aged 18-25 years and the Head of Finance: Children, Education and Families confirmed that a funding mechanism was in place to

ensure that costs were charged to the appropriate Portfolio. It was expected that an additional social care grant would be provided to the Local Authority for the 2024/25 financial year to help offset some costs and this would also be apportioned between the adults' and children's services.

In considering how the draft budget was displayed to the Committee, a Member noted that the original 2023/24 budget was shown alongside the draft 2024/25 budget with further columns for increased costs and other changes. The Member suggested that it could be helpful to include the projected end 2023/34 budget to enable Members to compare the actual costs for 2023/24 with the draft budget for 2024/25 and this request would be noted for future reporting.

Councillor Rebecca Wiffen tabled an additional recommendation requesting the Committee:

2.2 Consider extending full council tax relief for care leavers, offering 100% discount on council tax for care leavers until the age of 25, provided the following criteria are met:

You must be a London Borough of Bromley care leaver, having been/being looked after by the Borough, and have applied for other discounts such as single person discount/student discount.

The Chairman stated that any such decision was in the remit of Full Council and moved that the recommendation be deferred to the meeting of Full Council on 26 February 2024 when the 2024/25 budget would be set. The motion was seconded by Councillor Alexa Michael, put to the vote and CARRIED.

RESOLVED: That:

- **The update on the financial forecast for 2024/25 to 2027/28 be noted;**
- **The initial draft 2024/25 budget be noted as a basis for setting the 2024/25 budget; and,**
- **The Council's Executive be recommended to note the comments of the Children, Education and Families PDS Committee on the initial draft 2024/25 budget at its meeting on 7 February 2024.**

**RENEWAL, RECREATION AND HOUSING
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

53 POLICY DEVELOPMENT AND OTHER ITEMS

**A RENEWAL, RECREATION AND HOUSING PORTFOLIO DRAFT
BUDGET 2024/25
Report FSD24008**

The report considered the Portfolio Holder's draft 2024/25 Budget which incorporated the future cost pressures, planned mitigation measures, savings from transformation and other budget options reported to the Council's Executive on 17 January 2024. Members were requested to consider the initial draft budget being proposed and to identify further action that might be taken to reduce cost pressures facing the Local Authority over the next four years with a view to the Council's Executive making recommendations to Council on the 2024/25 Council Tax levels. There were still outstanding issues and areas of uncertainty remaining and any further updates would be included in the 2024/25 Council Tax report to the meeting of the Council's Executive on 7 February 2024.

In response to a question from a Member on the high demand for temporary accommodation, the Head of Finance: Adults, Health and Housing agreed that that growth pressures remained challenging but that a projected increase of twenty households per month had been factored into the draft 2024/25 budget which would help contain costs. The Member asked whether selective licensing for private rented properties that were not Houses in Multiple Occupation (HMO) had been explored as an option and the Portfolio Holder confirmed that all housing options were considered but that licensing came under the remit of the General Purposes and Licensing Committee. The Chairman further advised the Committee that Gareth Bacon MP had recently contacted the Home Office to highlight pressures on temporary accommodation in the London region from the placement of asylum seekers in local hotels.

RESOLVED: That:

- 1) The update on the financial forecast for 2024/25 to 2027/28 be noted;**
- 2) The initial draft 2024/25 budget be noted as a basis for setting the 2024/25 budget; and,**
- 3) The Council's Executive be recommended to note the comments of the Renewal, Recreation and Housing PDS Committee on the initial draft 2024/25 budget at its meeting on 7 February 2024.**

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

(5) COUNCIL TAX REPORT 2024/25 Report FSD24014

A key part of the financial strategy was to highlight the budget issues that would need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. This was reported to previous meeting of Executive. Details of the capital programme were reported elsewhere on this agenda.

The Provisional Local Government Finance Settlement 2024/25 only covered 2024/25, with no indication of future years funding. The settlement included continuation of the ASC precept, increase in new homes bonus, increase of repurposed social care funding (children's and adults) and market sustainability improvement fund (adult social care). However, there were significant reductions in the Services Grant.

There remained uncertainty around the level of Government funding for 2025/26 and beyond, particularly as the Government would need to address the significant increase in public debt due to the pandemic. The longer-term Spending Review together with the awaited Fair Funding Review and Devolution of Business Rates (or any revised funding proposals) was not expected until 2026/27 but could be delayed even further.

This report identified the final issues affecting the 2024/25 revenue budget and sought recommendations to the Council on the level of the Bromley element of the 2024/25 Council Tax and Adult Social Care precept.

Confirmation of the final GLA precept would be reported to the Council meeting on 26th February 2024. The report also sought final approval of the 'schools budget'. The approach reflected in this report was for the Council to not only achieve a legal and financially balanced budget in 2024/25 but to have measures in place to deal with the medium-term financial position (2025/26 to 2027/28).

Following the Government reductions in funding since austerity measures began there have been some recent improvements in funding. However, the burden of financing increasing service demands falls primarily on the level of council tax and share of business rate income. The financial forecast assumes that the level of core grant funding will remain unchanged, in real terms, from 2025/26.

In introducing the report, the Director of Finance provided an update noting the following:

- Earlier in the day the final settlement had been received which had included further one-off funding for 2023/24 of £411k;
- In addition to the funding announced on 26th January 2024, a further ongoing £24k had been received;
- A supplementary paper had been circulated to the committee providing details of the consultation responses and the minutes from the PDS Committees' consideration of the budget;
- Councils were required to produce productivity plans by July 2024;
- Details of some grants remained outstanding;

- Questions remained around the future of the Household Support Grant and further details were expected in the Spring Budget on 6th March 2024;
- Further technical recommendations would be presented to Executive on 6th February 2024.

In response to a question, the Director of Finance confirmed that the additional £411k was a business rate levy adjustment and the funds would be reflected in the Quarter 4 Budget Monitoring Report.

In response to a further question, the Director of Finance confirmed that there was no expectation that there would be any changes to the initial precept figures provided by the Mayor of London.

In relation to the Homelessness Prevention Grant, the Director of Finance explained that the final allocation was not yet known, and the report reflected a best estimate based on judgement.

RESOLVED That Executive be recommended to recommend to Council that:

1. The overall Dedicated Schools Budget (DSG) of £116.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment be approved;
2. The draft revenue budgets (as in Appendix 2) for 2024/25 be approved;
3. That Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 17th January 2024;
4. A general contingency sum of £9,772k (see section 6) be approved;
5. The following provisions for levies for inclusion in the budget be approved:

	000s
London Pension Fund Authority*	460
London Boroughs Grant Committee	248
Environment Agency (Flood defence etc.) *	310
Lee Valley Regional Park *	324
Total	1,342

6. The latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (See section 12) be noted;
7. The “Bromley element” of the Council Tax for 2024/25 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues (see section 16) be considered;
8. The approach to reserves outlined by the Director of Finance (see Appendix 4) be approved;

9. That any decision on final council tax levels will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 16.8) be noted;
10. The Section 25 commentary (Local Government Act 2003), reflected in section 18 of the report, be considered in making recommendations to full council;
11. The Director of Finance be authorised to report any further changes directly to Council on 26th February 2024.

Agenda Item 5

Report No.
CSD24023

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 26 February 2024

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

Title: CAPITAL STRATEGY 2024/25 TO 2027/28 AND Q3 CAPITAL PROGRAMME MONITORING

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 7th February 2024, the Executive considered the attached report on the Council's new Capital Strategy and Capital programme for 2024/25 and agreed the recommendations. The report includes details of the new schemes that will be added to the Capital Programme (set out in paragraph 3.11) and information concerning the proposed asset disposals that will be used to generate capital receipts and ultimately contribute towards the funding of the Capital Programme. Also included are details of the related Capital Financing implications, including proposals to refinance current housing schemes through borrowing, utilisation of revenue reserves to address the shortfall in capital resources for 2023/24 onwards and details of how these proposals will impact the Council's revenue budget.

2. **RECOMMENDATION**

Council is requested to approve the Capital Strategy for 2024/25 to 2027/28, including an increase of £2,477k in relation to new schemes to be added to the Capital Programme as detailed in section 3.11 of the report to the Executive.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation Policy

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

Financial

1. Cost of proposal: Total net increase of £1.5m over the five years 2023/24 to 2027/28
2. Ongoing costs: Not Applicable
3. Budget head/performance centre: Capital Programme
4. Total current budget for this head: Total £306m over the period 2023/24 to 2027/28
5. Source of funding: Capital grants/receipts, external borrowing and earmarked revenue reserves.

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Impact on Vulnerable Adults and Children, Policy, Legal, HR, Finance, Property, Procurement, Carbon Reduction, Local Economy, Health & Wellbeing, Customers, Ward Cllrs
Background Documents: (Access via Contact Officer)	Capital programme monitoring Q1 23/24 (Executive 20/09/2023) Capital programme monitoring Q2 23/24 (Executive 29/11/2023) Capital programme monitoring Q3 22/23 (Executive 18/01/2023)

Decision Maker: EXECUTIVE
COUNCIL

Date: 7th February 2024
26th February 2024

Decision Type: Non-Urgent Executive Key

Title: CAPITAL STRATEGY 2024/25 TO 2027/28 & Q3 CAPITAL PROGRAMME MONITORING

Contact Officer: James Mullender, Head of Corporate Finance and Accounting
Tel: 020 8313 4196 Email: james.mullender@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1 This report incorporates the Council's new Capital Strategy and Capital Programme for 2024/25 to 2027/28. It also summarises the current position on capital expenditure and receipts following the conclusion of the third quarter monitoring exercise.
- 1.2 The report includes details of the new schemes that will be added to the Capital Programme and information concerning the proposed asset disposals that will be used to generate capital receipts and ultimately contribute towards the funding of the Capital Programme.
- 1.3 Also included are details of the related Capital Financing implications, including proposals to refinance current housing schemes through borrowing, utilisation of revenue reserves to address the shortfall in capital resources for 2023/24 onwards and details of how these proposals will impact the Council's revenue budget.

2. RECOMMENDATIONS

2.1 The Executive is requested to:

- (a) Note the report, including a total rephasing of £27m from 2023/24 into future years as detailed in section 3.7, and agree a revised capital programme;
- (b) Approve the Capital Strategy for 2024/25 to 2027/28 including the following amendments to the capital programme:

- (i) Adjustments identified as part of the capital monitoring process totalling a net reduction of £1,007k as detailed in sections 3.5 and 3.6; and**
- (ii) An increase of £2,477k in relation to new schemes to be added to the Capital Programme as detailed in section 3.11.**

2.2 Council is requested to:

- (i) Approve the Capital Strategy for 2024/25 to 2027/28, including an increase of £2,477k in relation to new schemes to be added to the Capital Programme as detailed in section 3.11.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
-

Transformation Policy

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

Financial

1. Cost of proposal: total net increase of £1.5m over the five years 2023/24 to 2027/28
 2. Ongoing costs: As detailed above
 3. Budget head/performance centre: Capital programme
 4. Total current budget for this head: total £306m over the period 2023/24 to 2027/28
 5. Source of funding: Capital grants, capital receipts, external borrowing and earmarked revenue reserves.
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Not applicable
-

Procurement

1. Summary of Procurement Implications: Not applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Updated Capital Position

- 3.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the third quarter of 2023/24. It also sets out how the Capital Strategy for 2024/25 to 2027/28 was developed, including key considerations and planning assumptions. Consequently, the report seeks approval for the Capital Strategy for 2024/25, including proposed new schemes and the related capital financing.
- 3.2 Appendix A summarises the proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 29th November 2023, as amended by variations approved at subsequent meetings.
- 3.3 If all the changes proposed in this report are approved, the total Capital Programme 2023/24 to 2027/28 would increase by £1.5m, mainly due to the inclusion of new capital bids, partly offset by reductions to existing schemes and removal of completed schemes. Planned capital expenditure of £27.0m will be re-phased from 2023/24 into future years.
- 3.4 Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme is summarised in the table below.

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 18/01/23	79,302	33,098	34,744	10,150		157,294
Net underspend 22/23 rephased to 23/24	99,645					99,645
Net changes approved in Q1	Cr 56,982	52,454	38,336	6,112		39,920
Net changes approved in Q2	Cr 24,675	27,001	1,547	4,000		7,873
S/T - approved programme prior to Q3	97,290	112,553	74,627	20,262	0	304,732
Variations requiring approval:						
Removal of various complete overspent schemes	416					416
Variations not requiring approval:						
Rephasing from 23/24 into future years	Cr 26,982	16,728	10,029	225		0
Removal of various complete schemes	Cr 1,056	Cr 90				Cr 1,146
Reduction in Central Depot Wall scheme	Cr 77					Cr 77
Reduction in Financial Systems Replacement	Cr 200					Cr 200
S/T - amendments to programme	Cr 27,899	16,638	10,029	255	0	Cr 1,007
Proposed new schemes						
Kelsey Park Bridge	133	434				567
Public Switched Telephone Network (PSTN)		1,000				1,000
Local Highways Maintenance	455	455				910
S/T - proposed new schemes	588	1,889	0	0	0	2,477
Total revised capital programme	69,979	131,080	84,656	20,487	0	306,202
Less: Further slippage projection	Cr 10,000	10,000				0
Provision for uncertainty and new schemes			107	4,000	4,000	8,107
Projected programme for capital financing	59,979	141,080	84,763	24,487	4,000	314,309

3.5 Variations requiring approval by the Executive (£416k total net increase)

Removal of various complete schemes (increase of £416k)

3.5.1 As part of the third quarter monitoring exercise, a review was undertaken of schemes that are now complete and/or no longer required. This has identified a total of £416k of overspent schemes to be removed from the capital programme as set out in the table below. Further details will be provided in the post completion reports to be reported to the relevant PDS committees:

	2023/24
	£'000
Gateway Review of Housing I.T System	368
Crystal Palace Park Improvements	29
Norman Park Athletics Track	9
Crystal Palace Park - Alternative Management Options	10
	416

3.6 Variations not requiring approval of the Executive (£1,423k total decrease)

Reduction in existing schemes (decrease of £277k)

3.6.1 The review referred to in paragraph 3.5.1 above also identified that the Central Depot Wall and Financial Systems Replacement schemes could be reduced by £77k and £200k respectively based on revised estimates of total scheme expenditure.

Removal of various complete schemes (decrease of £1,146k)

3.6.2 In addition to the overspend schemes in paragraph 3.5 above, the review also identified a total of £1,146k of underspends on complete schemes as set out below. Further details will be provided in the post completion reports to be reported to the relevant PDS committees:

	2023/24	2024/25	Total
	£'000	£'000	£'000
Feasibility Studies	120	90	210
Supporting Independence - Extra Care Housing	13		13
Transforming Social care	10		10
Mobile technology to support children's social workers	18		18
Star Lane Traveller Site	29		29
Chipperfield Road Development	59		59
Betts Park Canal Bank Stabilisation Project	8		8
Biggin Hill Memorial Museum	111		111
Relocation of Exhibitions - Bromley Museum	2		2
Banbury House demolition/site preparation	2		2
West Wickham Leisure Centre	623		623
Bromley MyTime Investment Fund	3		3
Orpington Public Realm Improvements	34		34
Street Lighting Invest to Save Initiative	24		24
	1,056	90	1,146

3.7 Scheme re-phasing

3.7.1 As part of the Q3 monitoring exercise, a total of £27.0m has been specifically re-phased from 2023/24 into future years to reflect revised estimates of when expenditure is likely to be incurred. Details of the schemes and amounts being re-phased are shown in Appendix B.

3.8 **Capital Programme Review (2022/23)**

3.8.1 To inform the previous Capital Strategy reported in January 2023, a fundamental review of the Council's Capital Programme was undertaken during 2022. This was driven by the following considerations:

- The Operational Property Review (OPR), reported to Executive in November 2022, identified that the maintenance liability, as identified from condition surveys, over the next 10 years amounts to £82m and that a further £8m would be required to refurbish the portfolio to a minimum standard, giving a total cost of £164m.
- The OPR also considered whether assets should be considered for disposal to avoid high initial and potential longer term maintenance costs. Additionally, it recognised that disposals that could be progressed quickly may result in potential savings in the condition survey overall costs as well as an opportunity for a capital receipt to be generated to fund high priority schemes.
- Significant cost pressures from inflation, and supply chain issues which have impacted construction costs, and the price of labour and raw materials partly attributed to the pandemic and the ongoing conflict in Ukraine presents a backdrop of continued uncertainty which is likely to have a broadly inflationary effect. Potential cost pressures, in some instances, are estimated to result in costs 20% to 25% higher than original estimates.
- A capital financing shortfall of around £49m. To fully consider long-term capital financing options, including utilising the Council's earmarked revenue reserves to support capital expenditure, long-term borrowing on the external debt market and whether existing schemes could be refinanced.
- Individual consideration of the strategic importance of the Council's operational assets, including whether they are used in the ongoing delivery of the Council's statutory services and/or are important for other reasons, e.g. their specific location within the borough.
- The need to robustly review existing capital schemes for continued viability and value for money. Whilst this is undertaken on an ongoing basis, it was especially necessary in light of significant slippage in the capital programme owing to the pandemic.
- The requirement, set out in the CIPFA Financial Management Code, to align the Capital Strategy with the Council's Medium Term Financial Strategy and to enable the Section 151 Officer to report explicitly on affordability and risk.

3.9 Outcome of the Capital Programme Review (2022/23)

3.9.1 Following the review of the Capital Programme various proposals and schemes were reported to the Executive at its November 2022 and agreed for progression. These included:

- Relocation of the Council's main operation base to Churchill Court and disposal of the Civic Centre and surrounding campus.
- The allocation of an additional £3m to be spent on Depot Infrastructure Works.
- A number of property disposals (12 in total) which was estimated will generate capital receipts totalling £67m to be used to fund future capital expenditure.
- The addition of new capital schemes totalling £75m, the majority of which relates to maintenance works proposed on individual assets as identified in the Operational Property Review, and £27m for Leisure Centres, £2m for Kelsey Park Works and £6.5m for IT Infrastructure and Digitisation.

3.10 Capital Programme Review (2023/24)

- 3.10.1 As set out in sections 3.8 and 3.9 above, a comprehensive review of the capital programme was carried out during 2022/23. As a result, only a relatively small number of changes and new schemes have been identified in the review during 2023/24.
- 3.10.2 Details of the outcome of the review of existing schemes for those that are complete and can be removed from the programme, or where scheme estimates can be reduced are provided in sections 3.5 and 3.6 above.

3.11 New scheme proposals (£2,477k total)

- 3.11.1 The bids listed below are for proposed inclusion in the capital programme. Costs for each scheme are based on officer estimates. For each scheme, the phasing of costs across years has also been completed on an indicative basis. These amounts are likely to vary as each scheme progresses and should the need arise, total budgeted costs and the phasing of expenditure will be amended as part of the quarterly monitoring process and review of capital financing.

Kelsey Park Bridge (£567k)

- 3.11.2 The report attached at Appendix F requests the addition of £567k to the capital programme for the replacement of a footbridge in Kelsey Park, to be funded from the Infrastructure Investment Fund (£412k) and the Healthy Bromley (£155k) earmarked reserves.

Public Switched Telephone Network (PSTN) Switch Off (£1,000k)

- 3.11.3 The Public Switched Telephone Network (PSTN) is scheduled to be switched off on 31st December 2025. This means that all traditional landline connection will be replaced with Voice over Internet Protocol (VoIP). The PSTN lines are used to deliver various services i.e. Emergency Lines, old telephone lines, emergency lines in Lifts, TeleCare Service Lines etc. The PSTN is the analogue copper cable telephone network that has been in use since 1876. As well as landline services, the PSTN also provides standard ADSL and fibre-to-the-cabinet (FTTC) broadband services via fibre optic cables.
- 3.11.4 The replacement, VoIP, is entirely digital and uses an internet connection to transmit voice calls and data. It's the same technology that is used for messaging and video call services like Skype, Teams and WhatsApp.
- 3.11.5 This change impacts everyone in the UK, both home and business customers. The capital estimate of £1m will cover the cost of investigation of all PSTN lines that are used for the service delivered by the Council as well as the lines used by the services and support our residents. The estimate also includes the cost of resources for procurement, implementation, change management and support the program to change the technology to the supported services.

Local Highways Maintenance (£910k)

- 3.11.6 Approval is sought to add an additional £910k to the capital programme for the Highways Service, with £455k for 2024/25 and 2025/26. This is being funded by new monies from the DFT for Pothole repairs. The funding has been announced for the coming 10 years to the year 2033/34 with a minimum £14.2m confirmed. Currently only 2024/25 and 2025/26 allocations have been confirmed; future reports will request additions for later years once the subsequent allocations are received.

3.12 Housing Schemes

- 3.12.1 To date, seven housing development schemes have been added to the capital programme which should deliver 187 social/affordable homes in total. These sites are York Rise, Burnt Ash, Anerley, Bushell Way, West Wickham, Bromley North and Beckenham Car Park.
- 3.12.2 As agreed in February 2023, a total of around £49m that had been spent/committed from earmarked reserves to fund housing schemes could be refinanced through external borrowing from the Public Works Loan Board (PWLB), with a further £12m agreed in September 2023 for Bromley North and Beckenham.
- 3.12.3 Further feasibility/scoping work is being carried out for a three other potential schemes which could deliver around 147 further social housing units at Bellegrave, Manorfields and Poverest, as approved by Executive in September 2023. These schemes will progress subject to Member consideration of a full business case and financing implications on the basis that they should be broadly self-financing to repay capital funding plus all maintenance and running costs, and also deliver revenue savings in relation to temporary accommodation costs.

3.13 Capital Financing

- 3.13.1 Based on the new capital expenditure detailed in this report being approved, the projected capital financing requirement for 2023/24 to 2027/28 is £46.2m (total external borrowing in Appendix C). This takes into account the projected proceeds from asset disposals and other changes to the capital programme detailed in this report. The shortfall figure will be subject to fluctuation over time and will be affected by how outturn capital spending compares to budgets, the value of actual capital receipts compared to estimates, and the timing of the various capital related cashflows.
- 3.13.2 In addition to the refinancing described in paragraph 3.12.2, a balance of up to £10m was agreed in February 2023 from the Council's earmarked revenue reserves to meet the projected capital financing shortfall. Based on current projections the Council's total earmarked reserves is expected to reduce from £199m as at 31st March 2023 to £79m by 31st March 2027. Some of these balances have been set aside for specific purposes such as the Health and Social Care reserves, Insurance Fund and Schools balances. Further details are included in the 2024/25 Council Tax report elsewhere on the agenda.
- 3.13.3 The capital financing statement attached at Appendix C shows that the Council had £32m of capital receipts brought forward into 2023/24, and that even with the £146m of new receipts projected over the 2023/24 to 2026/27 financial years (detailed in Appendix E to be considered in part 2), capital receipts will have been fully exhausted by the end of 2025/26 in order to fund the current capital programme.
- 3.13.4 This demonstrates that there is no longer any flexibility to fund new capital schemes from within existing capital resources. Additionally, further use of earmarked reserves to fund capital schemes would not be prudent given the current projected budget gap of £39m as detailed in the 2024/25 Council Tax report. Any future new schemes capital schemes not funded from external grants or contributions will likely need to be financed through external borrowing unless further asset disposals are identified.
- 3.13.5 It should also be noted that unless schemes are broadly self-financing i.e. they generate net additional income to cover interest and the Minimum Revenue Provision/debt repayment, then further borrowing will also add to the Council's budget gap. £5.3m is currently included in the draft 2024/25 budget for the impact of capital financing, reflecting a reduction in income from interest on balances as well as reduced investment property income as a result of the disposal programme.

3.14 Investment Fund and Growth Fund

3.14.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund earmarked reserve (formerly known as the Economic Development and Investment Fund) to contribute towards the Council's economic development and investment opportunities. To date, total funding of £84.5m has been placed in the Investment Fund earmarked reserve, with a further £20.3m of capital receipts earmarked to supplement this, and £39.2m placed in the Growth Fund earmarked reserve.

