

# **EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 6.30 pm on