3.14.2 Appendix D provides a detailed analysis of the funds dating back to their inception in September 2011. To date, schemes totalling £126.1M have been approved (£98.0m on the Investment Fund, and £24.2m on the Growth Fund), and the uncommitted balances as at end December 2023 stand at £6.8m for the Investment Fund and £14.9m for the Growth Fund.

3.15 Post-completion reports

3.15.1 Under approved capital programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS committees and the relevant budget holders have been notified directly.

- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 Telephone Switch
- Review of Corporate Customer Services I.T Systems
- Upgrade of MS Dynamics CRM System
- Windows Server 2003 Replacement Programme
- Glebe School Expansion
- Seed Challenge Fund/Schools Access Initiative/Security Works
- Performance Management/Children's Services IT scheme
- Bromley My Time Investment Fund
- Relocation of Exhibitions - Bromley Museum
- Norman Park Athletics Track
- Crystal Palace Park Improvements/Alternative Management Options
- Star Lane Traveller Site
- Betts Park Canal Bank Stabilisation Project
- Biggin Hill Memorial Museum
- Relocation of Exhibitions – Bromley Museum
- Orpington Public Realm Improvements
- Street Lighting Invest to Save Initiative

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The updated Capital Strategy is fundamental to the financial sustainability of the Council and a key part of the statutory annual budgeting cycle.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix C is a capital financing statement, which gives a long-term indication of how the revised Capital Programme financing position.

- 5.2 The financing projections assume approval of the revised capital programme recommended in this report, together with an allowance for new capital schemes and service developments and/or increased costs of existing schemes from 2026/27 onwards. An allowance for slippage of capital expenditure is also included in the projections.
- 5.3 As noted in section 3.13, a capital financing shortfall is projected from 2023/24 onwards. The shortfall is caused by the increased value of capital expenditure over this period, primarily driven by new schemes, coupled with the utilisation of the Council's balance of usable capital receipts.
- 5.4 It is highly likely that borrowing will be required for any further capital expenditure not funded by capital receipts or grants unless the financial position of the Council significantly improved in the medium and longer term. This also recognises the need to safeguard adequate revenue reserves to support the Council's medium-term financial position.

Non-Applicable Sections:	Personnel Implications; Impact on Vulnerable Adults and Children; Legal Implications; Procurement Implications.
Background Documents: (Access via Contact Officer)	Capital programme monitoring Q1 23/24 (Executive 20/09/2023) Capital programme monitoring Q2 23/24 (Executive 29/11/2023) Capital programme monitoring Q3 22/23 (Executive 18/01/2023)

APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - Q3 2023/24 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of meeting	Revised 2023/24	Revised 2024/25	Revised 2025/26	Revised 2026/27	Revised 2027/28	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Current approved capital programme							
Programme approved by Executive 18/01/2023	Exec 18/01/23	79,302	33,098	34,744	10,150	0	157,294
Net underspend 22/23 rephased to 23/24	Exec 05/07/23	99,645					99,645
Sub-total - approved programme prior to Q1 monitoring		178,947	33,098	34,744	10,150	0	256,939
Variations in the estimated cost of approved schemes							
(i) Variations previously approved by the Executive							
Chislehurst Library redevelopment	ERC PDS 23/11/22		Cr 1,000				Cr 1,000
West Wickham library and housing improvements (RRH)	Exec 08/02/23	3,959					3,959
Changing Places Fund (RRH)	Exec 29/03/23 05/07	405					405
Crystal Palace Park (RRH)	Exec 29/03/23	304					304
Addition to Basic Need (s106) (CEF)	Exec 29/03/23	43					43
Digital infrastrucutre - Strategic Investment Fund (RRH)	Exec 05/07/23	49					49
Non-turf cricket pitches (RRH)	Exec 05/07/23	40					40
Addition to Devolved Formula Capital (CEF)	Exec 20/09/23	55					55
Adjustments to TfL estimates (grant funded) (ECS)	Exec 20/09/23	Cr 1,425	Cr 500				Cr 1,925
Supplementary estimate for Churchill Court (RCCM)	Exec 20/09/23		4,250				4,250
Investment Fund used for housing schemes	Exec 20/09/23	Cr 11,688					Cr 11,688
Addition to Disabled Facilities Grant (RRH)	Exec 20/09/23	2,656					2,656
Proposed housing scheme - Bromley North (RRH)	Exec 20/09/23	6,283	12,150	7,067			25,500
Proposed housing scheme - Beckenham (RRH)	Exec 20/09/23	631	7,200	6,600	769		15,200
Supplementary estimate for York Rise - approved Jun 2021 (RRH)	Exec 20/09/23	2,072					2,072
Net rephasing between 23/24 and future years - Q1	Exec 20/09/23	Cr 60,366	30,354	24,669	5,343		0
Supplementary estimate for depots (ECS)	Exec 29/11/23		1,893				1,893
Supplementary estimate for the treatment of RAAC (RCCM)	Exec 29/11/23		3,000				3,000
Supplementary estimate for Liquid Logic (RCCM)	Exec 29/11/23	700					700
Correction to Basic Need budgets for s106 (CEF)	Exec 29/11/23		2,280				2,280
Supplementary estimate for OPR Central Library (RCCM)	Exec 29/11/23		500				500
Use of OPR Churchill Theatre budget to fund Central Library (RCCM)	Exec 29/11/23		Cr 500				Cr 500
Net rephasing between 23/24 and future years - Q2	Exec 29/11/23	Cr 25,375	19,828	1,547	4,000		0
		Cr 81,657	79,455	39,883	10,112	0	47,793
Sub-total - approved capital programme prior to Q3 monitoring		97,290	112,553	74,627	20,262	0	304,732
(ii) Variations requiring the approval of the Executive							
Removal of various complete overspent schemes		416					416
		416	0	0	0	0	416
(iii) Variations not requiring the approval of the Executive							
Removal of various complete underspent schemes		Cr 1,056	Cr 90				Cr 1,146
Reduction in Central Depot Wall scheme		Cr 77					Cr 77
Reduction in Financial Systems Replacement scheme		Cr 200					Cr 200
Net rephasing between 23/24 and future years - Q3		Cr 26,982	16,728	10,029	225	0	0
		Cr 28,315	16,638	10,029	225	0	Cr 1,423
(iv) Proposed new schemes requiring the approval of the Executive							
Kelsey Park Bridge		133	434				567
Public Switched Telephone Network (PSTN) Switch Off			1,000				1,000
Local Highways Maintenance		455	455				910
		588	1,889	0	0	0	2,477
TOTAL REVISED CAPITAL PROGRAMME		69,979	131,080	84,656	20,487	0	306,202
Less: estimated further slippage projection		Cr 10,000	10,000	0	0	0	0
Add: provision for uncertainty and future schemes			0	107	4,000	4,000	8,107
TOTAL TO BE FINANCED		59,979	141,080	84,763	24,487	4,000	314,309

CAPITAL PROGRAMME MONITORING - Q3 2023/24 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME**SCHEME REPHASING**

Variations on individual schemes	2023/24	2024/25	2025/26	2026/27	TOTAL
	£'000	£'000	£'000	£'000	£'000
<u>Rephasing of schemes</u>					
Churchill Theatre (RCCM)	Cr 4,498	4,498			0
Churchill Court (RCCM)	Cr 8,000	8,000			0
Financial Systems Replacement (RCCM)	Cr 250	250			0
Emergency Works on Surplus Sites (RCCM)	Cr 47	47			0
Property Disposal/Feasibility Work- Growth Fund (RCCM)	Cr 26	26			0
OPR Surface Car Parks (RCCM)		Cr 823	823		0
Replacement of District Heating System Boilers & Works to Walnuts Leisure Centre (RRH)	Cr 580	580			0
Penge Town Centre (RRH)	Cr 71	71			0
Digital infrastructure - Strategic Investment Fund (RRH)	Cr 49	49			0
Bromley High Street Improvements- Growth Fund (RRH)	Cr 771	500	271		0
OPR Traveller Sites		150	Cr 150		0
Beckenham housing (RRH)		Cr 5,000	5,000		0
Site G (RRH)	Cr 2,424	2,424			0
Kelsey Park Lake Desilting (ECS)	Cr 1,900	1,900			0
Depot Improvement Works (ECS)	Cr 8,066	3,756	4,085	225	0
Capital Maintenance in Schools (CEF)	Cr 300	300			0
TOTAL REPHASING ADJUSTMENTS	Cr 26,982	16,728	10,029	225	0

CAPITAL FINANCING STATEMENT - Q3 2023/24
 (NB. Assumes all capital receipts - see below)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Summary financing statement					
Capital grants	18,759	19,132	15,000	1,500	0
Other external contributions	5,873	19,643	250	0	0
Usable capital receipts	19,232	79,098	52,364	0	0
Internal borrowing	1,708	10,824	8,400	0	0
Revenue contributions	10,812	5,259	271	0	0
External borrowing*	3,595	7,124	8,478	22,987	4,000
Total expenditure	59,979	141,080	84,763	24,487	4,000
Usable capital receipts					
Balance brought forward	31,787	48,686	28,564	0	0
New usable receipts	43,779	69,800	32,200	0	0
	75,566	118,486	60,764	0	0
Capital financing	Cr 19,232	Cr 79,098	Cr 52,364	0	0
Repayment of internal borrowing	Cr 7,648	Cr 10,824	Cr 8,400	0	0
Balance carried forward	48,686	28,564	0	0	0
Internal borrowing					
Balance brought forward	Cr 5,940	0	0	0	0
Capital financing	Cr 1,708	Cr 10,824	Cr 8,400	0	0
Repaid from new capital receipts	7,648	10,824	8,400	0	0
Balance carried forward	0	0	0	0	0
General Fund					
Balance brought forward	20,000	18,607	18,607	18,607	18,607
Less: capital financing	0	0	0	0	0
Less: use for revenue budget	Cr 1,393	0	0	0	0
Balance carried forward	18,607	18,607	18,607	18,607	18,607
TOTAL AVAILABLE RESERVES	67,293	47,171	18,607	18,607	18,607

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

Notes/assumptions:

*External borrowing - housing schemes. Given the volatility in interest rates, internal borrowing may be used as an interim measure where suitable. Internal borrowing is also being used to fund Site G until capital receipts pay back.
 Capital receipts - includes figures reported by Property Division as shown in Appendix E

<u>Investment Fund</u>	£'000
<u>Revenue Funding:</u>	
Approved by Executive 7th September 2011	10,000
Approved by Council 27th February 2013	16,320
Approved by Council 1st July 2013	20,978
Approved by Executive 10th June 2014	13,792
Approved by Executive 15th October 2014	90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	Cr 10,000
New Home Bonus (2014/15)	5,040
Approved by Executive 11th February 2015 (New Homes Bonus)	4,400
Approved by Executive 10th June 2015	10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)	141
Approved by Executive 10th Feb 2016 (New Homes Bonus)	7,482
Approved by Executive 6th December 2017	3,500
Approved by Executive 21st May 2018	2,609
	<u>84,517</u>
<u>Capital Funding*:</u>	
Approved by Executive 11th February 2015 (general capital receipts)	15,000
Approved by Executive 2nd December 2015 (sale of Egerton Lodge)	1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High St)	4,100
	<u>20,316</u>
Total Funding Approved:	<u>104,833</u>
<u>Property Purchase</u>	
Approved by Executive 7th September 2011 (95 High St)	Cr 1,620
Approved by Executive 6th December 2012 (98 High St)	Cr 2,167
Approved by Executive 5th June 2013 (72-76 High St)	Cr 2,888
Approved by Executive 12th June 2013 (104 - 108 High St)	Cr 3,150
Approved by Executive 12th February 2014 (147 - 153 High St)	Cr 18,755
Approved by Executive 19th December 2014 (27 Homesdale)	Cr 3,938
Approved by Executive 24/03/15 (Morrisons)	Cr 8,672
Approved by Executive 15/07/15 (Old Christchurch)	Cr 5,362
Approved by Executive 15/07/15 (Tilgate)	Cr 6,746
Approved by Executive 15/12/15 (Newbury House)	Cr 3,307
Approved by Executive 15/12/15 (Unit G - Hubert Road)	Cr 6,038
Approved by Executive 23/03/16 (British Gas Training Centre, Thatcham)	Cr 3,666
Approved by Executive 15/06/16 (C2 and C3)	Cr 6,394
Approved by Executive 14/03/17 (Trinity House)	Cr 6,236
Approved by Executive 01/12/17 (54 Bridge Street, Peterborough)	Cr 3,930
	<u>Cr 82,869</u>
<u>Other Schemes</u>	
Approved by Executive 20th November 2013 (Queens's Garden)	Cr 990
Approved by Executive 15th January 2014 (Bromley BID Project)	Cr 110
Approved by Executive 26th November 2014 (BCT Development Strategy)	Cr 135
Approved by Executive 2nd December 2015 (Bromley Centre Town)	Cr 270
Approved by Executive 15th June 2016 (Glades Shopping Centre)	Cr 400
Approved by Executive 11th January 2017 (Disposal of Small Halls site, York Rise)	Cr 46
Approved by Executive 10th July 2019 (Modular Homes at York Rise site)	Cr 3,500
Approved by Executive 2nd August 2019 (Provision of Housing in Burnt Ash Lane)	Cr 2,989
Approved by Executive 10/02/21 - property acquisition scheme	Cr 6,000
Valuation for 1 Westmoreland Rd	Cr 5
Valuation for Biggin Hill - West Camp	Cr 10
Growth Fund Study	Cr 170
Crystal Park Development work	Cr 200
Civic Centre for the future	Cr 50
Strategic Property cost	Cr 258
Total further spending approvals	<u>Cr 15,133</u>
Uncommitted Balance on Investment Fund	<u>6,831</u>

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

Growth Fund:		£'000
<u>Funding:</u>		
Approved by Executive 26th November 2014 (Transfer from Investment Fund)		10,000
Approved by Executive 2nd December 2015		6,500
Approved by Executive 23rd March 2016		6,000
Approved by Executive 15th June 2016		7,024
Approved by Executive 22nd March 2017		4,000
Subject to approval by Executive 20h June 2017 (Provisional final accounts 2016/17)		3,311
Approved by Executive 21st May 2018		2,319
Total funding approved		<u>39,154</u>
<u>Schemes Approved and Committed</u>		
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr	2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr	200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employme	Cr	180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr	50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr	110
Approved by Executive 1st Nov 2016 (19-25 Market Square)	Cr	10,705
Approved by Executive 1st Nov 2016 (63 Walnuts)	Cr	3,804
Approved by Executive 22nd March 2017 (Council 10th April 2017) - Bromley Town Centre Public Realm improvement Scheme	Cr	2,844
Approved by Executive 7th November 2017 - Bromley Town Centre and Public Realm	Cr	464
Approved by Executive 17th October 2018 (Bromley Town Centre - Mirrored Canopies & Shops)	Cr	415
Approved by Executive 22nd March 2017 - Project Officer cost Bromley Town Centre Public Realm improvement Scheme	Cr	40
Approved by Executive 22nd March 2017 - Community Initiative	Cr	15
Approved by Executive 24th May 2017 - Feasibility Works/Property Disposal Renewal Team Cost	Cr	250
	Cr	310
Approved by Executive 28th November 2018 (Housing Development Feasibility)	Cr	100
Approved by Executive 27th March 2019 (West Wickham BID)	Cr	75
Approved by Executive 21st May 2019 (Specialist advice for setting up local Housing company)	Cr	100
Noted by Executive 12th February 2020 - £1.5m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		1,500
Approved by Executive April 1st 2020 - Consultancy services for advice on urban design scheme	Cr	50
	Cr	800
Noted by Executive May 2020 - £2m of s106 to replace Growth Fund allocation for Bromley Town Centre capital scheme		2,000
Approved by Executive 30th June 2021 - £116k for 2 year FTC Planning Officer	Cr	116
Approved by Executive 20th Oct 2021 - Professional Services: Civic Centre Development	Cr	500
Approved by Executive on 9th February 2021 - Operational Maintenance Programme Manager	Cr	65
Approved by Executive on 6th October 2022 - Local Plan review process	Cr	600
Approved by Executive on 20th September 2023 - £2,250k to support supplementary estimate for Churchill Court	Cr	2,250
Approved by Executive on 17th January 2024 - £1,000k transfer to Transformation Fund 2024-2028 earmarked reserve	Cr	1,000
Total further spending approvals	Cr	<u>24,243</u>
<u>Schemes approved, but not yet committed</u>		
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr	6,790
Reversed by Executive 5th July 2023 (for Biggin Hill and Cray Valley)		6,790
Uncommitted Balance on Growth Fund		14,911

Report No.
ES20224

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: ENVIRONMENT PORTFOLIO HOLDER FOR SUSTAINABILITY, GREEN SERVICES & OPEN SPACES

FOR PRE-DECISION SCRUTINY BY ENVIRONMENT AND COMMUNITY SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE.

Date: 22nd November 2022

Decision Type: Non-Urgent Executive Key

Title: **KELSEY PARK REPLACEMENT BRIDGES (OPTIONS APPRAISAL)**

Contact Officer: David Braybrook, Strategic Commissioning Officer
E-mail: david.braybrook@bromley.gov.uk

Chief Officer: Colin Brand, Director of Environment and Public Protection
Email: colin.brand@bromley.gov.uk

Ward: Kelsey & Eden Park

1. Reason for report

This report summarises the progress made sourcing a suitable replacement for the Kelsey Park bridges, outlines the options in light of budgetary constraints and recommends a suitable replacement scheme to be added to the Council's Capital Programme to enable repair works to proceed.

2. RECOMMENDATION(S)

2.1. The Environment and Community Services PDS is asked to review and provide their comments to the Portfolio Holder for Sustainability, Green Services and Open Spaces.

2.2. The Portfolio Holder for Sustainability, Green Services and Open Spaces is asked to:

2.2.1. Note the potential options explored within the existing market to reduce costs.

2.2.2 Approve proceeding with the option to replace Bridge B with a new timber footbridge structure and authorise officers to proceed to procurement for a design and build contract to this purpose.

- 2.2.3 Approve an addition of £567k to the Capital Programme for the replacement of Footbridge B, with £412k to be funded from the Investment Infrastructure Fund and £155k to be funded from the Healthy Bromley Earmarked Reserve.**
- 2.2.4 Agree to delegate authority to the Director of Environment and Public Protection in consultation with the Portfolio Holder for Sustainability, Green Services and Open Spaces to award contracts for the delivery of the footbridge replacement following the tendering process set out in Sections 4.4 – 4.10.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: It is proposed that the replacement structure will be accessible for disabled commuters and satisfy all current requirements of the Equality Act 2010. In addition it will also contain design features to ensure it is to a width to suit all pedestrian types including wheelchair and other mobility users.
-

Corporate Policy

1. Policy Status: Existing Policy
 2. MBEB Priority: Business and Enterprise
-

Financial

1. Cost of proposal: £567k one-off costs
 2. Ongoing costs: £15.4k maintenance costs over 10 years
 3. Budget head/performance centre: New capital programme for the Kelsey Park Replacement Bridges scheme.
 4. Total current budget for this head: New scheme
 5. Source of funding: £412k to be funded from the Investment Infrastructure Fund and £155k to be funded from the Healthy Bromley Earmarked Reserve.
-

Personnel

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

Legal

1. Legal Requirement: The proposed procurement requires the approval of the Portfolio Holder. As the value is below threshold a fully regulated procurement is not required but it must comply with legal procurement principles of equity, transparency and non-discrimination.
 2. Call-in: Applicable.
-

Procurement

1. Summary of Procurement Implications: Subject to agreement to commission the provision a restricted procedure will be used. As the estimated value of the procurement is above £25k it must be advertised on contracts finder and comply with PCR 2015 principles of transparency and equal treatment. If approval is received, the commissioner must take all necessary professional advice, and work closely with Procurement colleagues in agreeing a refined timetable and relevant documentation for going to market.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All visitors to Kelsey Park.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Owing to the lateness of this report, Ward Councillor comments will be gathered at a briefing arranged prior to the date of the committee, and with permission of the chairman, a verbal update will be given to the committee at their meeting.

3. COMMENTARY

Background

- 3.1 Kelsey Park is a large park within Beckenham that serves as an important wildlife habitat but also a community hub with facilities ranging from nature trails through to tennis courts, a café and playground. Its significant footfall demonstrates that it is a valued community facility.
- 3.2 Within the park are two pedestrian timber glulam bridges which both span a shallow body of water which is fed from the River Beck, one of the tributaries of the River Ravensbourne, the locations of which are given in **Appendix A** of this report. Bridge A is located at the north end of the Park, adjacent to the Information Centre. Bridge B is located at the south end of the Park, near to the Stone Avenue Entrance, and is a key route for crossing from one side of the lake to the other. Both bridges are suffering significant decay and have been deemed dangerous to use, so have been closed to the public.
- 3.3. An independent structural assessment was carried out on both footbridges by Colin Toms Partners in December 2021 in order to both ascertain their condition and in turn, determine the most cost effective method of repair, along with identifying the condition of the embankment substates and confirm whether any additional supports, strengthening or replacement of the foundations was required.
- 3.4. The investigations concluded that whilst it may have been possible in theory to repair and strengthen the existing structures, it was considered that the extent of the repairs and the specialist nature of the works that this would entail would be cost prohibitive. Therefore the overall recommendation was made that the two structures should be replaced.

Draft Option Study

- 3.5. The Council undertook an options study for the replacement of the two footbridges to consider the access constraints, substructure requirements, whole life costs and the required construction programme. This has allowed consideration of replacement schemes which demonstrate value for money whilst also considering the buildability and suitability of the options presented. The design of the suitable replacement included both a like for like timber basis and a new galvanised steel structure.
- 3.6. The Council, under the J B Riney contract, instructed Waterman's Infrastructure and Environment Ltd (WIE) to carry out the feasibility study in order to develop restoration proposals that fit the brief in 3.5, whilst also engaging with key stakeholders such as the Environment Agency. The feasibility study was undertaken through the Council's existing contractual arrangements for both major and minor highway works with JB Riney, as outlined previously in report **ES18040**. Spend to date on this contract has been £c36k and was agreed by the Portfolio Holder for Environment to fund out of Earmarked Reserves.
- 3.7. The total estimated cost of both proposals contained within this draft option report presented in August 2022 were higher than initially anticipated. Therefore as agreed by the Environment and Community Services Policy Development Scrutiny Committee at their meeting on 6th September 2022 (report **ES20208**), officers have undertaken a full options appraisal for the proposed works, which included exploring existing options within the market to ensure that any proposed remedial solution provides value for money for the Council. This was considered particularly important given the financial pressures faced by the Council.
- 3.8. This paper outlines the results of this options appraisal and then makes a recommendation for Members consideration based on the results. The options considered have included making use of existing abutments, exploring use of different materials, assessing the market to benchmark costs, and consideration of contingency allowances.

Options Appraisal: Value for Money

Option 1 – Make use of existing Abutments

- 3.9. As part of their brief WIE were informed that the Council wished to install replacement structures wider than those currently present to accommodate all pedestrians and disabled commuters, which would necessitate widening the existing abutments. One option suggested was to instead retain the bridges (and thus the abutments) at the same width, meaning less resurfacing could be required on the approaching pathway and a retaining structure would not be required potentially reducing overall costs.
- 3.10. The Council must have due regard to its public sector equality duty which sets out the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity and to foster good relations between people who share a protected characteristic and those who do not. Advice from the Council's Planning, Litigation and Licensing section noted that retaining the structures at the existing width was not anticipated to adversely affect any of these objectives, so long as any disabled pedestrian has the equal opportunity to cross the bridge as those who are not.
- 3.11. However, in order to assess if the existing abutments would be suitable for the loading of a new structure, it would be necessary to undertake extensive investigations including preparation of a full specification and the sourcing of quotes from specialist contractors, which was estimated to cost c£44k. Such costs would then become abortive were it to become apparent that the abutments are not suitable, and a further redesign would then accrue an additional estimated cost of c£22k. Initial investigations had suggested structural concerns about the existing abutments which increases this risk.
- 3.12. Officers have therefore concluded that this option is not suitable, particularly given the high risk of abortive costs and reduced accessibility.

Option 2 – Explore Different Materials

- 3.13. Consideration of materials for the replacement structures other than Timber and Steel have been considered by officers including:
- **Fibre Reinforced Polymer:** This material offer several advantages such as greater durability and lower overall material weight. However, it would have higher upfront capital costs than Timber or Steel, and WIE faced difficulties in sourcing providers that work with this material.
 - **Concrete:** Concrete pedestrian bridges offer considerable versatility in a range of finishes, however have higher upfront capital costs than Timber or Steel and were considered to not be aesthetically in-keeping with the wider park environment.
 - **Timber and Steel Mix:** This option allowed for either undertaking the cheapest option for each bridge (which would be timber for Bridge A and steel for Bridge B), or placing bridges in both locations that are a mix of both materials. However, this would not change the initial capital costs of the bridges and would result in an overall increase in project costs, as it would require multiple contractors (each specialised in only one type of material) on site.
- 3.14. Further exploration of providers of different materials would also constitute a change in the scope of the Option Study for WIE and would increase prices by £c5k. This coupled with the

likelihood that different materials are unlikely to be cheaper than those costs already obtained, has meant that Officers do not recommend pursuing this option.

Option 3 – Assessing the Market

- 3.15. Officers did attempt directly approaching other suppliers of timber and steel bridges to assess whether a cheaper supplier could be found, however accurate costings were not possible without technical drawings. Officers asked WIE to review the market to see if a cheaper supplier could be found, however this would also incur the £5k costs referenced in 3.14 due to a change in the scope of the Option Study. The professional advice of WIE is that owing to the busy current market conditions, such an exercise is highly unlikely to result in reduced costs.
- 3.16. Officers did however undertake a desk based study of similar structures being procured by other local authorities for due diligence purposes. Owing to the particular nature of this site and situation, a direct like for like comparison was difficult, however it did reveal that the prices obtained by WIE are broadly in line with wider market conditions.
- 3.17. Desk based research did also note that there are other consultancies that could offer a similar service for the next phase of works. However as the Council has already procured the option study of these works via WIE, through its existing contractual arrangements with JB Riney, it was felt that it would un-necessarily increase officer time and costs to complete a further tendering exercise to both undertake the next phase of works that may follow and to manage the successful contractor at the construction phase, and is unlikely to result in an overall reduction in cost given the impact of inflation and other adverse market conditions which have occurred after the submission of rates available through the JB Riney contract.
- 3.18. The extra expenditure associated with both the above scenarios with the risk that neither would produce a better value for money option has meant that officers do not recommend pursuing this option.

Option 4 – Reduction in 44% Contingency.

- 3.19. The upfront capital costs provided by WIE as part of the Option Study include a contingency of 44% as recommended per the *HM Treasury Green Book – Central Government Guidance on Appraisal and Evaluation*. These prices have then been further uplifted by a 10% contingency on the client side, in line with best practice used by the Council for capital projects.
- 3.20. Consideration has been given to removing this 44% contingency to attempt to make the quoted prices more manageable. However, the higher levels of contingency are recommended for good reason: there is considerable uncertainty in the market and particular volatility in construction industry as a result of rising material costs. Anecdotal, there is evidence of tenders being priced well in excess of estimated costs. Removing this contingency could leave the Council open to further risk particularly as there are unknowns still to be worked through as a result of ecology, arboricultural and geotechnical surveys planned at the next stage.
- 3.21. Therefore owing to the inherent risks outlined above, officers do not recommend this option.

Remaining Options

3.22. The Options Appraisal for value for money has concluded that there is no recommended way to reduce costs or secure better value for money in the replacement of the Kelsey Park bridges. Following the Options Appraisal it has been concluded that the Council has three remaining options to take this project forward:

1. Proceed with repairing both bridges.

The estimated costs for replacing both Bridge A and Bridge B are set out below.

	Estimated upfront capital costs (inclusive of all fees)	Ongoing maintenance costs (10 years)
Replacement – Timber	£944k	£30.8k
Replacement – Steel	£1001k	£14k

Advantages

- This would be replacement on a like for like basis and full access to all parts of the park would be retained.
- The Council is likely to obtain economies of scale in repairing both bridges at once.

Disadvantages

- This would require a significant and higher capital investment that was initially anticipated.
- A high level of maintenance would be required in order for the bridges to meet their anticipated lifespan.

2. Proceed with the replacement of Bridge B but not Bridge A.

The estimated costs for replacing Bridge B in Timber are set out in the table below.

	Estimated upfront capital costs (inclusive of all fees)	Ongoing maintenance costs (10 years)
Replacement - Timber	£567k	£15.4k

Advantages

- Bridge B is considered to provide greater value in terms of navigating and access through the park, with a more direct route to park amenities such as the playground, café and toilets.

- The route closed off by Bridge A is easier and shorter to navigate than that of Bridge B.
- It will require a reduced capital investment and ongoing maintenance.

Disadvantages

- This leaves footbridge A unrepaired, meaning mobilisation costs would be incurred again should the Council wish to repair at a later date, removing any economies of scale.

3. Do not proceed with the replacement of either bridge.

If the Council decides not to proceed with the replacement of either bridge, there would be costs associated with their permanent removal, which are expected to be considerably less than replacement but which will need to be scoped at a cost of £8k.

Advantages

- Lower capital investment required to remove the bridges.

Disadvantages

- Significant loss of navigation throughout the park, which could lead to increased public scrutiny and complaints impacting upon the Council's reputation overall.
- Further costs (e.g. mobilisation) would be incurred were the Council to wish to replace the bridges at a later date.

3.23. Before making recommendations for the first two options, two choices of materials for construction were considered: timber, which would generally have lower upfront capital costs and be more sympathetic with the park environment but have a lower durability, and steel which would have greater durability but generally higher upfront capital costs and require specialist maintenance.

Recommendation

3.24. On the basis of a cost/benefit analysis, it is recommended that the Council proceeds with *Option 2* whereby Footbridge B is replaced with a like for like timber structure, as set out in **Appendix A** to this report. Whilst the galvanised steel option has been noted to be a longer term solution with an enhanced design life, this was balanced against its higher initial capital costs, the enhanced maintenance required (i.e. repainting and replacement of waterproofing) and whilst it can be made sustainable through the use of recycled materials, it was felt to not be as aesthetically in-keeping with both the wider Park environment and stakeholder (including the Council's planning and conservation section) preferences.

3.25. The option study has identified a number of arboricultural constraints including groups of trees and dense vegetation within the vicinity of the footbridge that will be impacted by the construction. Members should therefore note that the final design of the replacement

structure will be heavily influenced by the need to retain and protect as many trees as possible.

4. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

Preliminary Design and Preparation of Design and Tender Documents

- 4.1. If the recommendations in this report are agreed, WIE shall proceed with the preliminary design of the chosen option, which shall include intensive ground investigations, further ecological and arboricultural surveys and preliminary designs of the abutments. This is estimated to take 3 months to complete pending the appointment of a ground investigation contractor following a competitive tender process conducted by WIE.
- 4.2. Upon acceptance of the preliminary design, WIE would support the procurement of a Design and Build Contract with a Principal Contractor, the procurement process for which is outlined in Paragraphs 4.4 – 4.11 of this report. Once appointed it is anticipated that WIE will project manage the appointed contractor including fully approving the design of both the super and substructure options, and management of project logistics on site.
- 4.3. The total estimated cost of the above process is £145k which comes in addition to £36k already spent on the option study. These fees are included in the capital costs set out in paragraph 3.22.

Detailed Design and Construction

- 4.4. It is envisaged that the works for a Design and Build contract shall be put out to a two stage competitive restrictive tender process as per the Council's Contract Procedure Rules with a tender evaluation based upon 60% cost vs 40% quality. It is recommended that authority is delegated to the Director of Environment and Public Protection to award contracts for the construction of the footbridges in consultation with the Portfolio Holder for Sustainability, Green Services and Open Spaces once the tendering process has completed, to expedite delivery.
- 4.5. **Estimated Value of Proposed Action:** The total pre-tender estimated cost of the proposal outlined above is currently £422k.
- 4.6. **Other Associated Costs:** A whole life costing maintenance plan shows an indicative maintenance cost of £c15.4k for the first 10 years. This will need to be managed through managing through existing operational maintenance budgets.
- 4.7. The estimated lifespan of the replacement bridge is 40 years before replacement or major refurbishment would need to take place, were the maintenance plan outlined in 4.6. to be implemented.
- 4.8. **Governance:** The successful contractor of any affordable tender will be overseen and managed by WIE, and will report progress to the Strategic Commissioning Officer who will monitor the delivery of the project on client side.
- 4.9. **Proposed Contract Period:** It is envisaged that proposed contract period for the construction will take around 8 months, subject to the tendered submissions.

Timetable

4.10. An indicative timetable below sets out a 'roadmap' for the repair of the bridges. These times are indicative and subject to any unforeseen circumstances that may arise on site such as the requirement for additional works. Where possible the Council will look to run elements of the timetable concurrently to reduce the overall time taken.

Stage	Details	Time Period	Completion Date
Option Study	Completion and publication of Option Study surveys (Ecology, Topography and Arboriculture). Full final draft of Option Study.	1 month	Sep-22
Review of Option Study and Committee Paper	Completion and publication of Option Study (including Ecology, Topography and Arboriculture) Presentation of recommended option at Environment and Community Services PDS Committee for approval by the Council's democratic purposes.	2 months	Nov-22
	Decision made by LBB and instruction to to WIE for next stage. Fee Proposals.	1 Month	Dec 22
Preliminary Design	Intrusive ground investigations, ecology and arboricultural surveys Preliminary design of Footbridge Abutments, Outline AIP	3 months	Jan - Mar 23
Procurement of a Principal Contractor	Preparation of tender documents, Identify tenderer lists, CDM Pre-construction information, Bill of Quantities/Activity Schedules, Specifications	2 months	Apr - May 23
Tender Period, Evaluation and Appointment of a Contractor	Project live on Portal, Receipt of tenders, review of tenders, Tender Queries, Evaluation and recommendation, Internal authorisation and Standstill Period, Contract Award	5 months	Jun – Oct 23
Detailed Design	Approval of AIP (Cat 1)	1 month	Nov 23
	Full design and check of the superstructure chosen option by the appointed Contractor	2 months	Dec 23 - Jan 24

	Full design and check of substructures (abutments, retaining walls) by WIE	1 month	Feb 24
Construction	Mobilisation period Fabrication of Footbridge Construction on Site	5 Months	Mar - Jul 24

5. MARKET CONSIDERATIONS

- 5.1. **Preliminary Design and Preparation of Tender Documents:** As the current provider, having carried out the Option study brief to date, there is a clear rationale to instruct WIE to provide these works as they have the project background and on-site experience to effectively deliver. These works will be undertaken by WIE through the Council's existing contractual arrangements with JB Riney.
- 5.2. **Construction:** The proposed two-stage tender process is to ensure that the process attracts specialist bridge contractors, along with ensuring that they have the relevant civil works skillsets that will be required for any work required to embankments. The market for this work is noted to be large, although there is a limited market for the supply of the bridges themselves.
- 5.3. The 44% contingency has been retained within the quoted construction costs due to inherent risks as outlined in Section 3.20.

6. STAKEHOLDER ENGAGEMENT

- 6.1. Officers have clarified consent requirements with the Council's Planning, Building Control and Conservation divisions. Any necessary consent as they may advise is required will be sought.
- 6.2. Advice has been sought from the Environment Agency (EA) on the design, who have advised that as the proposed works will be taking place on and near the River Beck, a river considered to be a 'main river' category, and that they fall under EA regulated Flood Activities, a permit is required. Such a permit will be applied for and/or impact assessments undertaken as they advise.
- 6.3. Initial observations collected by Members from The Friends of Kelsey Park (a key stakeholder in the ongoing conservation and protection of the park) were fed into the brief for the option study.

7. SOCIAL VALUE, CARBON REDUCTION AND LOCAL NATIONAL PRIORITIES.

- 7.1 Kelsey Park is a formal public park within Beckenham that historically formed part of the Kelsey Manor Estate. It is a Site of Importance for Nature Conservation (SINC), so both the bridge design and its manner of construction will give due weight to its impact on the parks value for biodiversity including ensuring that the proposed replacement structures do not increase flood risk and that birds and bats are not disturbed during the nesting/breeding season by any on site activity.
- 7.2. The footbridge is located within Locally Designated Site 'River Beck' which includes Langley Park Nature Reserve and the Harvington Estate Woodland. Although this is primarily intended for habitats north and south of the footbridge location, if required an assessment will be undertaken to ensure that there is no detrimental impact on the Designated Site and the features that it is designated for, with the appropriate protection measures put in place.

- 7.3. The Park is adjacent to the Manor Way Conservation area, and the proposed design will give due consideration to ensuring that the replacement is sympathetic to the surrounding areas character and appearance. All timber used is to be Forest Stewardship Council Certified.

8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1. Any proposed design will ensure that all current requirements of the Equality Act 2010 are satisfied. This includes the widening of the replacement structure so that it suits all commuter types including pedestrians, runners and walkers, and that it allows wheelchair and mobility users to pass one another comfortably. The design will also contain non-slip decking.

9. TRANSFORMATION/POLICY IMPLICATIONS

- 9.1. The '*Making Bromley Even Better*' objective of 'Business and Enterprise' refers to the Council's intentions to ensure that it progresses with its vision to build upon the borough's heritage so it continues to represent the best of town and country.
- 9.2. An improvement plan for Kelsey Park is an Action Point under Strategic Objective 2 within the Council's *Open Space Strategy 2021-2031*, through which it aims to develop proposals for the park to reflect its uniqueness, history and horticulture.

10. FINANCIAL IMPLICATIONS

- 10.1 The report sets out a scheme for the replacement of Footbridge B in Kelsey Park, with a similar timber structure. A request is being made to make an addition to the Capital Programme to fund this option.
- 10.2. The total cost of the scheme outlined in 10.1 is £567k, inclusive of contingency and all fees. £412k of this is to be funded from the Investment Infrastructure Fund and £155k is to be funded from the Healthy Bromley Earmarked Reserve.
- 10.3. Officers estimate maintenance costs to be £15.4k over 10 years, which will need to be managed through existing operational maintenance budgets.
- 10.4. In the event that the project costs exceed the funding available, officers will seek to absorb these in existing revenue budgets or report back to members and set out options to complete the scheme within the existing total budget or identify further funding.

11. LEGAL IMPLICATIONS

- 11.1. This report requests the Environment and Community Services PDS to review and provide their comments on the contents herein to the Portfolio Holder for Sustainability, Green Services and Open Spaces. It further requests the PH to authorise officers to proceed to a design and build contract for the bridge replacement, approve an addition of £567k to the Capital Programme, and agree to delegate authority to the Director of Environment and Public Protection in consultation with the Portfolio Holder for Sustainability, Green Services and Open Spaces to award contracts for the delivery of the footbridge replacement following the tendering process. As the proposed procurement is between £500k and £999,999 then, under the Council's Contract Procedure Rules, the approval of the PH is required as requested by this report.

- 11.2 The Council has the legal power to acquire and maintain parks and open spaces under the Public Health Act 1875 and the Open Spaces Act 1906. As the bridges in Kelsey Park are owned by the Council then it is responsible for their repair and maintenance.
- 11.3 The proposed bridge repairs contract is a public works contract within the meaning of the Public Contracts Regulations 2015 but as the value is below threshold (i.e. below £ 5,336,937) then a fully regulated procurement is not required. However the procurement must still comply with the legal procurement principles of equality, transparency and non-discrimination which must be applied in a manner proportionate to the subject matter and context of the purchase. The report explains the way in which the market is to be engaged which appears to be consistent with these principles.

12. PROCUREMENT IMPLICATIONS

- 12.1 This report outlines a potential route for approval for procurement of a contract for the delivery of a pedestrian timber glulam bridge in replacement of the current structure at Kelsey Park in Beckenham following an independent structural assessment which recommended that it should be replaced. The current total cost of the actual works for construction to be procured is £422k and this excludes the £145k being spent at 4.3 above. The actual construction, if approval is granted, is estimated to take up to five months towards the end of 2024 (4.12 above refers).
- 12.2 Subject to agreement to commission the provision, a restricted procedure process will be used and a high level timetable is at 4.12 above.
- 12.3 This would be a works contract. The procurement is well below the threshold for works contract where it would be deemed to be likely to be of cross border interest. There is no direct indication of cross border interest so this opportunity does not need to be advertised on Find A Tender Service (FTS). As this contract will be advertised and will be above £25k, it must be advertised on Contracts Finder. The procurement must comply with the PCR 2015 principles of transparency and equal treatment.
- 12.4 The Council's specific requirements for authorising proceeding to procurement are covered in Rules 1 and 5 of the Contract Procedure Rules with the need to obtain the formal approval of the Portfolio Holder following Agreement of the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance for a procurement of this value. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 12.5 If approval is received, the Commissioner will need to work closely with Procurement colleagues in agreeing a refined timetable and relevant documentation for going to market.
- 12.6 In compliance with the Council's Contract Procedure Rules (Rule 3.6.1), this procurement must be carried out using the Council's e-procurement system.
- 12.7 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

13. STRATEGIC PROPERTY IMPLICATIONS

- 13.1 Kelsey Park is a Council owned asset and therefore maintenance and repairing liability sits with the Council. This report sets out the proposal to replace the Kelsey Park bridges as the existing structures are no longer in an acceptable or maintainable condition.

13.2 This project has also commissioned a maintenance plan which currently identifies £15,400 of recommended maintenance activity over a ten year period following the completion of the planned works to be funded from the council's Operational Maintenance Budgets which funds maintenance of built assets across the council's operational estate. This budget allocation must be prioritised to manage statutory compliance and essential or urgent repairs. The allocation for the planned programme includes only the very highest priority schemes and is sometimes reallocated to deal with any in year emergencies. Therefore, members should note that the future maintenance activity identified in the maintenance plan cannot be guaranteed from this budget allocation; it would be considered in the context of the other maintenance needs from within the rest of the Council's operational estate.

Non-Applicable Sections:	IT and GDPR Considerations, Personnel Considerations.
Background Documents: (Access via Contact Officer)	Report ES18040: Award of Contract for Highway Maintenance Report ES20208: Kelsey Park Replacement Bridges

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Appendix A: Kelsey Park Replacement Bridges (Options Appraisal)

Location of Existing Bridges



Description of Existing Structures

Footbridge A

Footbridge A provides pedestrian access across a shallow stream and is located at the north end of the large lake in the park. The footbridge is approximately 9.7m long and 1.9m wide.



Footbridge B

Footbridge B provides access across the southern section of the Lake in Kelsey Park. It is approximately 17.6m long and 2m wide.



Description of the proposed replacement

Committee Report ES20224 recommends that the Council proceeds with *Option 2* presented within whereby Footbridge B is replaced with a like for like timber structure. This solution would be an all-timber footbridge with the design features that include:

- Ekki hardwood dowel laminated beams
- The footbridges to be cambered on a continuous vertical curve.
- A deck composed of Ekki deck planks treated with a non-slip system called Hi-Grip Excel (two strips of resin/bauxite inserted into grooves of deck).
- Parapets with a height of 1.4m also made of timber Ekki with vertical infill spindles.
- All timber to be hardwood and with natural finishes.
- A similar feature of natural wood as the current footbridge.

CTS Bridges was the specialist proprietary bridge superstructure fabricator and supplier for indicative prices for the work using their experience of similar constructions (<http://www.ctsbridges.co.uk>)

An example of a similar bridge is shown in the below image, however please note that there is no specific requirement for aesthetics within this project.



Agenda Item 6

Report No.
CSD24024

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 26 February 2024

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

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT STRATEGY 2024/25 AND QUARTER 3 PERFORMANCE 2023/24

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 5th February 2024, the Executive, Resources and Contracts PDS Committee considered the attached report summarising treasury management activity during the third quarter of 2023/24 and setting out the proposed Treasury Management Strategy and Annual Investment Strategy for 2024/25. The report also includes Prudential Indicators (Annex 3 of Appendix 4) and the MRP (Minimum Revenue Provision) Policy Statement (paragraph 2.4 of Appendix 4), both of which require the approval of full Council. The PDS Committee supported the recommendations, which the Resources, Commissioning and Contract Management Portfolio Holder subsequently approved.
- 1.2 For clarification, the Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable. The report ensures that the Council is implementing best practice and complying with the requirements of the CIPFA Code of Practice for Treasury Management.
-

2. **RECOMMENDATIONS**

Council is recommended to -

(a) Note the Treasury Management performance report for the third quarter of 2023/24;

(b) Agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2024/25 including:

(i) the Prudential Indicators for the period 2024/25 to 2026/27 (Annex 3 of Appendix 4 to the report); and

(ii) the Minimum Revenue Provision (MRP) Policy Statement (paragraph 2.4 of Appendix 4 to the report).

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation 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. 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: Interest on balances
4. Total current budget for this head: £4m surplus currently projected for 2023/24
5. Source of funding: Net investment income

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable Adults & Children, Policy, Legal, Finance, HR, Procurement, Property, Local Economy, Customers, Ward Councilors
Background Documents: (Access via Contact Officer)	See attached report.

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

Date: For pre-decision scrutiny by Executive, Resources and Contracts PDS
Committee on 5th February 2024
Council on 26th February 2024

Decision Type: Non-Urgent Executive Non-Key

Title: TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY 2024/25 & QUARTER 3 PERFORMANCE 2023/24

Contact Officer: James Mullender, Head of Corporate Finance and Accounting
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Chief Officer: Peter Turner, Director of Finance
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Ward: All

1. Reason for report

- 1.1. This report summarises treasury management activity during the third quarter of 2023/24. Investments as at 31st December 2023 totalled £370.1m (£388.7m at 31st December 2022) and there was no outstanding external borrowing.
 - 1.2. This report also includes the Treasury Management Strategy and the Annual Investment Strategy for 2024/25, which are required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council.
 - 1.3. The report also includes Prudential Indicators (Annex 3 of Appendix 4) and the MRP (Minimum Revenue Provision) Policy Statement (paragraph 2.4 of Appendix 4), both of which require the approval of Council. For clarification, the Council is required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans are affordable and sustainable.
 - 1.4. The report ensures that the Council is implementing best practice and complying with the requirements of the CIPFA Code of Practice for Treasury Management.
-

2. RECOMMENDATION(S)

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

- (a) note the Treasury Management performance for the third quarter of 2023/24;**
- (b) recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2024/25 including:**
 - (i) the Prudential Indicators for the period 2024/25 to 2026/27 (Annex 3 of Appendix 4); and**
 - (ii) the Minimum Revenue Provision (MRP) Policy Statement (paragraph 2.4 of Appendix 4).**

2.2. Council is requested to:

- (a) note the Treasury Management performance report for the third quarter of 2023/24;**
- (b) agree to adopt the Treasury Management Statement and the Annual Investment Strategy for 2024/25 including:**
 - (i) the Prudential Indicators for the period 2024/25 to 2026/27 (Annex 3 of Appendix 4); and**
 - (ii) the Minimum Revenue Provision (MRP) Policy Statement (paragraph 2.4 of Appendix 4).**

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. 2.Making Bromley Even Better Priority: To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

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: £4m surplus (against budget of £9,841k) currently projected for 2023/24
 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 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.
- 3.2 This report includes details of investment performance and treasury management activity in the third quarter of 2023/24. It also sets out the Treasury Management Strategy and the Annual Investment Strategy for 2024/25.
- 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 a cumulative total of £31.8m between 2016/17 and 2021/22, £4.5m in 2022/23 and is budgeted to achieve £6.3m in 2023/24. 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 investment decisions will also need to consider the current ongoing volatility in interest rates. The available resources for the medium term, given the ongoing reductions in government funding, will need to be regularly reviewed.

Treasury Performance in the quarter ended 31st December 2023

- 3.8 **Borrowing:** The Council's healthy cashflow position continues and, other than some short-term borrowing at the end of 2015/16, no borrowing has been required for a number of years.
- 3.9 **Investments:** The following table sets out details of investment activity during the second quarter and year to date:

	Qtr ended 31/12/23		2022/23 Year to date	
	Deposits	Ave rate	Deposits	Ave rate
	£m	%	£m	%
Balance of "core" investments b/f	220.00	5.58	230.00	2.97
New investments made in period	40.00	5.80	205.00	5.84
Investments redeemed in period	-40.00	2.63	-215.00	2.85
"Core" investments at period end	220.00	5.76	220.00	5.76
Money Market Funds	37.00	5.26	37.00	4.91
CCLA Property Fund*§	40.00	-4.08	40.00	0.72
Multi-Asset Income Funds*§	40.00	15.47	40.00	3.76
Schroders Diversified Growth Fund	20.00	18.50	20.00	7.22
Project Beckenham Loan	3.08	6.00	3.08	6.00
Sovereign bonds	10.00	6.61	10.00	6.61
"Alternative" investments at period end	150.08	7.36	150.08	2.72
Total investments at end of period	370.08	6.41	370.08	4.53

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

§ At the time of writing the quarter-end figures had not been made available by the relevant managers. The figures shown are therefore estimated figures at the end of quarter 3.

- 3.10 Details of the outstanding investments at 31st December 2023 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. The return on the new "core" investments placed during the third quarter of 2023/24 was 5.76%.
- 3.11 Reports to previous meetings have highlighted the fact that options with regards to the reinvestment of maturing deposits have become limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent. Following the succession of increases in the Bank of England base rate to the current rate of 5.25%, counterparty rates were generally in excess of 6% for a one year deposit during the first half of 2023/24. However, interest rates are expected to start reducing during 2024/25, so one year rates are around 5% at the time of writing this report.
- 3.12 The chart in Appendix 1 shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.

Interest Rate Forecast (provided by Link Group)

- 3.13 The current Bank of England base rate is 5.25%, following an increase at the September 2023 meeting of the Monetary Policy Committee. The market believes rates will remain at this rate until Q1 before decreasing to 4.75% in Q2. Link has stated that they expect MPC will keep Bank Rate at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures, even if they have dampened somewhat of late. They do not think that the MPC will increase Bank Rates above 5.25%.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

3.14

Money Market Funds

- 3.15 The Council currently has 5 AAA rated Money Market Fund accounts, with Federated Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, Fidelity and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have risen considerably in recent months. The LGIM, Fidelity and Federated Funds currently offer the best rate at around 5.3%.
- 3.16 The total balance held in Money Market Funds has varied during the year to date moving from £0 as at 31st March 2023 to £36.1m as at 30th September 2023 to £37m as at 31st December 2023. The Money Market Funds usually 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.
- 3.17 Daily balances in the Money Market Funds will vary considerably and balances tend to be managed higher during February and March to provide a cashflow buffer when the Council's income from Council Tax and Business Rates is significantly lower than the rest of the year. Occasionally, these balances are also inflated to ensure that the Council has sufficient liquidity to cover any 'non-standard' expenditure such as investment property purchases.

Housing Associations

- 3.18 Deposits have previously been made with Housing Associations where they had attracted favourable rates. However at the time of drafting this report, the Council holds no investments in Housing Associations as the rates offered have been less competitive than other fixed term deposit opportunities.

Loan to Project Beckenham

- 3.19 On 26 June 2017, Council approved the inclusion in the strategy of a secured loan to Project Beckenham, relating to the provision of temporary accommodation for the homeless, that had previously been agreed to be advanced from the Investment Fund. A loan of £2.3m was made in June 2017, at a rate of 6% (increasing to 7.5% if the loan to value ratio exceeded a set value). £1.0m of this loan was re-paid during 2019/20, leaving a £1.3m balance at the end of March 2020. Advances totalling £2.45m were made in 2020/21 and 2021/22 leaving a balance of £3.75m. In 2022/23 a further five loan advances totalling £1.2m were made and repayments of £0.96m were received, leaving the balance at 31st March 2023 at £4.0m. In May, August, September and November 2023, repayments totalling £0.91m were made, leaving the balance as at 31st December 2023 at £3.08m.

Sovereign Bonds

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

£10m was made for two years at a rate of 1.84% and a further investment of £10m was invested on 1 August 2023 for two years at a rate of 6.61%

Pooled Investment Schemes

- 3.20 In September 2013, the Portfolio Holder and subsequently Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. The limit was subsequently increased to £40m by Council in October 2015, £80m in June 2017 and £100m in December 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.
- 3.21 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.
- 3.22 However, from 2018/19 onwards, local authorities have been required to account for financial instruments in accordance with IFRS9. One of the results of this is that changes in the capital value of pooled fund investments are recognised in revenue in-year. Subsequently, MHCLG issued regulations providing a statutory override to reverse the impact of IFRS9 on the Council's General Fund, which came into force in December 2018 and would apply until 31 March 2023, after which it was intended for movements in value to be recognised in year. Following consultation, DLUHC announced in January that the override would be extended for a further two years to 31 March 2025, after which the standard will be applied fully.
- 3.23 Due to the regulations being time limited and the potentially volatile nature of these investments, interest/dividend earnings above a determined threshold have been set aside in the 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. Details are shown in the following table:

FY	Threshold %	Bal bfwd £'000	Set aside £'000	Bal cfwd £'000
2017/18	2.5	0	1,085	1,085
2018/19	2.5	1,085	1,509	2,594
2019/20	2.5	2,594	1,196	3,790
2020/21	2.0	3,790	1,520	5,310
2021/22	2.0	5,310	1,676	6,986
2022/23	2.0	6,986	2,044	9,030
2023/24 (est)	2.0	9,030	1,000	10,030

CCLA Property Fund

- 3.24 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. At the time of writing the quarter-end figures had not been made available by the fund manager. The figures shown are therefore figures at the end of quarter 2, as at 30th September 2023.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return (%)
01/02/14- 31/03/14	4.29	-29.64	-25.35
01/04/14 - 31/03/15	5.03	3.44	8.47
01/04/15 - 31/03/16	5.02	1.63	6.65
01/04/16 - 31/03/17	4.55	-2.50	2.05
01/04/17 - 31/03/18	4.58	2.41	6.99
01/04/18 - 31/03/19	4.46	1.57	6.03
01/04/19 - 31/03/20	4.45	-3.68	0.77
01/04/20 - 31/03/21	4.30	-0.71	3.60
01/04/21 - 31/03/22	3.82	17.29	21.12
01/04/22 - 31/03/23	4.19	-19.09	-14.90
01/04/23 - 30/09/23	0.34	-6.28	-1.46
Cumulative return	4.42	-0.53	3.89

3.25 The annualised fund return for the year to 30th September 2023 was capital decline of -6.18% and dividends paid of 0.34%, resulting in a total return of -1.46%. Since inception, dividends paid have averaged 4.42% per annum and the capital value has decreased by -0.53% per annum resulting in a net annual return of 3.89%.

Multi-Asset Income Fund

3.26 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 to 30th September 2023 was a capital decline of -7.51% and dividends paid of 5.38%, resulting in a total return of -2.13%. At the time of writing the quarter-end figures had not been made available by the fund manager. The figures shown are therefore figures at the end of quarter 2, as at 30th September 2023.

3.27 Since inception, dividends paid have averaged 4.36% per annum and the capital value has declined by -4.16% per annum resulting in a net annual return of 0.20%.

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	13.9
01/04/21 - 31/03/22	4.16	-4.98	-0.82
01/04/22 - 31/03/23	4.17	-12.08	-7.92
01/04/23 - 30/09/23	5.38	-7.51	-2.13
Cumulative Return	4.36	-4.16	0.20

Global Diversified Income Fund

3.28 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.

Annualised Net Return	Dividend %	Capital gain/(loss) %	Total return %
01/03/21 - 31/03/21	2.45	2.43	4.88
01/04/21 - 31/03/22	2.96	-3.15	-0.19
01/04/22 - 31/03/23	3.50	-8.38	-4.88
01/04/23 - 31/12/23	3.98	3.24	7.22
Cumulative return	3.42	-3.21	0.21

The annualised fund return for the year to 31st December 2023 was capital growth of 3.24% and dividends paid of 3.98% resulting in a total return of 7.22%. Since inception, dividends paid have averaged 3.42% per annum and the capital value has decreased by -3.21% per annum resulting in a net annual return of 0.21%.

Property Acquisition Scheme (Meadowship Homes)

- 3.29 As agreed by the Executive in 2021, the Council has entered into a joint venture with Orchard & Shipman (since acquired by Pinnacle) for a property acquisition scheme. This involved the formation of an LLP 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, so there may be a loss of treasury management income. Phase 2 of the scheme was approved in July 2022 - this involves a further loan of £15m on similar repayment terms to the initial scheme.

Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25

- 3.30 Appendix 4 sets out the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25. This combines the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code. The Strategy includes throughout details of proposed prudential indicators and will be submitted for approval to the February Council meeting. Many of the indicators relate to how the Council seeks to control debt and borrowing and are therefore not currently relevant (since the Council currently has no external debt), though it is a statutory requirement that prudential indicators are prepared, agreed and published. Additionally, under the recently revised Prudential Code, there is a requirement for the prudential indicators to be monitored and reported at least quarterly.
- 3.31 Members will be aware that, since the Icelandic bank crisis in October 2008, the Council has approved a number of changes to the eligibility criteria and maximum exposure limits (both monetary and time) for banks and building societies. In line with advice from Link, the Council will apply a minimum sovereign rating of AA- to investment counterparties.
- 3.32 While the Council effectively determines its own eligible counterparties and limits, it also uses Link Group as an advisor in investment matters. Link uses a sophisticated modelling approach that combines credit ratings, credit watches, credit outlooks and Credit Default Swap (CDS) spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes indicate Link's recommendations on the maximum duration for investments. The Council will use its own eligibility criteria for all investment decisions but will also be mindful of Link's advice and information and will not use any counterparty not considered by Link to be a reasonable risk. In line with the requirements of the CIPFA Treasury Management Code of Practice, the Council will always ensure the security of the principal sum and the Council's liquidity position before the interest rate.

- 3.33 Although, as indicated above, the strategy allows the Council to make a range of investments, in practical terms the Council has recently utilised only a narrow range of investment types, namely Money Market Deposits, Fixed Interest loans to Banks, Housing Associations and Local Authorities, Sovereign Bonds and Pooled Investment Vehicles. Moreover, the Council's investment decisions have been informed by consideration of maximising the available whilst operating within the parameters set out within the strategy, namely credit-ratings and investment category limits.
- 3.34 Changes to the Council's lending limits and eligibility criteria, as well as the inclusion of pooled funds, housing associations and sovereign within the strategy have provided some diversification of investment types and also opportunities to obtain returns that often exceed those available from UK and International Banks. Further consideration of diversification and risk led to consideration of investment types where returns may be available that outperform the current portfolio yield, and the strategy approved by Council in February 2023 incorporated the following revised credit-ratings for the following investment types:
- Corporate Bonds – minimum credit rating of BBB+
 - Housing Associations – minimum credit rating of BBB+
- 3.35 No further changes to counterparty criteria are proposed at this time.
- 3.36 Details of eligible types of investment and counterparties are set out in the Annual Investment Strategy, as set out in section 4 of Appendix 4.
- 3.37 Members are requested to adopt the Treasury Management Statement and the Annual Investment Strategy for 2024/25 at Appendix 4, including the Prudential Indicators for the period 2024/25 to 2026/27 (Annex 3 of Appendix 4) and the Minimum Revenue Provision (MRP) policy statement (paragraph 2.4 of Appendix 4).

Revised Treasury Management and Prudential Codes

- 3.38 During December 2021 CIPFA published a revised Prudential Code (Prudential Code for Capital Finance in Local Authorities) and Treasury Management Code (Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes). The requirements of the revised Codes, to the extent to which they apply to the Council, have been incorporated into the Treasury Management Strategy Statement and Annual Investment Strategy as appended at Appendix 4.
- 3.39 The revised Treasury Code requires the Council to implement the following:
- **Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained
 - **Long-term treasury investments**, (including pooled funds) are to be classed as commercial investments unless justified by a cash flow business case
 - **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year
 - Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function – to be proportionate to the size and complexity of the treasury management function

- **Reporting to members is to be done quarterly** – specifically the s151 officer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly
- **Environmental, Social and Governance (ESG)** issues to be addressed within an authority's treasury management policies and practices.

3.40 In addition, all investments and investment income must be attributed to one of the following three purposes:

- Treasury Management.** Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
- Service Delivery.** Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".
- Commercial return.** Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

Regulatory Framework, Risk and Performance

3.41 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, DLUHC has issued Investment Guidance to structure and regulate the Council's investment activities
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

3.42 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 Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

5.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council. Although the Council does not currently borrow to finance its general fund capital spending plans, officers still plan and forecast the longer-term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

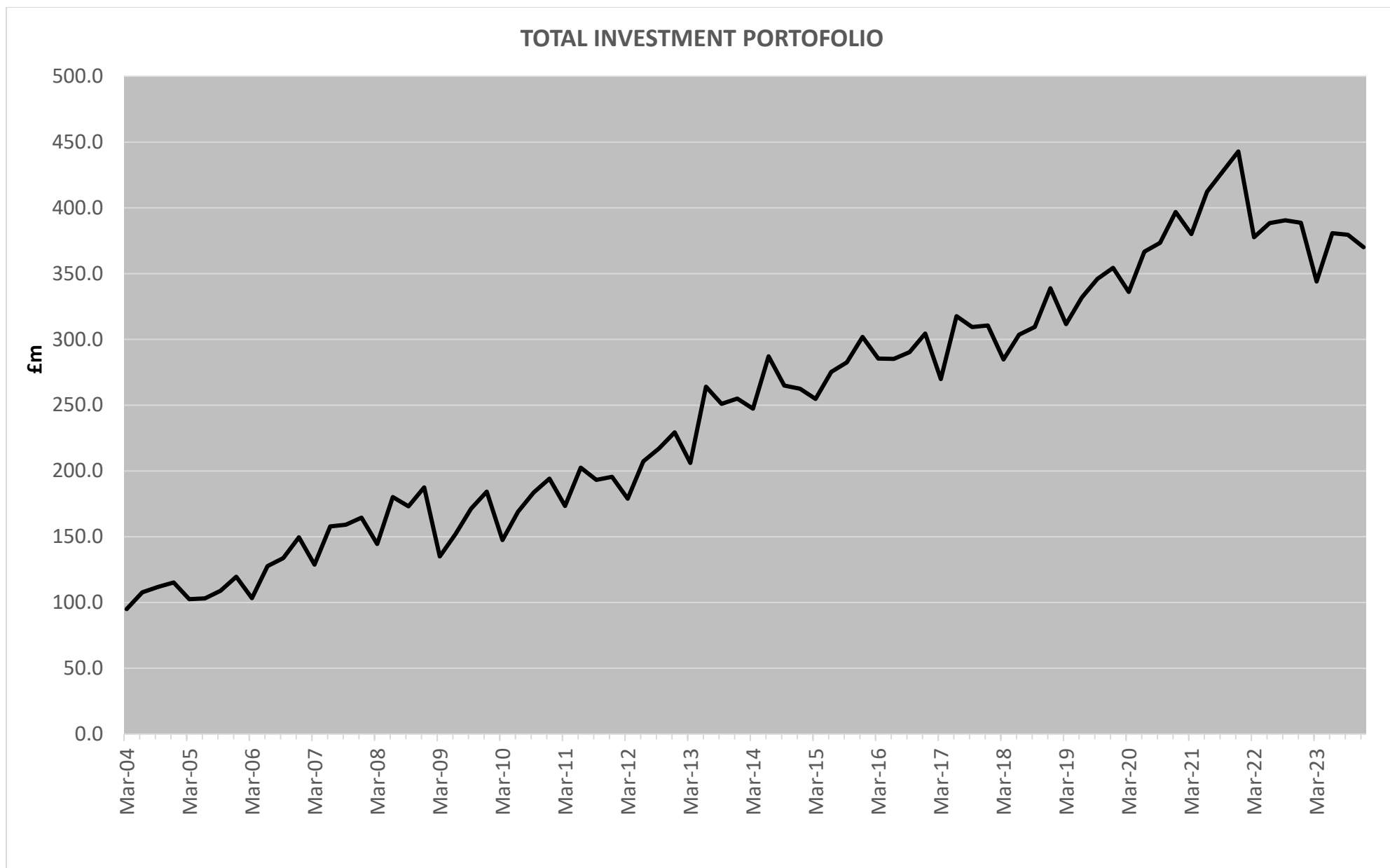
5.3 The Council's Treasury Management strategy and day to day operations of the treasury function are informed by our professional adviser, Link Group. It advises the Council on counterparties, investment and borrowing options, and risk management.

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 and 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 2021 CIPFA Prudential Code for Capital Finance in Local Authorities 2021 DLUHC Guidance on Investments



INVESTMENTS HELD AS AT 31 DECEMBER 2023					APPENDIX 2											
Counterparty	Start Date	Maturity Date	Rate of Interest	Amount	Fitch		Moody's		S&P		Fitch		Moody's		S&P	
					Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
			%	£m	Ratings at time of Investment						Ratings as at December 2023					
FIXED DEPOSITS																
NATIONAL BANK OF CANADA	20/01/2023	19/01/2024	4.60000	10.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	27/01/2023	26/01/2024	4.70000	5.0	A+	F1			A	A-1	A+	F1			A	A-1
GOLDMAN SACHS INTERNATIONAL BANKS	27/04/2023	29/01/2024	5.06000	5.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1
NATIONAL BANK OF CANADA	05/05/2023	05/02/2024	4.95000	5.0	A+	F1	Aa3	P-1	A	A-1	A+	F1	Aa3	P-1	A	A-1
BIRMINGHAM CITY COUNCIL	30/08/2023	29/02/2024	5.65000	10.0	N/A						N/A					
NATIONAL WESTMINSTER BANK	07/06/2023	07/03/2024	5.32000	5.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1
SANTANDER	19/06/2023	19/03/2024	5.55000	10.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1
CLOSE BROTHERS	20/04/2023	19/04/2024	5.00000	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1		
GOLDMAN SACHS INTERNATIONAL BANKS	21/04/2023	19/04/2024	4.93000	10.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	24/05/2023	22/05/2024	5.31000	5.0	A+	F1			A	A-1	A+	F1			A	A-1
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	14/07/2023	12/07/2024	6.65000	10.0	A+	F1			A	A-1	A+	F1			A	A-1
NATIONAL WESTMINSTER BANK	19/07/2023	18/07/2024	6.19000	10.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE (HE)	21/07/2023	19/07/2024	6.20000	15.0	A+	F1+	Aa3	P-1			A+	F1+	Aa3	P-1		
AL RAYAN BANK	26/07/2023	24/07/2024	6.05000	10.0			A1	P-1					A1	P-1		
FIRST ABU DHABI BANK PJSC	27/07/2023	26/07/2024	6.28000	15.0	AA-	F1+	Aa3	P-1	AA-	A-1+	AA-	F1+	Aa3	P-1	AA-	A-1+
QATAR NATIONAL BANK SAQ	28/07/2023	26/07/2024	6.37000	5.0	A	F1	Aa3	P-1	A+	A-1	A	F1	Aa3	P-1	A+	A-1
PRINCIPALITY BUILDING SOCIETY- CARDIFF	28/07/2023	26/07/2024	5.95000	10.0	BBB+	F2	Baa1	P-2			BBB+	F2	Baa1	P-2		
CLOSE BROTHERS	16/08/2023	15/08/2024	6.20000	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1		
NATIONAL WESTMINSTER BANK	24/08/2023	22/08/2024	6.07000	10.0	A+	F1	A1	P-1	A+	A-1	A+	F1	A1	P-1	A+	A-1
SANTANDER	24/08/2023	27/08/2024	6.10000	10.0	A+	F1	A1	P-1	A	A-1	A+	F1	A1	P-1	A	A-1
CAMBRIDGESHIRE COUNTY COUNCIL	04/12/2023	04/09/2024	5.65000	10.0	N/A						N/A					
CLOSE BROTHERS	27/10/2023	25/10/2024	5.75000	10.0	A-	F2	Aa3	P-1			A-	F2	Aa3	P-1		
AL RAYAN BANK	30/10/2023	30/10/2024	5.90000	10.0			A1	P-1					A1	P-1		
QATAR NATIONAL BANK SAQ	01/12/2023	29/11/2024	5.90000	10.0	A	F1	Aa3	P-1	A+	A-1	A	F1	Aa3	P-1	A+	A-1
TOTAL FIXED INVESTMENTS				220.0												
OTHER FUNDS																
FIDELITY MONEY MARKET FUND				0.0												
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				0.0												
INSIGHT STERLING LIQUIDITY FUND				7.0												
LGIM STERLING LIQUIDITY FUND				15.0												
FEDERATED (Hermes) STERLING LIQUIDITY FUND				15.0												
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.0												
SCHRODERS	12/07/2017			20.0												
FIDELITY MULTI-ASSET INCOME FUND	01/03/2021			40.0												
SPRING CAPITAL LOAN	09/06/2017			3.1												
SOVEREIGN BONDS	01/08/2023	01/08/2025	6.61000	10.0												
TOTAL INVESTMENTS				370.1												

INVESTMENTS HELD AS AT 31 DECEMBER 2023

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
UK BANKS							
NATWEST BANK PLC	07/06/2023	07/03/2024	5.32000	5			
NATWEST BANK PLC	19/07/2023	18/07/2024	6.19000	10			
NATWEST BANK PLC	24/08/2023	22/08/2024	6.07000	10	25	80	55
SANTANDER PLC UK	19/06/2023	19/03/2024	5.55000	10			
SANTANDER PLC UK	24/08/2023	27/08/2024	6.10000	10	20	20	0
CLOSE BROTHERS LTD	20/04/2023	19/04/2024	5.00000	10			
CLOSE BROTHERS LTD	16/08/2023	15/08/2024	6.20000	10			
CLOSE BROTHERS LTD	27/10/2023	25/10/2024	5.75000	10	30	30	0
GOLDMAN SACHS INTERNATIONAL BANK	21/04/2023	19/04/2024	4.93000	10			
GOLDMAN SACHS INTERNATIONAL BANK	27/04/2023	29/01/2024	5.06000	5	15	20	5
AL RAYAN BANK PLC - LONDON	26/07/2023	24/07/2024	6.05000	10			
AL RAYAN BANK PLC - LONDON	30/10/2023	30/10/2024	5.90000	10	20	20	0
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	27/01/2023	26/01/2024	4.70000	5			
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	24/05/2023	22/05/2024	5.31000	5			
NATIONAL BANK OF KUWAIT (INTERNATIONAL) - LONDON	14/07/2023	12/07/2024	6.65000	10	20	20	0
UK BUILDING SOCIETIES							
PRINCIPALITY BUILDING SOCIETY	28/07/2023	26/07/2024	5.95000	10	10	10	0
OVERSEAS BANKS							
QATAR NATIONAL BANK	28/07/2023	26/07/2024	6.37000	5			
QATAR NATIONAL BANK	01/12/2023	29/11/2024	5.90000	10	15	15	0
FIRST ABU DHABI	21/07/2023	19/07/2024	6.20000	15	15	15	0
LANDESBANK HESSEN-THUERINGEN GIROZENTRALE (HELABA	21/07/2023	19/07/2024	6.20000	15	15	15	0
NATIONAL BANK OF CANADA	20/01/2023	19/01/2024	4.60000	10			
NATIONAL BANK OF CANADA	05/05/2023	05/02/2024	4.95000	5	15	15	0
LOCAL AUTHORITIES							
BIRMINGHAM CITY COUNCIL	30/08/2023	29/02/2024	5.65000	10	10	15	5
CAMBRIDESHIRE COUNTY COUNCIL	04/12/2023	04/09/2024	5.65000	10	10	15	5
OTHER INVESTMENTS							
INSIGHT STERLING LIQUIDITY FUND				7.0	7	15	8
LGIM STERLING LIQUIDITY FUND				15	15	15	0
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15	15	15	0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40	40		
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40	40		
SCHRODERS	01/03/2021			20	20		
SPRING CAPITAL LOAN	09/06/2017		6.00000	3.1	3.1		
SOVEREIGN BONDS	01/08/2023	01/08/2025	6.61000	10	10		
TOTAL INVESTMENTS				370.1	370.1		



Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual
Investment Strategy: 2024/25

Contents

1. Introduction	3
1.1 Background.....	3
1.2 Statutory and Reporting requirements	3
1.3 Treasury Management Strategy for 2024/25.....	4
1.4 Training	5
1.5 Treasury management consultants	5
1.6 Elective Professional Client Status	6
2. The Capital Prudential Indicators 2024/25–2026/27	6
2.1 Capital Expenditure	6
2.2 The Council's borrowing need (Capital Financing Requirement)	7
2.3 Liability Benchmark	8
2.4 Minimum revenue provision (MRP) policy statement.....	9
2.5 Core Funds and Expected Investment Balances	10
2.6 Affordability prudential indicators	10
3. Borrowing	10
3.1 Current portfolio position	10
3.2 Treasury Indicators: limits to borrowing activity.....	11
3.3 Prospects for Interest Rates.....	12
3.4 Borrowing Strategy	14
3.5 Policy on Borrowing in Advance of Need	15
4. Annual Investment Strategy	15
4.1 Investment Policy.....	15
4.2 Creditworthiness policy	16
4.3 Country limits	18
4.4 ESG Considerations.....	19
4.5 Investment Strategy.....	19
4.6 End of year investment report.....	20
4.7 Scheme of Delegation	20
4.8 Role of the Section 151 Officer	21
ANNEX 1: Economic Background (Provided by Link).....	23
ANNEX 2: Specified and Non-Specified Investments – Eligibility Criteria	27
ANNEX 3: Prudential Indicators – Summary for Approval by Council.....	32

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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

Having obtained the requisite permissions to re-open its Housing Revenue Account (HRA) during 2020/21 the Council will provide immediate finance through internal borrowing, with external borrowing to be utilised at a later date. Repayments and interest will be made through the internal movement of funds to the general fund.

CIPFA defines treasury management as:

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

Whilst any commercial initiatives or loans to third parties will impact on the treasury function these activities are generally classed as non-treasury activities and are separate from the day-to day treasury management activities.

1.2 Statutory and Reporting requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Members before being recommended to the Council. This role is undertaken by the Executive, Resources and Contracts Policy Development & Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) - This covers:

1. the capital plans (including prudential indicators);
2. a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);

3. the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
4. an investment strategy (the parameters on how investments are to be managed).

A Part-Year Treasury Management Report (approved by Council in December 2023) – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be subject to scrutiny.

Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

1. a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
2. an overview of how the associated risk is managed
3. the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

Capital issues

1. the capital expenditure plans and the associated prudential indicators;
2. the minimum revenue provision (MRP) policy.

Treasury management issues

1. the current treasury position;
2. treasury indicators which limit the treasury risk and activities of the Council;
3. prospects for interest rates;
4. the borrowing strategy;
5. policy on borrowing in advance of need;
6. debt rescheduling;
7. the investment strategy;
8. creditworthiness policy; and
9. the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and Investment Guidance issued by DLUHC.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

The training needs of treasury management officers are periodically reviewed. A formal record of the training received by officers central to the Treasury function will be maintained by the Head of Corporate Finance & Accounting. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Head of Corporate Finance & Accounting.

1.5 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon

the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.6 Elective Professional Client Status

From 3rd January 2018 the Financial Conduct Authority is obligated to treat all Local Authorities as “retail clients” under European Union legislation, the Markets in Financial Instruments Directive II (MiFID II). The client status of the Local Authority relates to its knowledge and experience with regards to the use of regulated investment products and the decision-making processes it has in place for making such investments. The directive is focused on products such as Certificates of Deposit, Gilts, Corporate Bonds and investment funds, including Money Market Funds.

The Council will opt up to “elective professional” status in order to continue to have access to these funds as an investment option as they are not available to retail clients. The Council had opted up to elective professional status with all relevant counterparties, including its advisers and brokers, prior to the deadline. This will be kept under regular review and counterparties will be added or removed as necessary for the Council’s investment needs.

2. The Capital Prudential Indicators 2024/25–2026/27

The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.

2.1 Capital Expenditure

This prudential indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts as per the quarterly capital monitoring and review reports to Executive. The data shown below will be reported to the Executive in February 2024:

Capital expenditure £m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Non-HRA	21.0	60.0	141.1	84.8	24.5
HRA ¹	-	-	-	-	-
Total	21.0	60.0	141.1	84.8	24.5

¹ Note: The HRA Business Plan has yet to be drafted and approved and it is therefore not currently possible to estimate HRA Capital Expenditure.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Total expenditure	21.0	60.0	141.1	84.8	24.5
Financed by:					
Capital receipts	0.0	19.3	79.1	48.6	0.0
Capital grants/contributions	12.4	24.6	38.8	15.3	1.5
Internal borrowing	3.5	1.7	10.8	8.4	0.0
Revenue contributions	5.1	10.8	5.3	0.3	0.0
Net financing need	0.0	3.6	7.1	12.2	23.0

2.2 The Council's borrowing need (Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

If the CFR is positive, the Council may borrow from the Public Works Loans Board (PWLB) or the market (other external borrowing) or from internal balances on a temporary basis (internal borrowing). The Council's CFR represents liabilities arising from finance leases entered into in recent years in respect of various items of plant and equipment (primarily equipment in schools and vehicles and plant built into highways and waste contracts). The Council currently has no external borrowing, but it has agreed in principle borrowing of £50m from the PWLB for the purpose of refinancing existing housing programmes. This loan is reflected in the table below. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

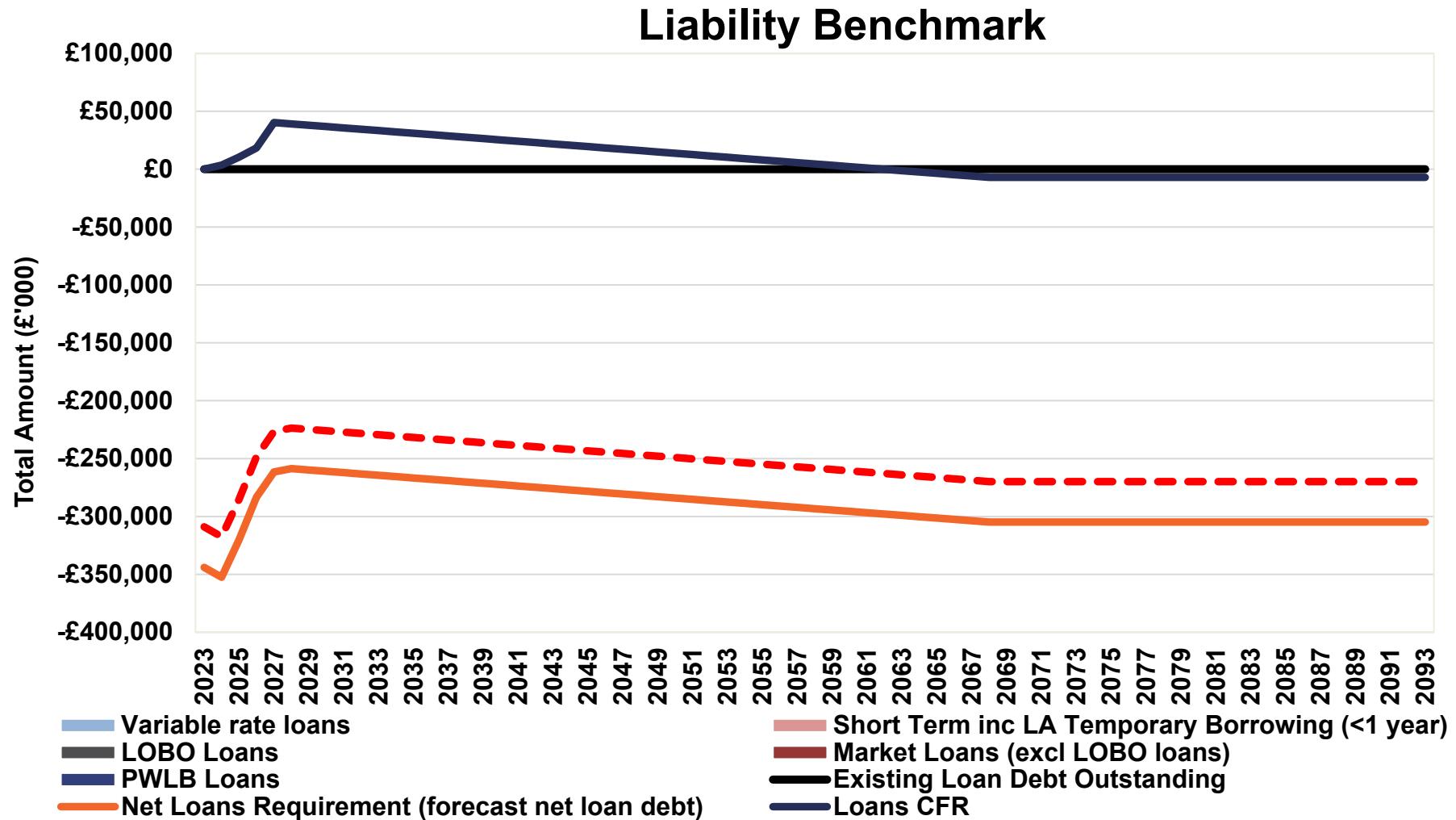
The Council is asked to approve the CFR projections below:

£m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital Financing Requirement					
CFR – non housing	8.4	7.7	7.0	6.3	5.6
CFR – housing	21.5	24.7	31.3	43.1	65.6
Total CFR	29.9	32.4	38.3	49.4	71.2
Movement in CFR	-	+2.5	+5.9	+11.1	+21.8

Movement in CFR represented by					
Net financing need for the year (above)	-	3.6	7.1	12.2	23.0
Less MRP/VRP and other financing movements	-	-1.1	-1.2	-1.1	-1.2
Movement in CFR	-	+2.5	+5.9	+11.1	+21.8

2.3 Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark. The Authority is required to estimate and measure the benchmark for the forthcoming financial year and the following two financial years, as a minimum.



There are four components to the Liability Benchmark:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

For Bromley, the graph indicates a zero net borrowing requirement at present, based on the Council's current financial position. It does not fully take into account the following metrics, which the Council has modelled separately in determining its borrowing needs:

- A detailed breakdown of the latest Capital Financing Requirement including details of how this is to be financed in future
- Details of the expenditure and financing requirements of the Capital Programme
- Information on the use of balances and reserves over the Medium-Term Financial Plan and Capital Programme
- Full details of all projected treasury management activity.

2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG (now DLUHC) regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement:

The MRP will be based on the estimated lives of the assets, in accordance with the regulations, and will follow standard depreciation accounting procedures. Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

In practice, the Council's capital financing MRP is currently assessed as the depreciation chargeable on the outstanding balance on the finance leases the

Council has entered into. A Voluntary Revenue Provision (VRP) may also be made in respect of additional repayments. Going forwards, the capital financing MRP will also be required to cover the proposed PWLB loan to support housing programmes. It is proposed to calculate this element of the MRP on the methodology set out in the CIPFA Prudential code known as “option 3 - equal instalment asset life method.”

Note: There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

2.5 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves, etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc).

2.6 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicators:

2.6.1 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Non-HRA	0.0	0.0	0.0	0.0	0.4
HRA	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.4

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council’s cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council’s capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2023 is summarised below, together with forward projections. The table shows the actual external borrowing (the treasury management operations) against the capital borrowing (the Capital Financing Requirement) highlighting any over or under borrowing.

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	£m	£m	£m	£m	£m
External borrowing					
Borrowing at 1 April	0.0	0	3.6	10.7	23.0
Expected change in borrowing	0	3.6	7.1	12.3	22.9
Other long-term liabilities (OLTL)	29.9	28.8	27.6	26.5	25.3
Expected change in OLTL	-	-1.1	-1.2	-1.1	-1.2
Actual borrowing at 31 March	0.0	3.6	10.7	23.0	45.9
CFR – the borrowing need	29.9	32.4	38.3	49.4	71.2
Under / (over) borrowing	29.9	28.8	27.6	26.5	25.3
Investments	344.0	298.9	243.1	208.5	225.5
Net investments	344.0	295.3	232.4	185.5	179.6
Change in net investments	-	-48.7	-62.9	-46.9	-5.9

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage non-compliance in the future. This view takes into account current commitments, existing plans, and the proposals in this year's budget report.

3.2 Treasury Indicators: limits to borrowing activity

3.2.1 The Operational Boundary

This is the total figure that external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Borrowing	10.0	50.0	50.0	50.0
Other long-term liabilities	30.0	30.0	30.0	30.0
Total Operational Boundary	40.0	80.0	80.0	80.0

3.2.2 The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which,

while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Borrowing	30.0	50.0	50.0	50.0
Other long-term liabilities	30.0	30.0	30.0	30.0
Total Authorised Limit	60.0	80.0	80.0	80.0

3.3 Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 8th January 2024. Their current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE (PROVIDED BY LINK)

- Our central forecast for interest rates was previously updated on 7th November and reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.
- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to

support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is even.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher.
- Projected **gilt issuance, inclusive of natural maturities and Quantitative Tightening (QT)**, could be too much for the markets to comfortably digest without higher yields compensating.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all

PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

Whilst the Council currently has no external borrowing, it does plan to borrow to refinance existing housing schemes – this is estimated to require PWLB borrowing of £50m over a maximum of 40 years. Additionally, the Council has a Capital Financing Requirement (CFR) of £29.9m (as at 31st March 2023), which is the outstanding liability on finance leases taken out in respect of plant, equipment and vehicles.

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result, the Council will take a cautious approach to its treasury strategy and will monitor interest rates in financial markets.

3.4.1 Treasury indicators for debt

There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

1. Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
2. Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates
3. Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2023/24	2024/25	2025/26
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	20%	20%	20%
Maturity structure of fixed interest rate borrowing 2023/24			
	Lower	Upper	
Under 12 months (temporary borrowing only)	100%	100%	
12 months to 2 years	N/A	N/A	
2 years to 5 years	N/A	N/A	
5 years to 10 years	N/A	N/A	
10 years and above	N/A	N/A	

3.5 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4. Annual Investment Strategy

4.1 Investment Policy

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are reported separately.

The Council's investment policy has regard to the following:

1. DLUHC's Guidance on Local Government Investments ("the Guidance")
2. CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
3. CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

In accordance with the above guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2 Creditworthiness policy

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment Counterparty Selection Criteria - The primary principles governing the Council's investment criteria are the security and liquidity of its investments, although the yield or return on the investment is also a key consideration. After these main principles, the Council will ensure that:

1. It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
2. It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those that determine which types of investment instrument are either Specified or Non-Specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody's and Standard & Poors) to meet the Council's minimum credit ratings criteria.

Credit rating information is supplied by Link, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria may be suspended from use, with all others being reviewed in light of market conditions.

In addition, the Council receives weekly credit lists as part of the creditworthiness service provided by Link. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

1. credit watches and credit outlooks from credit rating agencies;
2. CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings (these provide an indication of the likelihood of bank default);
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and a recommendation on the maximum duration for investments. The Council would not be able to replicate this level of detail using in-house resources, but uses this information, together with its own view on the acceptable level of counterparty risk, to inform its creditworthiness policy. The Council will also apply a minimum sovereign rating of AA- to investment counterparties.

The criteria for providing a pool of high-quality investment counterparties (both Specified and Non-specified investments) are:

1. **Banks 1** - good credit quality – the Council will only use banks which:
 - a) are UK banks;
 - b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of AA- or equivalent;
 - c) have, as a minimum, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

Short term – Fitch F3; Moody's P-3; S&P A-3

Long term – Fitch BBB+; Moody's Baa3; S&P BBB+

2. **Banks 2** – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised.
3. **Bank subsidiary and treasury operation** - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings in Banks 1 above.

4. **Building societies** - The Council will use all societies that meet the ratings in Banks 1 above.
5. **Money Market Funds** – The Council will use AAA rated Money Market Funds, including VNAV funds.
6. **UK Government** (including gilts and the DMADF)
7. **Other Local Authorities, Parish Councils, etc.**
8. **Housing Associations**
9. **Collective (pooled) investment schemes**
10. **Supranational institutions**
11. **Corporate Bonds**
12. **Sovereign Bonds**
13. **Certificates of Deposit, Commercial Paper and Floating Rate Notes**

The Council's detailed eligibility criteria for investments with counterparties are included in Annex 2.

All credit ratings will be continuously monitored. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

1. if a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
2. in addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the external advisers. In addition, this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council forms a view and determines its investment policy and actions after taking all these factors into account.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using these credit criteria as at the date of this report is shown in Annex 2. This list will be amended by officers should ratings change in accordance with this policy.

4.4 ESG Considerations

The updated Treasury Management Code states that “The organisation’s credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation’s ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level. ESG issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits, and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. Organisations are therefore recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation’s own relevant policies, such as environmental and climate change policies.”

Link has suggested that the most important issue is ensuring that there is a clear understanding of what “environmental, social and governance (ESG)” investment considerations means. It is about understanding the ESG “risks” that an entity is exposed to and evaluating how well it manages these risks, (all entities will be subject to these to one extent or other). It is not the same as Socially Responsible Investing, (typically where you apply negative screens), and equally, it is not the same as Sustainable Investing, (investing in products / companies based on expected sustainable and beneficial societal impact, alongside a financial return). There is also a significant potential for misunderstanding which could have material unintended consequence i.e., limiting of potential counterparty options, thus decreasing diversification. The above could then lead to authorities widening credit criteria to take on more names, or those with a stronger “ESG” performance, which could then increase credit risk, which would place the cornerstone of prudent investing at risk.

Link has suggested that authorities can take ESG considerations into account through credit ratings. All the main agencies are now extolling how they incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings. As such, it is arguable that their incorporation is already being done, to an extent, by the use of mainstream rating agencies. It is this approach that Bromley will currently adopt, until such time as a definitive, consistent approach can be formulated and validated by our external advisers.

4.5 Investment Strategy

In-house funds: The Council’s core portfolio is around £370m although cashflow variations during the year will lead to the portfolio balance fluctuating. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations.

The current interest rate forecast (refer paragraph 3.3) projects that the Bank Rate will remain at 5.25% in Q2 2024.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, are as follows.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The Council is asked to approve the treasury indicator and limit: -

As at year end	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Principal sums invested > 365 days	170.0	170.0	170.0	170.0

For its cash flow generated balances, the Council will seek to utilise its short notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.6 End of year investment report

After the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 Scheme of Delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

4.8 Role of the Section 151 Officer

The S151 officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that

appropriate professional due diligence is carried out to support decision making

- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

ANNEX 1: Economic Background (Provided by Link)

- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding Bank Rate at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet

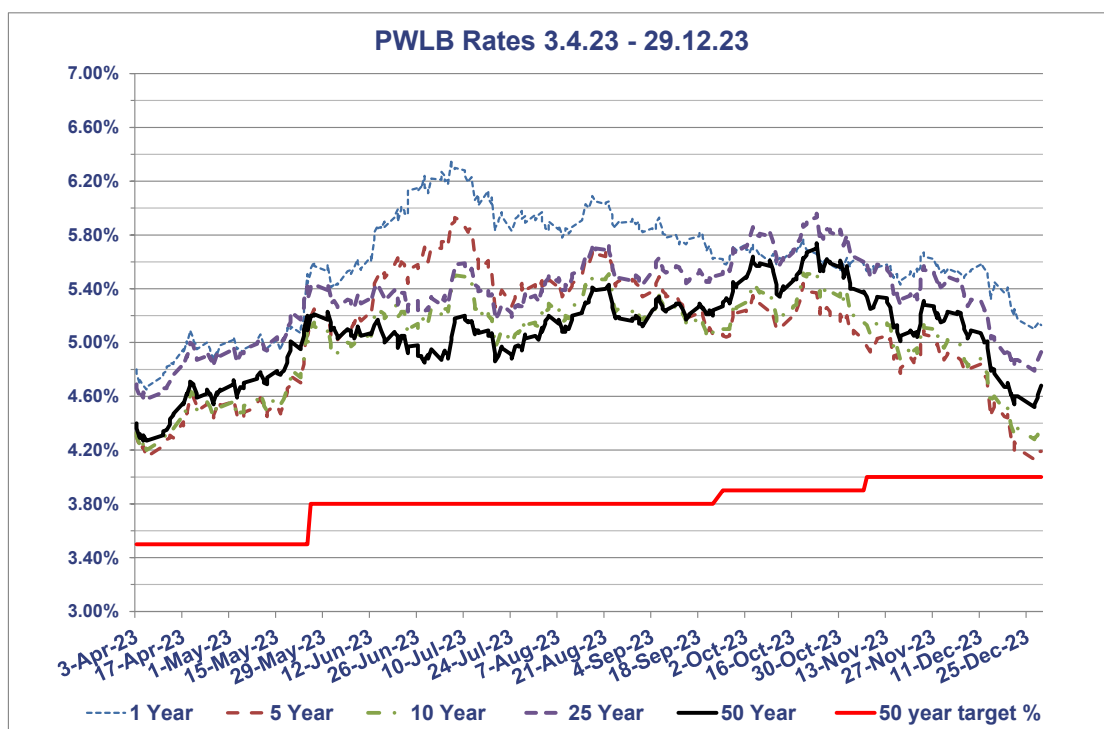
to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time".

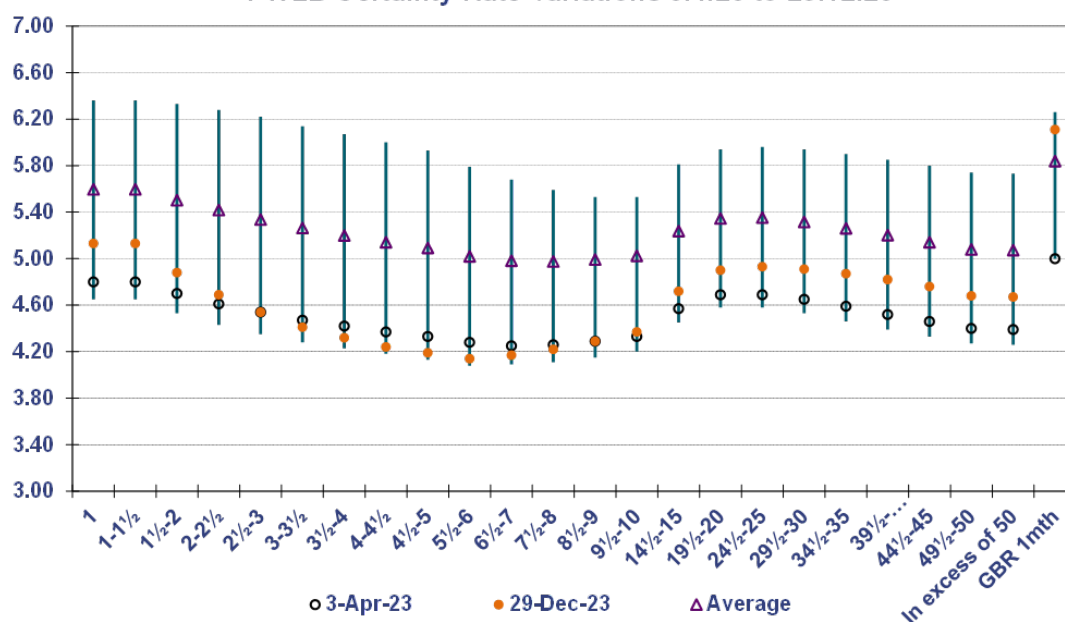
In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.



PWLB Certainty Rate Variations 3.4.23 to 29.12.23



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.60%	5.09%	5.03%	5.35%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

ANNEX 2: Specified and Non-Specified Investments – Eligibility Criteria

Eligibility Criteria for investment counterparties

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria (i.e. non-sterling and placed for periods greater than 1 year).

A variety of investment instruments will be used. Subject to the credit quality of the institution and depending on the type of investment made, investments will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS

These investments are sterling investments of not more than one-year maturity or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are relatively low risk investments where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, a UK Treasury Bill or a Gilt with a maximum of 1 year to maturity).
2. A local authority, parish council or community council (maximum duration of 1 year).
3. Corporate, Sovereign or supranational bonds of no more than 1 year’s duration.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A bank or building society that has been awarded a high credit rating by a credit rating agency (only investments placed for a maximum of 1 year).
6. Certificates of deposit, commercial paper or floating rate notes (maximum duration of 1 year).

Minimum credit ratings (as rated by Fitch, Moody’s and Standard & Poors) and monetary and time period limits for all of the above categories are set out below. The rating criteria require at least one of the ratings provided by the three ratings agencies (Fitch, Moody’s and Standard & Poors) to meet the Council’s minimum credit ratings criteria. The Council will take into account other factors in determining whether an investment should be placed with a particular counterparty, but all investment decisions will be based initially on these credit ratings criteria. The Council will also apply a minimum sovereign rating of AA- (or equivalent) to investment counterparties.

NON-SPECIFIED INVESTMENTS

Non-specified investments are any other type of investment (i.e., not defined as Specified above) and can be for any period over 1 year. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

Non-Specified Investment Category	Limit (£ or %)
Bank Deposits with a maturity of more than one year and up to a maximum of 3 years. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	£80m and 3 years limits.
Building Society Deposits with a maturity of more than one year. These can be placed in accordance with the limits of the Council's counterparty list criteria (i.e. subject to satisfaction of Fitch, Moody's and Standard & Poors credit ratings criteria shown below).	None permitted at present.
Deposits with other local authorities with a maturity of greater than 1 year and up to a maximum of 3 years. Maximum total investment of £15m with each local authority.	£15m limit with each local authority; maximum duration 3 years.
Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The use of UK Government gilts is restricted to fixed date, fixed rate stock with a maximum maturity of five years. The total investment in gilts is limited to £25m and will normally be held to maturity, but the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. The Director of Finance must personally approve gilt investments. The Council currently has no exposure to gilt investments.	£25m in total; maximum duration 5 years.
Non-rated subsidiary of a credit-rated institution that satisfies the Council's counterparty list criteria. Investments with non-rated subsidiaries are permitted, but the credit-rated parent company and its subsidiaries will be set an overall group limit for the total of funds to be invested at any time.	Subject to group limit dependent on parent company's ratings.
Corporate Bonds with a duration of greater than 1 year and up to a maximum of 5 years, subject to satisfaction of credit ratings criteria as set out below.	£25m in total; maximum duration 5 years.
Sovereign Bonds with a duration of greater than 1 year and up to a maximum of 3 years, subject to a minimum credit rating of AA-	£25m in total; maximum duration 3 years. Sterling only.
Collective (pooled) investment schemes with a duration of greater than 1 year. The total investment in collective (pooled) investment schemes is limited to £100m and can include property funds, diversified growth funds and other eligible funds.	£100m in total.
Certificates of Deposit, Commercial Paper and Floating Rate Notes with a duration of greater than 1 year, subject to satisfaction of credit ratings criteria as set out below.	Subject to group banking limits dependent on bank / building society credit ratings.
Housing Associations with a duration of between 1 and 2 years, subject to satisfaction of credit ratings criteria as set out below.	£80m in total; maximum duration 2 years.

CRITERIA FOR FUNDS MANAGED INTERNALLY AND EXTERNALLY

1. **Banks General** - good credit quality – the Council may only use banks which:
 - a) are UK banks;
 - b) are non-UK and domiciled in a country with a minimum long-term sovereign rating of AA- or equivalent;
 - c) have, as a minimum, at least one of the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

Short term – Fitch F3; Moody's P-3; S&P A-3

Long term – Fitch BBB+; Moody's Baa1; S&P BBB+

2. **Banks 1A – UK and Overseas Banks (highest ratings)** - the Council may place investments up to a total of £30m for a maximum period of 1 year with UK banks (and up to a total of £15m for a maximum period of 1 year with Overseas banks) that have, as a minimum, at least at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1+	AA-
Moody's	P-1	Aa3
S & P	A-1+	AA-

3. **Banks 1B – UK and Overseas Banks (very high ratings)** - the Council may place investments up to a total of £20m for a maximum period of 1 year with UK banks (and up to a total of £10m for a maximum period of 6 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated).

	Short-Term	Long-Term
Fitch	F1	A
Moody's	P-1	A2
S & P	A-1	A

4. **Banks 1C – UK and Overseas Banks (high ratings)** – the Council may place investments up to a total of £10m for a maximum period of 1 year with UK banks (and up to a total of £5m for a maximum period of 3 months with Overseas banks) that have, as a minimum, at least one of the following Fitch, Moody's and Standard & Poors ratings (where rated):

	Short-Term	Long-Term
Fitch	F3	BBB+
Moody's	P-3	Baa1
S & P	A-3	BBB+

5. **Banks 2 - Part nationalised UK banks (Royal Bank of Scotland)** - the Council may place investments up to a total of £80m for up to 3 years with the part-nationalised UK Royal Bank of Scotland provided it remains part-nationalised.
6. **Bank subsidiary and treasury operation** - The Council may use these where the parent bank has provided an appropriate guarantee and has the necessary ratings in Banks 1 above. The total investment limit and period will be determined by the parent company credit ratings.

7. **Building societies** - The Council may use all societies that meet the ratings in Banks 1 above.
8. **Money Market Funds** – The Council may invest in AAA rated Money Market Funds, including Constant Net Asset Value (CNAV) Funds, Low Volatility Net Asset Value (LVNAV) funds and Variable Net Asset value (VNAV) funds. The total invested in each of the CNAV and LVNAV Funds must not exceed £15m at any time and £10m for VNAV funds. This includes the Payden Sterling Reserve Fund for which a limit of £15m is also applied. No more than £25m in total may be invested in VNAV funds at any time.”
9. **UK Government (including gilts and the DMADF)** – The Council may invest in the government’s DMO facility for a maximum of 1 year, but with no limit on total investment. The use of UK Government gilts is restricted to a total of £25m and to fixed date, fixed rate stock with a maximum maturity of 5 years. The Director of Finance must personally approve gilt investments.
10. **Local Authorities, Parish Councils etc** – The Council may invest with any number of local authorities, subject to a maximum exposure of £15m for up to 3 years with each local authority.
11. **Business Reserve Accounts** - Business reserve accounts may be used from time to time, but value and time limits will apply to counterparties as detailed above.
12. **Corporate Bonds** – Investment in corporate bonds with a minimum credit rating of BBB+ is permitted, subject to a maximum duration of 5 years and a maximum total exposure of £25m.
13. **Sovereign Bonds** – Investment in sovereign bonds (sterling denominated only) with a minimum credit rating of AA- is permitted, subject to a maximum duration of 3 years and a maximum total exposure of £25m.
14. **Collective (pooled) investment schemes** – these may comprise property funds, diversified growth funds and other eligible funds and are permitted up to a maximum (total) of £100m.
15. **Certificates of Deposit, Commercial Paper and Floating Rate Notes** – These are permitted, subject to satisfaction of minimum credit ratings in Banks General above.
16. **Housing Associations** – The Council may invest with Housing Associations with a minimum credit rating of BBB+, for a maximum duration of 2 years, and with a maximum deposit of £10m with anyone Housing Association and £80m in total.
17. **Sovereign Ratings** – The Council may only use counterparties in countries with sovereign ratings (all 3 agencies) of AA- or higher.

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France
- Qatar
- **U.K.**

ANNEX 3: Prudential Indicators – Summary for Approval by Council

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. They are included separately in Appendix 1 together with relevant narrative and are summarised here for submission to the Council meeting for approval.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011, 2017 and 2021) was initially adopted by full Council on 15th February 2010 and has subsequently been re-adopted each year in January/February.

PRUDENTIAL INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27
	actual	estimate	estimate	estimate	estimate
GF Capital Expenditure	21.0	60.0	141.1	85.8	24.5
HRA Capital Expenditure	0	0	0	0	0
Total Capital Expenditure	£21.0m	£60.0m	£141.1m	£85.8m	£24.5m
Ratio of financing costs to net revenue stream	0.0%	0.0%	0.0%	0.0%	0.4%
Net borrowing requirement (net investments for Bromley)					
brought forward 1 April	£377.8m	£344.0m	£295.3m	£232.4m	£185.5m
carried forward 31 March	£344.0m	£295.3m	£232.4m	£185.5m	£179.6m
in year borrowing requirement (movement in net investments for Bromley)	£-23.8m	£-48.7m	£-62.9m	£-46.9m	£-5.9m
Capital Financing Requirement as at 31 March	£29.9m	£32.4m	£38.3m	£49.4m	£71.2m
Annual change in Cap. Financing Requirement	-	+£2.5m	+£5.9m	+£11.1m	+£21.8m

TREASURY MANAGEMENT INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27
	actual	estimate	estimate	estimate	estimate
Authorised Limit for external debt -					
borrowing	£30.0m	£50.0m	£50.0m	£50.0m	£50.0m
other long-term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£80.0m	£80.0m	£80.0m	£80.0m
Operational Boundary for external debt -					
borrowing	£10.0m	£50.0m	£50.0m	£50.0m	£50.0m
other long-term liabilities	£30.0m	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£40.0m	£80.0m	£80.0m	£80.0m	£80.0m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 365 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m	£170.0m

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Report No.
CSD24025

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: COUNCIL

Date: Monday 26 February 2024

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

Title: 2024/25 PAY AWARD

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 At its meeting on 6th February 2024 the General Purposes and Licensing Committee approved the attached report recommending a flat 3% pay award to staff.
-

2. RECOMMENDATIONS

2.1 Council is recommended to approve the following:

- (i) A flat 3% pay increase on all salary points and rates for Council staff (excluding teachers who are covered by a separate statutory pay negotiating process) for 2024/25
- (ii) The removal of the equivalent of spinal points 9-11 (affecting grade BR3) with assimilation to equivalent of spinal point 12 (BR4)
- (iii) An increase of 3% to the Merited Rewards, for 2024/25, bringing the total to £412k for rewarding staff for exceptional performance.
- (iv) The Trade Union pay claim for staff be rejected.

- 2.2 Council is recommended to note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2024/25 pay increase in time for the April pay.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation Policy

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

Financial

1. Cost of proposal: £2.25m
2. Ongoing costs: Recurring Cost
3. Budget head/performance centre: Staffing budgets across the Council
4. Total current budget for this head: Not Applicable
5. Source of funding: Central Contingency

Personnel

1. Number of staff (*current and additional*): All Council staff (except teachers)
2. If from existing staff resources, number of staff hours: Not Applicable

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Vulnerable adults and children, Policy, Finance, Legal, Personnel, Procurement, Property, Carbon Reduction, Local Economy, Customers, Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

London Borough of Bromley

Report No.

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 6th February 2024

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

TITLE: 2024/25 PAY AWARD

Contact Officer: Emma Downie, Head of HR Business, Systems & Reward
Tel: (020) 8313 4082 email: emma.downie@bromley.gov.uk

Chief Officer: Charles Obazuaye, Director of HR, Customer Services & Public Affairs
Tel: (020) 8313 4355 email: charles.obazuaye@bromley.gov.uk

Ward: N/A

1. REASON FOR REPORT

- 1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.
 - 1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.
-

2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

- (i) A flat 3% pay increase on all salary points and rates for Council staff (excluding teachers who are covered by a separate statutory pay negotiating process) for 2024/25
- (ii) The removal of the equivalent of spinal points 9-11 (affecting grade BR3) with assimilation to equivalent of spinal point 12 (BR4)
- (iii) An increase of 3% to the Merited Rewards, for 2024/25, bringing the total to £412k for rewarding staff for exceptional performance.
- (iv) Members to note that the Council is awaiting the Trade Unions' pay claim and response to the Council offer. Therefore, a recommendation on the Trade Unions position may be tabled at the meeting.

2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2024/25 pay increase in time for the April pay.

Corporate Policy

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

Financial

1. Cost of proposal: £2.25m
 2. On-going costs: £2.25m
 3. Budget Head/Performance Centre: Staffing budgets across the council
 4. Total current budget for this Head:
 5. Source of Funding: Central contingency
-

Staff

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

Legal

- 1) Legal Requirement: Non-Statutory Requirement
 - 2) Call In: Call in is not applicable
-

Customer Impact

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

Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

3.2 The Council have a broadly balanced budget next year, but have to consider the scale of growth/cost pressures is high and a combination of reducing monies set aside to meet financial risks (contingency), the benefit of managing previous government funding for initiatives well (and recycling such monies where possible) and the transformation programme have helped ensure a balanced budget is achieved.

3.3 We are entering the next phase known as Transformation Bromley 2024-28 and funding from Members has been requested to support this important work (see 6.8 of main report). The transformation programme will be continues to help provide a sustainable budget but there are clear challenges ahead with a potential budget gap of around £16.6m in 2025/26 increasing to £38.7m per annum in 2027/28.

3.4 The Council's approach to these pressures and the challenges and opportunities it faces is comprehensively addressed in the report 'Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28' reported to Executive on 17th January 2024. A copy of the report can be found at the following link:

[Budget Report 2024 25.pdf \(bromley.gov.uk\)](#)

3.5 Delivering sustainable finances is increasingly important during a period of national economic instability which creates uncertainty over the longer term.

3.6 In order to continue to provide services in the longer term the Council will need to transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. The Transforming Bromley Agenda seeks to address these issues.

3.7 In December, CPI was at 4% and RPI was at 5.2%. The Bank of England expects inflation to continue to fall in 2024.

3.8 Against this background, the Council proposed for all staff and Trade Union consultation purposes the following:

- Against the ongoing pressures the Council is proposing a 3% pay award for 2024/5. This would apply to all officers with the exception of teachers who are covered by a separate statutory pay negotiating process.

- The removal of the equivalent of spinal points 9-11 (affecting grade BR3) with assimilation to equivalent of spinal point 12 (BR4)
- An increase of 3% to the Merited Rewards, for 2024/25, bringing the total to £412k for rewarding staff for exceptional performance. The reward in vouchers is non consolidated and non pensionable. The Merited Reward Scheme is used to reward staff for exceptional performance with the ratio of awards being significantly in favour of those in BR graded roles (86% of rewards for 23/24).

3.9 The proposal was communicated on behalf of the Director of HR, Customer Services & Public Affairs to all staff on 18th January 2024 and the Unions, comprising Unison, GMB and Unite were also advised. At the time of writing the report feedback is still being gathered.

3.10 The initial response from the Departmental Representatives (not the Trade Unions) was that the proposed 3% pay award is below the current rate of inflation and does not take into account the cost-of-living pressures. They believe that this may affect staff morale and their sense of being valued. However, as Members will be aware, last year the Council pay award was 7.75% despite the enormous financial pressures the local authority was facing. To date, there has not been negative individual responses from the workforce save for one which was to do with the non-application of merited reward to teachers whose terms and conditions are governed by separate statutory pay and conditions.

3.11 At the time of writing the report, we are awaiting details of the joint claim and feedback on the Council's offer from GMB, Unison and Unite. This information will be circulated to Members once received.

3.12 The National Joint Council (NJC) agreed its 23/24 pay deal in November 2023 at a flat rate of £1925 across all points (£2226 for Outer London). At the time of writing this report, the National Employers for Local Government have yet to put forward an offer for 24/25.

3.13 The Council will continue to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services. Since coming out of national terms & conditions, Bromley's pay remains competitive for all occupations. Apart from the hard to fill posts in qualified Social Care teams, the Council's turnover rate is healthy.

4. Public & Private Sector pay forecast 2024/25

4.1 There continues to be industrial action across different sectors with junior doctors and train drivers in particular continuing action regarding previous years pay offers. This is an indication of the challenging environment for pay award discussions and negotiations.

4.2 We are awaiting information from the Local Government unions mainly Unison, Unite and GMB with their national pay claim and LG employers have not confirmed their position as yet for 24/25.

- 4.3 Private sector pay rises are expected to be in the region of 4-5% in 2024 according to recent research by IDR and figures published by XperHR showed that the median basic pay award remained steady at 6% in the three months to November 2023.
- 4.4 The Council continues to operate in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults.
- 4.5 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the “Real Benefits” Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.
- 4.6 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers.
- In 2023/24 a total of 557 awards ranging from circa £250 to £1,000 were awarded to staff, 86% of these within BR grades. Also, a total of 261 mini rewards circa £100 (average) were awarded to staff.
 - Every year the Council recruits graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.

5. POLICY IMPLICATIONS

- 5.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.
- 5.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council's overall budget.

6. FINANCIAL IMPLICATIONS

- 6.1 A 3% increase to all staff as detailed in recommendation 2.1 (i), will cost the Council £2.25m p.a.
- 6.2 The removal of BR3 will cost the Council approximately £30k in addition.

6.3 Provision for a 3% increase has been included in the Draft 2024/25 Budget.

7. LEGAL IMPLICATIONS

7.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

8. PERSONNEL IMPLICATIONS

8.1 As set out in the report.

8.2 In addition to the comments in the body of the report, the proposals to eliminate the equivalent of spinal points 9-11 will benefit 57 employees centrally. This equates to an average 5.4% increase for the staff on the lowest points, compared to the 3% increase.

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



**PAY CLAIM FOR 2024/25
SUBMITTED BY JOINT TRADE UNIONS
TO LONDON BOROUGH OF BROMLEY**

1. INTRODUCTION

This pay claim is submitted by UNISON on behalf of staff working for London Borough of Bromley ('the employer' or 'LBB' hereafter).

The claim is set at a level that we believe recognises the following key points:

- Substantial increases in the cost of living over recent years have significantly reduced the value of staff wages and the rise in prices facing workers has been running at a 40-year high;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services;
- Appropriate reward is needed for the increased workload and stress placed on staff;
- Average earnings and pay settlements are surging across the economy, adding to the problem of rates running ahead of those received by LBB staff over recent year and increasing the likelihood of recruitment and retention problems in the long term;
- Nobody should be paid less than the nationally recognised Foundation Living Wage (London Living Wage – 'LLW') rate, which has become a benchmark for the minimum level of decent pay across Greater London and is now paid by large sections of the public services and many major private companies.
- An additional day's annual leave, mirroring that awarded to Local Government employees across London through the 2022-23 NJC settlement, as requested in our previous claim for 2023-24

The joint unions are therefore submitting the following claim for 2024-25, which seeks to improve and enhance the morale and productivity of our members.

Meeting our claim will give LBB the opportunity to demonstrate its commitment to creating a workforce which is well paid and high in morale and productivity.

The claim is straightforward and realistic.

2. SUMMARY OF CLAIM

We are seeking:

- A minimum of £3,000 or 10%, whichever is greater, across the board increase on all salary points and allowances
 - An additional increase on all salary points of 2% prior to the above, reflect the discrepancy following the LBB awards in 2022-23 of 2.25% and 2023-24 of 7.75%, when the GLPC Settlement of the 2022/23 and 2023/24 claims by the joint unions saw an average pay rise of 6% on both occasions
 - An additional increase on all allowances of 3.88% in accordance with the GLPC Settlement of the 2023/24 claim by the joint unions
 - Further to the above, backpay to all staff equivalent to any updated pay scales for the period 1 April 2023-31 March 2024
- Consideration of a flat rate increase to hourly rates of pay in order to bring the minimum rate up to £15 per hour within two years
- An increase in the annual leave entitlement by 1 day, in accordance with the GLPC Settlement of the 2022/23 claim by the joint unions
- An additional day of annual leave for personal or well-being purposes
- A reduction in the working week by two hours
- A further review of the pay and grades structures following previous realignment and removal of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage)
 - A review of the pay spine, including looking at the top end, and discussions about the link between how remuneration can be used to improve retention
- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £13.15 per hour.
- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay gap, disability pay gap, ethnicity pay gap, terms for working parents, and adjustments to hours
- A review of job evaluation outcomes for school staff whose day-to-day work includes working on Special Educational Needs (SEN)
- A homeworking allowance for staff for whom it is a requirement to work from home
- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement (for reference, the agreed rate from 1 April 2023 was £1,321, the 2024 rate is awaited)
- Planned overtime rates in line with the GLPC recommendations for 2023-24 (see paragraph 2.4 of the Gold Book for guidance on the application of these rates)
- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council
- Unions are asking the Council, as a non-NJC employer, to look again at their arrangements in the light of new national pay structures as they are forthcoming
- The advantages of the NJC pay spine are:
 - The NJC pay spine is transparent

- Using the NJC pay spines aids comparability with other NJC employers
- It becomes easier to apply future NJC pay awards
- Using the NJC pay spine futureproofs the employer against National Living Wage
- Increases and so provides stability
- The NJC pay spine provides a sound basis for future pay and grading exercises

3. BACKGROUND TO THE CLAIM

A substantial increase will help restore and maintain living standards of the staff who have seen their real pay eroded considerably, especially following the NJC settlements for 2022-23 and 2023-24 which now puts LBB employees at a disadvantage to other boroughs in Greater London.

The greatest asset of LBB is its employees. In this pay round, our members are looking for evidence of the value that LBB places upon them and a share in the economic recovery.

This claim is both realistic and fair. The following gives full justification for the claim. The joint unions hope that LBB will give this claim the full consideration and response which employees expect and richly deserve.

4. FALLING VALUE OF PAY

The table below demonstrates the major fall in living standards suffered by staff over recent years.

Year	LBB pay increases	Rise in cost of living ¹ (as measured by Retail Prices Index)
2010	0%	4.6%
2011	0%	5.2%
2012	0%	3.2%
2013	1.2%	3.0%
2014	1.2%	2.4%
2015	1.2%	1.0%
2016	1.2%	1.8%
2017	1.2%	3.6%
2018	2%	3.3%
2019	2.25%	2.6%
2020	2.5%	1.5%
2021	2%	4.1%
2022	2.25%	11.6%
2023	7.75%	9.7%

This means that, while a wage keeping pace with the cost of living each year would have risen by 74.9% since 2010, pay in LBB has risen by just 24.75%, which means that thousands of pounds have been cut out of the value of staff wages.

The last two years have seen the steepest rises in the cost of living facing workers in over 40 years - 11.6% in 2022 and 9.7% in 2023² and inflation is expected to continue to rise at the substantial rate of 4.4% across 2024³.

For the value of staff wages not to fall back even further, they must at least keep pace with rises in the cost of living, which currently include⁴:

- A 44% increase in mortgage interest payments;
- An 8% increase in food prices;
- An 8% rise in rent for a new rental property.

¹ Office for National Statistics, Consumer Price Inflation Reference Tables, December 2023

² Office for National Statistics, UK Consumer Price Inflation: December 2023

³ HM Treasury, Forecasts for the UK Economy, November 2023

⁴ Office for National Statistics, UK Consumer Price Inflation: December 2023 for food and mortgage interest payments - HomeLet Rental Index, December 2023, for rental prices

5. FALLING BEHIND AVERAGE PAY RATES

The ability of LBB to attract and retain staff in the long term will be damaged if the pay of its staff falls behind the going rate in the labour market.

The table below demonstrates how LBB's pay settlements have fallen behind economy averages over a sustained period.

Year	LBB pay settlements	Average pay settlements
2010	0%	2.0%
2011	0%	2.5%
2012	0%	2.5%
2013	1.2%	2.5%
2014	1.2%	2.5%
2015	1.2%	2.2%
2016	1.2%	2.0%
2017	1.2%	2.0%
2018	2%	2.5%
2019	2.25%	2.5%
2020	2.5%	2.3%
2021	2%	2.0%
2022	2.25%	4.0%
2023	7.75%	5.6%

While average pay settlements have seen salaries grow by 44.1% since 2010, LBB increases have only amounted to 24.75% across more than a decade, so LBB pay has lost more than 19% of its value against average pay over the period.

Pay rates are set to fall even further behind, given that average earnings growth across the economy is now running at almost 6.5%⁵ (such levels of average earnings growth had not been seen in over two decades prior to 2021).

Recent vacancy rates across the economy have also been among the highest level recorded in over two decades, providing staff with substantial alternative areas of employment.

⁵ Office for National Statistics, Labour Market Overview UK, November 2023

6. LIVING WAGE BECOMING STANDARD MINIMUM PAY BENCHMARK

The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

LBB is now competing in a labour market where the Living Wage of £12 an hour outside London and £13.15 an hour in London has become an increasingly common minimum point in the pay scale.

Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now over 14,000 employers accredited as Living Wage employers by the Living Wage Foundation, including almost half of the largest companies listed on the UK Stock Exchange and household names such as Barclays, HSBC, Nationwide, Google and IKEA are among them.

Though not accredited, Sainsbury’s announced in January 2024 that it will raise rates for its staff to the Living Wage rates from March of this year.

Across the public sector, the Living Wage has now long been set as the minimum pay rate across all Scotland’s public sector organisations and this was extended to social care workers in Scotland’s private and voluntary sector from October 2016. The Welsh Government has committed to achieving the same goal in social care by 2024.

7. RECRUITMENT AND RETENTION PRESSURES BUILDING

Following the economic downturn triggered by the pandemic, recruitment and retention pressures are now beginning to reassert themselves on employers.

The unemployment rate had been in decline from a peak of 8.5% in 2011 to 3.8% (the lowest level for 44 years) by September 2019. The impact of the pandemic saw that figure rise to over 5% in 2020, but this soon fell back to an almost pre-pandemic level of 3.9% in the three months to January 2022.

The Office for National Statistics (ONS) put the average unemployment rate at 4.2% in 2023 and then 4% or just below over the subsequent four years. Such a labour market background makes competitive wage rates ever more crucial.

The ONS Bromley Labour Market profile 2020 saw Bromley report the 2nd lowest unemployment rate of the Outer London Boroughs at 3.7%

8. MORALE UNDER THREAT

Working against a background of tight budgets, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long-term threat to LBB's ability to provide a consistent quality of service.

UNISON conducted an anonymous survey of LBB members, the findings of which illustrate the demoralising effects the aforementioned pressures are having:

- 62% of respondents said they were worse off financially than 12 months ago
- 41% of respondents were dependent on additional payments to sustain their standard of living
- 79% of respondents reported feeling greater stress;
- 76% of respondents reported an increased workload compared to 12 months ago
- 89% of respondents have experienced staff shortages in their workplace
- 76% of respondents felt the number of service users had increased
- 35% of respondents felt the quality of service had decreased
- 52% of respondents felt an increased workload had a detrimental effect on their personal life
- 40% of respondents felt an increased workload had a detrimental effect on their performance
- 48% of respondents said morale was Low or Very Low. Just 6% of respondents felt morale was High
- 51% of respondents said morale had Worsened compared to 12 months ago
- 72% of respondents said they had Fairly Seriously or Very Seriously considered leaving their current position
- 5.18 was the average rating where respondents were asked "In relation to your working life, on a scale of 1 to 10, where 1 is extremely low and 10 is extremely high, how motivated are you?"

9. CONCLUSION

There can be no doubt that all LBB staff have seen the value of their earnings fall considerably over recent years and evidence suggests that they are also falling behind earnings for comparable jobs.

Combined with these developments, the last year has seen intensified pressures placed on staff at the same time as greater job choices are opening up for staff in an improving labour market.

Therefore, this pay claim represents a very reasonable estimate of the reward staff deserve for their dedication, skill and hard work and the minimum improvement in pay needed to maintain workforce morale for delivering consistently high-quality services.

LBB Response to Joint Unions Claim LBB 24/25

SUMMARY CLAIM

We are seeking:

- A minimum of £3,000 or 10%, whichever is greater, across the board increase on all salary points and allowances. An additional increase on all salary points of 2% prior to the above, reflect the discrepancy following the LBB awards in 2022-23 of 2.25% and 2023-24 of 7.75%, when the GLPC Settlement of the 2022/23 and 2023/24 claims by the joint unions saw an average pay rise of 6% on both occasions.

The latest figures from the Office for National Statistics (ONS) currently report CPI at 4% and RPI at 5.2%. The Bank of England expects inflation to continue to fall in 2024.

The unions' claim of £3000 or 10% (whichever is greater) would cost the Council minimally £7.5m (based on 10%).

An additional increase on all salary points of 2% prior to this would cost the Council £1.5m.

In total, both elements would be in the region of £9m

The Council's pay offer has to be seen in the wider context of the pressures on Public Sector finances. The recent report 'Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28' details the potential budget gap of around £16.6m in 2025/26 increasing to £38.7m per annum in 2027/28.

Nationally, whilst the previous years pay award was finally settled in November 2023, there are currently no proposals for the 24/25 pay award.

- An additional increase on all allowances of 3.88% in accordance with the GLPC Settlement of the 2023/24 claim by the joint unions

In light of the proposed pay award, we will look at uplifting our allowances by 3% to ensure we remain competitive and don't compromise the Councils service delivery interests.

- Further to the above, backpay to all staff equivalent to any updated pay scales for the period 1 April 2023-31 March 2024

Members are not proposing to provide backpay for 2023/24. The pay award for 2023/24 was 2% + 5.75%.

Since the Council came out of national terms and conditions in November 2012, the pay award in Bromley has been delivered in time for staff to receive the increase in April of each year.

- Consideration of a flat rate increase to hourly rates of pay in order to bring the minimum rate up to £15 per hour within two years

The proposed increase would mean the minimum hourly rate at Bromley would be £12.76 per hour, an increase of 0.83 per hour compared to the current minimum rate at Bromley. The National Living Wage from April 2024 will be £11.44 per hour.

One of the key principles of adopting a local pay framework allows democratically elected Members/Councillors to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks. In 2024/25, the Council are also proposing the removal of the equivalent of lower spinal points 9-11 (BR3).

- An increase in the annual leave entitlement by 1 day, in accordance with the GLPC Settlement of the 2022/23 claim by the joint unions

There are no plans to increase the minimum entitlements for annual leave. The minimum leave in the Council is 24 plus the statutory bank holidays, rising to 30 for long standing employees with 5 years or more service. This compares favourably with the leave provisions both in the private and public sector.

In addition, employees are given a discretionary additional concessionary day during the Christmas period.

- An additional day of annual leave for personal or well-being purposes

The Council is committed to the well-being of our employees and regularly promotes wellbeing initiatives such as the Telephone Lottery, Well-being webinars, Ask HR sessions as well as the introduction of our Volunteering Policy. Support is also available to all staff through the Employee Assistance Programme as well as our Mental Health First Aiders. Promotions from Workforce Development are sent to staff on a regular basis.

In addition, the Council already have a special leave scheme in place to support employees.

- A reduction in the working week by two hours

There are no plans to look at a reduction of the standard working week

However, we are committed to giving serious consideration to requests for flexible working arrangements. This includes 'compressed weeks' where staff work their usual 5-day week hours over the course of 4 days or 9 day fortnights. We already have a number of colleagues working under these arrangements.

- A further review of the pay and grades structures following previous realignment and removal of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage) A review of the pay spine, including looking at the top end, and

discussions about the link between how remuneration can be used to improve retention

The proposed increase would mean the minimum hourly rate at Bromley would be £12.76 per hour, an increase of 0.83 per hour compared to the current minimum rate at Bromley. The National Living Wage from April 2024 will be £11.44 per hour.

- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £13.15 per hour.

In 2024/25, the Council are also proposing the removal of the equivalent of lower spinal points 9-11 (BR3).

As above, the proposed increase would mean the minimum hourly rate at Bromley would be £12.76 per hour. The National Living Wage from April 2024 will be £11.44 per hour.

- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay gap, disability pay gap, ethnicity pay gap, terms for working parents, and adjustments to hours

The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens.

Bromley has a range of flexible working and benefits for working parents including the Childcare deposit loan scheme, parental leave and special leave along with flexible working practices. Bromley's pay arrangement is equality compliant.

- A review of job evaluation outcomes for school staff whose day-to-day work includes working on Special Educational Needs (SEN)

The Council uses the Greater London Provincial Council (GLPC) Job Evaluation Scheme for evaluating all BR roles across the Council. The scheme was jointly agreed by the employers and unions in London local government with all staff who undertake job evaluation at Bromley being trained in the scheme.

- A homeworking allowance for staff for whom it is a requirement to work from home

We do not currently have any staff who are required to work from home as part of their role.

During the Covid-19 Pandemic, various support was made available including laptops and IT goody bags to support agile working, desks and chairs made available where required, mental health support and wellbeing initiatives and online training and support.

The Council's commitment to hybrid and agile working is very clear as stated in the Transforming Bromley Workplace Modernisation Programme. Therefore, when we eased back to the workplace following the lifting of the coronavirus restrictions, staff could continue to work smartly in a mixed arrangement including a combination of home and office working or wholly from the office, subject to the desk to staff ratio (approximately 50% desk occupancy).

- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement (for reference, the agreed rate from 1 April 2023 was £1,321, the 2024 rate is awaited)

Not applicable

- Planned overtime rates in line with the GLPC recommendations for 2023-24 (see paragraph 2.4 of the Gold Book for guidance on the application of these rates)

In light of the proposed pay award, and also the ongoing review of our allowances we will look at uplifting our allowances by 3% to ensure we remain competitive and don't compromise the Councils service delivery interests.

- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council

The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens. Monitoring by Senior Management helps to reinforce this best practice. The introduction of a formal workload agreement between the Council and the Trade Unions is not therefore required

- Unions are asking the Council, as a non-NJC employer, to look again at their arrangements in the light of new national pay structures as they are forthcoming

The advantages of the NJC pay spine are:

- The NJC pay spine is transparent
- Using the NJC pay spines aids comparability with other NJC employers
- It becomes easier to apply future NJC pay awards
- Using the NJC pay spine futureproofs the employer against National Living Wage
- Increases and so provides stability
- The NJC pay spine provides a sound basis for future pay and grading exercises

Bromley Council previously adopted localised terms and conditions giving democratically elected Members/Councillors the ability to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks.

The Recruitment & Retention Board, chaired by the Director of HR, Customer Services & Public Affairs continues to monitor and benchmark a number of hard to fill positions across the Council. This includes undertaking regular benchmarking activities with London Councils and other neighbouring authorities in regard to pay and benefits.

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Report No.
CSD24026

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **COUNCIL**

Date: **Monday 26 February 2024**

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

Title: **PAY POLICY STATEMENT 2024/25**

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by full Council every year. At its meeting on 6th February 2024, the General Purposes and Licensing Committee received the attached report and proposed Pay Policy Statement and recommended its approval by Council.
-

2. **RECOMMENDATION**

Council is recommended to approve the 2024/25 Pay Policy Statement.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation Policy

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

Financial

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

Personnel

1. Number of staff (*current and additional*): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.
2. If from existing staff resources, number of staff hours: Not Applicable

Legal

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

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Adults & vulnerable children, Policy, Finance, Personnel, Legal, Procurement, Property, Carbon Reduction, Local Economy, Health and Wellbeing, Customer, Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report.

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London Borough of Bromley

Report No. HR

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing Committee

Date: 6th February 2024

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

TITLE: PAY POLICY STATEMENT 2024/25

Contact Officer: Charles Obazuaye
Tel: (020) 8313 4381 email: charles.obazuaye@bromley.gov.uk

Chief Officer: Director of HR, Customer Services & Public Affairs

Ward: N/A

1. REASON FOR REPORT

- 1.1 Under the Localism Act 2011 the Council is required to publish a Pay Policy Statement which must be approved by Full Council every year. The 2024/25 Pay Policy Statement is attached for Members consideration and approval.
-

2. RECOMMENDATIONS

2.1 Members are asked to:

- (i) recommend that Full Council approve the 2024/25 Pay Policy Statement attached to this report.

Corporate Policy

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

Financial

1. Cost of proposal: Within existing budget
 2. On-going costs: Within existing budget
 3. Budget Head/Performance Centre:
 4. Total current budget for this Head:
 5. Source of Funding:
-

Staff

1. Number of staff (current and additional): Chief Officers and Deputy Chief Officers as defined in the Local Government & Housing Act.
 2. If from existing staff resources, number of staff hours:
-

Legal

- 1) Legal Requirement: Statutory Requirement
 - 2) Call In: Call in is not applicable
-

Customer Impact

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

Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:

3. COMMENTARY

3.1 The Localism Act requires the Council to prepare and publish a Pay Policy Statement every year. The statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.

3.2 The objective of this aspect of the Act is to require authorities to be more open and transparent about local policies and how local decisions are made.

The first Pay Policy Statement which was approved by Full Council on 26th March 2012 has been up-dated every year to reflect Member decisions to adopt a localised terms and conditions of employment framework for all staff, except teachers. The attached Pay Policy statement for 2024/25 is not materially different to the previous Statements. A key aspect of the localised pay framework is the local determination of the annual pay award as part of the financial budget planning process. As before, Bromley pay award will also be paid on time in April.

3.3 Another key aspect of the localised pay framework is the emphasis on individual pay and performance. There is no automatic pay uplift or increment or pay award without satisfactory individual performance. To further localise its terms and conditions of employment, the Council has with effect from 1st April 2015 appointed new staff (including internal promotions) on spot salaries. It offers greater flexibility and managerial empowerment not always possible under the traditional incremental pay progression system.

3.4 As stated above, Bromley employees are clear on how performance is linked to pay. The Council's appraisal process, Discuss, uses a "structured conversation" coaching style to improve employee engagement and empowerment, whilst supporting managers to undertake a more proactive approach to managing performance and developing potential of staff.

3.5 The scheme enables each employee's contributions to Making Bromley Even Better strategic objectives to be individually assessed and, where appropriate, recognised through the award of the discretionary merited reward payment. £200k is allocated in the base budget to support the scheme although in 2023/24 members agreed an additional £200k in recognition of the work of staff. Since the introduction of the scheme a total of 2812 merited rewards have been made. Separately 1880 mini merit awards have been made to staff.

3.6 The Appraisal process for Chief Officers, including the Chief Executive, normally includes a 360-degree feedback from peers, direct reports, partner organisations and key Members. The Chief Executive is responsible for appraising his Chief Officers. The Chief Executive's appraisal is managed by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and any other Members, including the Leaders of the minority parties or their representatives. The Panel is supported by the Director of HR, Customer Services & Public Affairs. The attached

proposed Pay Policy Statement 2024/25 also sets out the pay review and performance appraisal arrangements for the Chief Executive. The Member Panel will undertake the appraisal of the Chief Executive. Following the appraisal and any feedback to the Chief Executive the panel will reconvene as a formally constituted committee of Council to determine the Chief Executive's pay to conclude his annual performance appraisal.

4. POLICY IMPLICATIONS

4.1 The Pay Policy Statement is legally required pursuant to the Localism Act 2011. It requires the Council to annually prepare and publish its statement on pay and remuneration, mainly for Chief Officers, as defined in the Local Government and Housing Act.

4.2 Since coming out of the national/regional collective bargaining frameworks, the Council's Pay Policy Statements have reflected the key drivers for localised terms and conditions of employment, namely:

- A single local annual pay review mechanism aligned with the budget setting process;
- A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance;
- Annual pay increases linked to satisfactory performance for all staff; no automatic pay increases.

5. FINANCIAL IMPLICATIONS

5.1 All decisions taken in accordance with this policy statement will be contained within existing budgets.

6. LEGAL IMPLICATIONS

6.1 The requirement to adopt and publish a Pay Policy Statement arises under the Localism Act 2011. The Policy Statement is consistent with the statutory guidance published by the Secretary of State for Communities and Local Government to which all relevant authorities must have regard. The guidance does not limit the general statutory provisions on delegation under Section 101 of the Local Government Act 1972.

7. PERSONNEL IMPLICATIONS

7.1 Details of this year's Pay Policy Statement are as set out in this report and the accompanying Policy Statement.

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

London Borough of Bromley

1. Introduction

- 1.1 The Localism Act 2011 introduces a requirement for public authorities to publish annual pay policy statements. It states, in the main, that a relevant authority must prepare a pay policy statement for the Financial Year 2012/13 and each subsequent year.
- 1.2 Pursuant to the Act and the associated guidance and other supplementary documents, this pay policy statement sufficiently summarises Bromley Council's approach to the pay of its workforce and its "Chief Officers". In summation, the statement covers the Council's policies for the 2024/25 Financial Year, relating to:
- i) remuneration of its Chief Officers;
 - ii) remuneration of its lowest paid employees;
 - iii) the relationship between (i) and (ii) above.
- 1.3 In relation to "Chief Officers" the pay policy statement must describe the Council's policies relating to the following:
- i) the level and elements of remuneration for each Chief Officer;
 - ii) remuneration of Chief Officers in recruitment;
 - iii) increases and additions to remuneration for each Chief Officer;
 - iv) the use of performance related pay for Chief Officers;
 - v) the use of bonuses for Chief Officers;
 - vi) the approach to the payment of Chief Officers on their ceasing to hold office under, or to be employed by, the authority; and
 - vii) the publication of access to information relating to remuneration of Chief Officers.
- 1.4 As required by the Act and the supporting statutory guidance which, in turn, reflects the Local Government and Housing Act 1989, the definition of Chief Officer for the purpose of the pay policy statement covers the following roles:
- i) the Chief Executive/Head of Paid Service;
 - ii) the Monitoring Officer;
 - iii) a statutory Chief Officer and non-statutory Chief Officer under Section 2 of the Local Government and Housing Act 1989;
 - iv) a Deputy Chief Officer responsible and accountable to the Chief Officer. However, it does not include those employees who report to the Chief Executive or to a statutory or non-statutory Chief Officer but whose duties are solely secretarial or administrative or not within the operational definition or the meaning of the Deputy Chief Officer title.

2. Exclusion

- 2.1 The Act does not apply to schools' staff, including teaching and non-teaching staff.

3. Context: Key Issues and Principles

- 3.1 General Context – clearly there are a number of internal and external variables to consider in formulating and taking forward a pay policy. Reward and recognition is a key component of the Council's agreed HR Strategy. This includes establishing strong links between performance and reward and celebrating individual and organisational achievements.

The HR Strategy is based on an assumption that all staff come to work to do a good job and make a difference. The Council expects high standards of performance from staff at all levels and seeks, in return, to maintain a simple, fair, flexible, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce.

3.2 Local Terms and Conditions of Employment

Local terms and conditions of employment for all staff including "Chief Officers" as defined in paragraph 1.4 above were introduced with effect from 1 April 2013. Teachers employed by the local authority in Community Schools and Voluntary Controlled schools are excluded as their terms and conditions are set in statute and do not afford the Council the discretion to include them in the localised arrangements.

- 3.2.1 The main features of the localised terms and conditions framework are as follows, namely:
- (a) A single local annual pay review mechanism aligned with the budget setting process.
 - (b) A scheme of discretionary non-consolidated/non-pensionable rewards for individual exceptional performance.
 - (c) Annual pay increases including annual increments (if appropriate) linked to satisfactory performance for all staff; not automatic.

3.3 Recruitment and Retention

The Council aims to enhance its ability to recruit and retain high quality staff by being competitive in the labour markets. This is still the case even in the current financial straitened times. We will keep our pay policy updated and align it to reflect the "Bromley Council employee of the future" characterised by innovation, flexibility, empowerment, leadership and individualised rewards for exceptional performers. The size of the Council's workforce is likely to continue to reduce but reasonably remunerated to recruit and retain quality

staff to deliver Member priorities. The Council is well placed to respond to changes in the labour markets, especially in relation to hard to fill and retain roles, e.g. Children Social Workers. A comprehensive Recruitment and Retention Strategy/package for Children's Social Workers is in place to deal with the regional and national shortage of qualified/experienced staff. A similar plan is also in place to address the recent recruitment and retention challenges in the adult social care workforce. There are also problems recruiting experienced/qualified Planners and Surveyors and qualified Mental Health Practitioners. These challenges are within the remit of the Corporate Recruitment and Retention Board chaired by the Director of HR, Customer Services & Public Affairs, comprising key representatives across the organisation including the Director of Children's Services, the Director of Adult Services and the Director of Housing, Planning and Regeneration. The Board looks at the push and pull factors impacting on staff recruitment and retention, including local and regional labour market intelligence, leaver/exit info, etc. The Council has commissioned a tool to gather real time leavers' opinions, as well as on-boarding surveys.

As part of the Transforming Bromley agenda there is increased focus on smart and agile working. This includes the availability of smart technology to improve work-life balance, increased digitalisation of services, and ultimately improved customer experience. Workforce Development including effective succession planning and leadership development is key to the challenges and opportunities that lie ahead. Hence, Chief Officers recently signed off the Councils leadership and development programme.

3.4 Accountability

3.4.1 The Act requires that pay policy statements and any amendments to them are considered by a meeting of Full Council and cannot be delegated to any Sub-Committee.

3.4.2 Such meetings should be open to the public and should not exclude observers.

3.4.3 All decisions on pay and reward for "Chief Officers" must comply with the agreed pay policy statements.

3.4.4 As stated above, the Council must have regard to any guidance issued/approved by the Secretary of State. The first guidance issued by the Department of Communities and Local Government (DCLG) (now MHCLG) states in inter alia "that full Council should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment." The Secretary of State considered that £100,000, including salary, bonus, fees or allowances or any benefit in kind, is the right level to trigger Member approval.

3.4.5 The most recent guidance issued in February 2013 states that Authorities should offer full Council the opportunity to vote before large severance packages beyond a particular threshold are approved for staff leaving the organisation. As with salaries on appointment, the Secretary of State considers that £100,000 is the right level for that threshold to be set. The components may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonus, fees or allowances paid. The Council's position on this is still as set out in the 2014/15 pay policy statement. Chief Officer severance packages are generally included in the annual statement of accounts. Also, Executive approval is sought for severance packages for chief officers. There is also an overarching scrutiny of settlement/compromise agreement packages from the Audit Sub-Committee. These arrangements ensure Member engagement.

4. Transparency

4.1 In line with the guidance, the pay policy statement will be published on the Council's website and accessible for residents to take an informed view on whether local decisions on all aspects of remuneration are fair and reasonable.

4.2 The Council is also required to set out its approach to the publication of and access to information relating to the remuneration of "Chief Officers".

The Council also discloses the remuneration paid to its senior employees in the Annual Report and Statement of Accounts and is accessible on the Council's website at:

[Annual accounts – London Borough of Bromley](#)

For the purposes of the Code, senior employee salaries are defined as all salaries which are above £50,000. The information, including the posts which fall into this category, will be regularly updated and published.

5. Fairness

5.1 The Council must ensure that decisions about senior pay are taken in the context of similar decisions on lower paid staff. In addition, the Act requires the Council to explain the relationship between the remuneration of its Chief Officers and its employees who are not Chief Officers, and may illustrate this by reference to the ratio between the highest paid officer and lowest paid employee and/or the median earnings figure for all employees in the organisation.

5.2 The Council's pay arrangement is equality compliant. The Council achieved Single Status/Equal Pay Deal via a collective agreement with the Unions in 2009.

5.3 Additionally, the Act specifically requires the Council to set out its policies on bonuses, performance related pay, severance payments, additional fees/benefits (including fees for Chief Officers for election duties), re-employment or re-engagement of individuals who were already in receipt of a pension, severance or redundancy payment, etc.

6. Position Statement

6.1 The Council's position on the requirement of the Act and the information that it is required to include its Pay Policy Statements is as summarised above and as set out in the attached table (Appendix B).

6.2 This Statement is for the Financial year 2024/25

6.3 The Statement must be approved by Full Council. Once approved it will be published on the Council's website. Any amendments during the Financial Year must also be approved by a meeting of Full Council.

6.4 This Statement (including the Appended table) meets the requirement of the Localism Act 2011 and the Department for Communities and Local Government (DCLG) guidance.

6.5 Legislation introduced in 2017 means that The Council is required to publish its gender pay gap data annually. The gender pay report for 2023 will be published at the end of March 2024 in line with statutory deadlines.

London Borough of Bromley

PAY POLICY STATEMENT FOR FINANCIAL YEAR 2024/25	
POLICY AREA UNDER THE ACT	POLICY STATEMENT
	<i>For the purposes of this policy statement the term “Chief Officer” includes the Chief Executive, Statutory and non-statutory Chief Officers and Deputy Chief Officers within the meaning of the Local Government and Housing Act 1989.</i>
Level and elements of remuneration of Chief Officers and relationship with the remuneration of employees who are not Chief Officers	<p>The authority implemented a localised pay and conditions of service framework for all staff except teachers, with effect from 1 April 2013. Under the local framework the Council:</p> <ol style="list-style-type: none"> a) Introduced an annual local pay review mechanism aligned with the budget setting process for all staff except teachers to replace the national and regional collective bargaining arrangements and the existing local arrangements for Lecturers in Adult Education; b) Introduced a scheme of discretionary non-consolidated non-pensionable rewards for exceptional performance applicable to all staff except teachers; c) Will reinforce the link between individual performance and pay by making any annual pay increase and increments (where appropriate) subject to satisfactory performance for all staff; not automatic. d) Agreed to make no change to existing terms and conditions of service before April 2015. <p>The move to fully localised terms and conditions is on the back of the Bromley Single Status agreement reached with the relevant recognised trade unions in 2009 affecting the BR grade staff. Under the localised terms and conditions of service framework the Council retains its existing terms and conditions including the grading and job evaluation schemes for BR staff and MG and PT staff, except for the annual pay review and appraisal process. Under the localised terms and conditions framework the Council will not be bound by the national or/and regional pay settlements. Instead, by means of the process of the localised annual pay review the Council aims to:</p> <ul style="list-style-type: none"> • ensure that staff are appropriately rewarded for the job that they do

- enhance the Council's ability to compete by maintaining a simple, fair, transparent and affordable pay and reward structure that attracts and keeps a skilled and flexible workforce;
- improve the links between organisational efficiency, individual performance and reward
- ensure that decisions on reward and recognition are better aligned with the considerations and timetable of the annual budget setting process

The Council has agreed the process of job evaluation as a way of ensuring a fair system of remuneration relative to job weight thereby managing any risk of equal pay claims. MG and PT jobs are graded using the James Job Evaluation Scheme, and BR jobs are graded using the Greater London Provincial Council (GLPC) Job Evaluation Scheme. The BR grades are based around "anchor" salary points and consist of incremental scales. However, with effect from 1st April 2015 new BR staff (including internal promotions) are appointed on spot salaries with no increments. Individual spot salaries will be renewed annually, minimally, subject to satisfactory performance.

Individuals employed on the MG and PT grades are appointed to a spot salary within the relevant salary bands having regard to the Council's ability to recruit and retain suitably qualified, skilled and experienced officers to deliver excellent front line services and achieve Council priorities. Exceptionally staff may be paid outside of the relevant band for their grade because of market forces. The same principles apply to anyone who is engaged on a self-employed basis and paid under a contract for services. Under the [Special Recruitment measures](#) agreed by Chief Officers, every recruitment request including permanent, temporary, casual, agency staff or self-employed is scrutinised and formally approved first by the Director and then the Director of HR, Customer Services & Public Affairs on behalf of the Chief Executive.

The Council offers a lease car arrangement as a recruitment and retention incentive to certain staff occupying key posts including some front-line posts on the BR grades. Employees with a lease car are expected to make a minimum 30% contribution to the cost and for Chief and Deputy Chief Officers the value range of this benefit is between £2,746 to £4,006 per annum subject to this not exceeding 70% of the car's current benchmark value plus insurance.

	<p>The current car mileage payment arrangement is 45p per mile for all users (except lease car users) consistent with the HMRC recommended rate. The rate for lease car users is considerably lower, currently 14p per mile.</p> <p>The Council normally engages a mix of external and internal personnel for election duties. The fees generally reflect the varying degree of roles undertaken by individuals. Fees paid to both the Returning Officer and the Deputy Returning Officer are in accordance with the appropriate Statutory fees and Charges Order and they reflect their personal statutory responsibilities.</p> <p>The Council is required to have measures in place to respond to any major emergency incidents in the Borough or on a pan London basis which includes a small group of Senior Officers on standby for the LA GOLD rota. The Chief Executive and Director of Environment and Public Protection undertake the lead role and do not receive any additional remuneration for this. Other officers who undertake this role receive a payment commensurate with other call out allowances for the relevant period of the standby.</p> <p>All employees including Chief Officers are entitled to apply for an interest free season ticket loan and reimbursement of any expenses necessarily incurred in the performance of their role including but not limited to travelling, and subsistence. Employees also have access to an interest free childcare loan under the childcare deposit loan scheme.</p> <p>Also, the Council operates a Salary Sacrifice scheme for all staff. This covers childcare vouchers, cycle to work, technology and salary sacrifice lease car scheme. Staff are also able to access other optional benefits such as annual leave purchase scheme, Gym Flex and Lifestyle benefits offering discounts at local and national retailers.</p>
Use of PRP for Chief Officers	<p>The annual review of salaries includes an assessment of work performance in the preceding twelve months for all staff. Under the localised terms and conditions of employment framework for all staff, including Chief Officers (with the exception of teachers), pay increases, including pay awards, increments, etc., are linked to satisfactory performance. Pay increases will be withheld from poor performers. The performance of the Chief Executive is appraised by a Member Panel comprising the Leader, Deputy Leader, Portfolio Holder for Resources and other elected Members, including the Leaders of the Minority Parties, or their representatives. The Panel is supported by the Director of HR, Customer Services & Public Affairs in a technical advisory</p>

	<p>capacity. These Members will sit as a panel to undertake the appraisal but will sit as a committee of council to make a final decision. The Panel will assess and determine the Chief Executive's performance and pay within his grade band and will then sit as the Chief Executive Appraisal Committee to make the final determination. The Chief Executive and Directors are subject to a 360-degree appraisal process involving a range of feedback sources. Chief Officers and senior staff do not currently have an element of their basic pay "at risk" to be earned back each year. All staff apart from teachers will be eligible to be considered on merit for the one off non-consolidated non pensionable reward payment for exceptional performances.</p>
Use of bonuses for Chief Officers	Not applicable.
Remuneration of lowest-paid employees	The Council's grading structure for BR graded staff starts at £22,386 per annum (23/24) and the Council therefore defines its lowest paid employee as anyone earning £22,386 (pro rata for part-time staff). Currently the Council's pay multiple – the ratio between the Chief Executive as the highest paid employee and the lowest paid employee is 1:11, and between the Chief Executive and the median salary is 1:6.
Increases and additions to remuneration of Chief Officers	<p>Where it is in the interests of the Council to do so the Chief Executive may review the salaries of Chief Officers and Senior Staff from time to time within the MG, PT and MB Salary scales.</p> <p>Such circumstances include for example but are not limited to the impact of market forces and staff undertaking significant additional responsibilities on a time-limited or permanent basis. This is also the case for any other officer of the Council, including BR staff. Being outside of the nationally/regionally negotiated terms and conditions allows greater flexibility and discretionary payments in support of business priorities and recruitment and retention challenges. The Council has agreed a separate recruitment and retention package for children's and adults' social workers.</p>
Remuneration of Chief Officers on recruitment	Where the post of Chief Executive falls vacant the salary package and the appointment will be agreed by Full Council. Full Council or a Member panel appointed by full Council or the Urgency Sub Committee will also agree any salary package in excess of £100K to be offered for any new appointment in 2024/25 to an existing or new post. All Chief Officer and Senior staff appointments will be made in accordance with the Council's

	<p>agreed Constitution and Scheme of Delegation which can be found at London Borough of Bromley Constitution (bromley.gov.uk)</p>
<p>Any discretionary increase in or enhancement of a Chief Officer's pension entitlement</p>	<p>Chief Officers are eligible to join the Local Government Pension Scheme. The Council will not normally agree to any discretionary increase in or enhancement of a Chief Officer's pension entitlement. However, each case will be considered on its merits and the Council recognises that exceptionally it may be in the Council's interests to consider this to achieve the desired business objective. Members' agreement will be required in all cases taking into account legal, financial and HR advice appropriate to the facts and circumstances.</p> <p>A Chief Officers' Panel is authorised to consider applications from staff aged 55 and over for early retirement and may exercise discretion to waive any actuarial reduction of pension benefits in individual cases based on the demonstrable benefits of the business case including the cost, impact on the service, officer's contribution to the service and any compassionate grounds.</p> <p>The Council has adopted a Flexible Retirement Policy under which a Chief Officers' Panel may agree to release an employee's pension benefits whilst allowing them to continue working for the Council on the basis of a reduced salary resulting from a reduction in their hours and/or grade. The policy requires that the employee is aged 55 or over and that there is a sound business case for any such decision and can be found at Flexible Retirement Policy.doc</p>
<p>Approach to severance payments - any non-statutory payment to Chief Officers who cease to hold office/be employed</p>	<p>Where demonstrable benefit exists it is the Council's policy to calculate redundancy payments on the basis of the statutory number of weeks' entitlement using the employee's actual salary.</p> <p>Under the Council's agreed Scheme of Delegation, the Director of Corporate Services has delegated authority to settle legal proceedings and/or to enter into a Settlement Agreement in relation to potential or actual claims against the Council. Settlement may include compensation of an amount which is appropriate based on an assessment of the risks and all the circumstances of the individual case.</p> <p>In exceptional cases where it is in the interests of the service to do so a payment in lieu of notice, or untaken leave may be made on the termination of an employee's employment. Payment for untaken leave may also be</p>

	<p>due under the terms of the Working Time Regulations. We already see approval for funding for severance packages for chief officers from the Executive. There is also overarching scrutiny from the Audit Sub – Committee. These arrangements give transparency and ensure Member sight of chief officers’ severance packages.</p> <p>The Council will not normally re-engage anyone as an employee or consultant who has received enhanced severance/redundancy pay or benefited from a discretionary increase in their pension benefits. However exceptionally it may be that business objectives will not be achieved by other means in which case a time-limited arrangement may be agreed by the Director of HR, Customer Services & Public Affairs and Director of Finance having regard to the Council’s financial rules and regulations.</p> <p>Any application for employment from ex-employees who have retired at no cost to the Council, or who have retired or been made redundant from elsewhere will be considered in accordance with the Council’s normal recruitment policy. However, where an employee re-joins local government employment, whose pension benefits are already in payment, they may be subject to an abatement policy. This means that their pension benefits in payment could be reduced in line with that policy.</p> <p>Please refer to the below guidance for further information:</p> <p>SPECIAL SEVERANCE GUIDANCE v3 FINAL.pdf (publishing.service.gov.uk)</p>
<p>Publication of and access to information relating to this Policy and to the remuneration of Chief Officers</p>	<p>Once agreed the Council will publish this Pay Policy on its website. Full Council may by resolution amend and re-publish this statement at any time during the year to which it relates.</p> <p>The Council also discloses the remuneration paid to its senior employees in the annual report and statement of accounts as part of its published accounts. The Council has no full-time release Trade Union officers. Reasonable time off will be provided to Trade Union officials, including Stewards, in the course of their normal contractual job with the Council.</p>

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Agenda Item 9

Report No.
CSD24027

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **COUNCIL**

Date: **Monday 26 February 2024**

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

Title: **MEMBERS ALLOWANCES SCHEME 2024/25**

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

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

Ward: All

1. Reason for decision/report and options

1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council should make a scheme of allowances for that year; the Scheme has to be agreed by full Council. At its meeting on 6th February 2024 the General Purposes and Licensing Committee considered the attached report and agreed that a 3% increase should be recommended to Council for all Member Allowances, including the Mayoral Allowances, in line with the proposed increase for Council staff.

2. **RECOMMENDATIONS**

(1) The Members Allowances Scheme 2024/25 (appendix 2 to the report) be approved on the basis of a 3% increase in line with the proposed increase for officers.

(2) The Mayoral and Deputy Mayoral Allowances be increased by 3% to £16,946 and £4,157 respectively.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable

Transformation Policy

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

Financial

1. Cost of proposal: (2023/24) £1,219k
2. Ongoing costs: Recurring Cost
3. Budget head/performance centre: Democratic Representation – Members Allowances
Mayoral & Civic Hospitality – Mayoral Allowances
4. Total current budget for this head: £1,210k
5. Source of funding: Revenue Budget

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement: (See section 5 of the attached report)
2. Call-in: Not Applicable: This report does not involve an executive decision.

Procurement

1. Summary of Procurement Implications: Not Applicable

Property

1. Summary of Property Implications: Not Applicable

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable

Customer Impact

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

Ward Councillor Views

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

Non-Applicable Headings:	Impact on Vulnerable Adults and Children/Policy/ Personnel/Procurement/Property/Carbon Reduction/Local Economy/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	See attached report

Decision Maker: GENERAL PURPOSES AND LICENSING COMMITTEE

Date: Tuesday 6 February 2024

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

Title: MEMBERS ALLOWANCES SCHEME 2024/25

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

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

Ward: All

1. Reason for decision/report and options

- 1.1 The regulations governing Members' Allowances require that, before the beginning of each financial year, the Council shall make a scheme of allowances for that year, and this report details the proposed allowances for 2024/25.
- 1.2 If Members are minded to increase the allowances a reasonable guide would be the increase recommended for Council staff, which, subject to Member confirmation, is expected to be 3%.
- 1.3 The Mayoral and Deputy Mayoral Allowances are not part of the Members Allowances Scheme, but are usually considered in conjunction with it. The Scheme has to be agreed by full Council – this will be at the budget meeting on 26th February 2023.

2. **RECOMMENDATIONS**

(1) The Committee is requested to consider the proposed Members Allowances Scheme 2024/25 (appendix 2) and the Mayoral and Deputy Mayoral Allowances (paragraph 3.6) and in particular to consider whether to recommend that allowances are retained at the current level or are raised from 1st April 2024.

(2) The Committee is recommended to agree that the Members' Allowances Scheme 2024/25 and the Mayoral and Deputy Mayoral allowances for 2024/25 be submitted to Council for approval.

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
-

Transformation Policy

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

Financial

1. Cost of proposal: (2023/24) £1,183k + £27k
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Democratic Representation – Members Allowances
Mayoral & Civic Hospitality – Mayoral Allowances
 4. Total current budget for this head: £1,183k + £27k
 5. Source of funding: Revenue Budget
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement: (See section 5 below)
 2. Call-in: Not Applicable: This report does not involve an executive decision
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Property

1. Summary of Property Implications: Not Applicable
-

Carbon Reduction and Social Value

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

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 Every local authority is required to have a basic, flat rate allowance payable to all Members, and is required to review its allowance scheme before the beginning of each financial year. The basic allowance recognises the time commitment of Councillors, including meetings with Council officers and constituents and attendance at political group meetings, and to cover incidental costs and general expenses such as the use of Councillors' homes and equipment. It must be the same for all Councillors in the authority and may be paid either as a lump sum or in instalments throughout the year - Bromley has always paid allowances by monthly instalment. In addition, allowances can be paid to reflect particular posts (Special Responsibility Allowances) or membership of particular committees that meet frequently to determine applications (referred to as Quasi-Judicial Allowances). The quasi-judicial allowances are now paid as a set amount per meeting attended, rather than as a fixed amount per annum.
- 3.2 For nearly a decade allowances remained frozen at 2009 levels until small increases were agreed in 2019 and 2020, in line with the increases to officer salaries. There were no increases in 2021 and 2022, but a 7.75% increase in 2023, again, in line with the percentage increase in officer salaries.
- 3.3 The regulations provide that before the Council makes or amends a scheme it shall have regard to the recommendations made by an independent remuneration panel report, although this requirement does not apply if the only change is the application of an annual indexation increase. London Councils set up an Independent Panel which meets every four years; its last regular report was published in early 2022.
- 3.4 However, the Panel has recently published an additional, more detailed review recommending more substantial increases in member allowances in London. This report uses wider research and benchmarking across not just London but the whole of the UK to consider how the role of Members and the scope of their duties has changed and developed in recent years. The Panel's research showed that the basic allowance was considerably higher in Wales, Scotland and Northern Ireland, and also in some of the other large cities in England such as Birmingham and Manchester. Indeed, the basic allowance in all Scottish Councils is £20,099. The Panel recommends that the basic allowance in London should now be £15,960.
- 3.5 The Panel makes recommendations for special responsibility allowances based on five bands. A summary of the Panel's 2023 recommendations, with comparisons to equivalent Bromley roles, is set out in [Appendix 1](#).
- 3.6 The Mayoral Allowances are not part of the Members allowances Scheme and serve a different purpose to the allowances in the main scheme since they are intended to help the Mayor and Deputy Mayor to perform their civic and ceremonial duties. However, Bromley has always reviewed these allowances alongside the main scheme, and made similar recommendations. The current allowances are £16,452 and £4,036 respectively.
- 3.7 Members may consider that the allowances should not be increased in 2024/25, given the financial challenges facing the Council. However, a reasonable approach used in previous years would be to increase the allowances by 3%, which is the proposed increase for officer salaries. The effect of a 3% increase is shown in the schedule to the draft 2024/25 scheme attached as [Appendix 2](#) to this report (with figures rounded up or down as appropriate.)

4 FINANCIAL IMPLICATIONS

- 4.1 The 2023/24 budget for Members Allowances is £1,183k and £27k for Mayoral Allowances. Increasing these figures by the 3% being recommended for members of staff will increase these

budgets to £1,219k and £28k – an additional £37k. Provision has been made for the allowances in the draft revenue budget for 2024/25 to be approved by Council.

5 LEGAL IMPLICATIONS

- 5.1 The statutory provisions relating to Members' allowances are contained in The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021).

Non-Applicable Headings:	Impact on Vulnerable Adults and Children/Policy/ Personnel/Procurement/Property/Carbon Reduction/Local Economy/Customers/Ward Councillors
Background Documents: (Access via Contact Officer)	Report from the Independent Panel on Remuneration of Councillors in London (2022) Report from the Independent Panel on Remuneration of Councillors in London (2023) Report to General Purposes and Licensing Committee, 16 February 2023 – Members' Allowances Scheme 2023/24

London Councils Remuneration Panel Report 2022 - Summary

London Councils Band	2023 London Councils Panel Recommendation	Current (2023/24) LBB Equivalent Roles
Basic Allowance (All Members)	£15,960	£12,280
Band 1 Leader of 2 nd Minority Group Executive Assistant Sub-Cttee Chairman Cttee Vice-Chairman Members of Sub-Committees meeting frequently – e.g. Plans/Licensing	£3,105 – £9,314	£5,030 £4,040 £3,130 £2,150 £57 per meeting
Band 2 Civic Mayor Leader of largest Opposition Group Chairman of Regulatory Cttee Chairman of Scrutiny Panel	£15,523 - £31,046	£16,452 £15,000 £9,800 £8,250
Band 3 Deputy Leader Portfolio Holder Chairman of Health & Wellbeing Board Chairman of main Scrutiny Committee	£37,255 - £46,569	£28,000 £23,040 £9,800 £9,800
Band 4 Leader	£62,092	£43,100
Band 5 Directly Elected Mayor	£93,575	N/A

38. Members' Allowances Scheme 2024/25

From 1st April 2024, in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 (2003 No. 1021) [as amended by SI 2003 No. 1692], the London Borough of Bromley will operate the following Members' Allowances Scheme.

1. This Scheme is known as the London Borough of Bromley Members' Allowances Scheme and will operate from 1st April 2024 until amended.

2. In this Scheme:

“Councillor” means a member of the London Borough of Bromley who is an elected Member;

“Member” for the purposes of this Scheme shall mean elected Councillors;

“year” means the 12 months ending 31st March.

3. The Council in agreeing this Scheme has considered the recommendations of the Independent Panel commissioned by London Councils on the remuneration of Councillors in London entitled “The Remuneration of Councillors in London 2023.”

Basic Allowance

4. A basic annual allowance of £12,648 shall be paid to each Councillor.

Special Responsibility Allowances

5. (1) An annual Special Responsibility Allowance will be paid to those Members who hold special responsibilities. The special responsibilities are specified in Schedule 1.
- (2) During periods after an election when any position of special responsibility is unfilled, the relevant Special Responsibility Allowance shall be payable to the new holder of the position from the day after the previous holder ceases to be responsible.
- (3) The amount of each Special Responsibility Allowance is specified against that special responsibility in Schedule 1. The conditions set out in paragraphs 5(2), 5(4) and 14 apply.
- (4) Where a Member holds more than one position of special responsibility then only one Special Responsibility Allowance will be paid. Subject to sub-paragraph (5), Members may be paid quasi-judicial allowances in addition to a Special Responsibility Allowance.
- (5) All Members of the Licensing Sub-Committee, Plans Sub-Committees, Appeals Sub-Committee and the Foster Panel shall be paid a quasi-judicial allowance at the rates set out in Schedule 1.

Childcare and Dependent Carers Allowance

6. The Council has agreed that no allowance will be paid for childcare or dependent carers.

Co-optees Allowance

7. The Council has agreed that no allowance will be paid for co-opted members

Travel and Subsistence Allowance

8. The Basic Allowance covers all intra-Borough travel costs and subsistence. All other necessarily incurred travel and subsistence expenses for approved duties as set out in the Regulations (Regulation 8(a) to (h)) will be reimbursed under the same rules and entitlement as applies to staff. Travel by bicycle will also be paid at the same rates as applies to staff. Claims for reimbursement are to be made within one month of when the costs were incurred.

Ability to Decline an Allowance

9. A Member may, by writing to the Director of Corporate Services and Governance, decide not to accept any part of his or her entitlement to an allowance under this Scheme.

Withholding of Allowances

10. The Standards Committee may withhold all or part of any allowances due to a Member who has been suspended or partially suspended from his/her responsibilities or duties as a Member of the Authority. Any travelling or subsistence allowance payable to him/her for responsibilities or duties from which they are suspended or partially suspended may also be withheld.
11. Where the payment of an allowance has already been made in respect of a period in which a Member has been suspended or partially suspended, the Council may require the allowance that relates to that period of suspension to be repaid.

Members of more than one Authority

12. Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority for the same duties.

Part-year Entitlements

13. If during the course of a year:
 - (a) there are any changes in the Basic and/or Special Responsibility Allowances,
 - (b) a new Member is elected,
 - (c) any Member ceases to be a Member,
 - (d) any Member accepts or relinquishes a post in respect of which a Special Responsibility Allowance is payable, or
 - (e) the Standards Committee resolves to withhold any allowances during the suspension of a Member,

the allowance payable in respect of the relevant periods shall be adjusted pro rata to the number of days.

Payments

14. Payments shall so far as is reasonably practicable normally be made for Basic and Special Responsibility Allowances in instalments of one-twelfth of the amount specified in this Scheme.

Schedule 1

Allowances for the year ending 31st March 2025

	2023/24 Level	+3%
Basic Allowance	£12,280	£12,648
Special Responsibility Allowances		
Leader of the Council	£43,100	£44,393
Deputy Leader of the Council	£28,000	£28,840
Other Portfolio Holders (x6)	£23,040	£23,731
Executive Assistants (x6)	£4,040	£4,161
Chairman of Health and Wellbeing Board	£9,800	£10,094
Chairman of main PDS Cttee	£9,800	£10,094
Chairman of Portfolio PDS Cttees (x5)	£8,250	£8,498
Vice-Chairman of PDS Committees (x6)	£2,150	£2,215
Chairman of Development Control Cttee	£9,800	£10,094
Vice-Chairman of Development Control Cttee	£2,150	£2,215
Chairman of Plans Sub-Cttees (x4)	£3,130	£3,224
Chairman of General Purposes and Licensing Cttee	£9,800	£10,094
Vice-Chairman of General Purposes & Licensing Cttee	£2,150	£2,215
Chairman of Audit and Risk Management Cttee	£8,250	£8,498
Vice-Chairman of Audit and Risk Management Cttee	£2,150	£2,215
Chairman of Pensions Cttee	£8,250	£8,498
Vice Chairman of Pensions Cttee	£2,150	£2,215
Leader of largest Opposition Party	£15,000	£15,450
Leader of second largest Opposition Party	£5,030	£5,181
Quasi-Judicial Allowances		
Members of Plans Sub-Cttee (per meeting)	£57	£59
Members of Licensing Sub-Cttee (per meeting)	£57	£59
Members of Appeals Sub-Cttee (per meeting)	£57	£59
Members of Foster Panel (per meeting)*	£226	£233

* Payable up to an annual maximum limit of £3,664 per Councillor (+ 3% = £3,774)

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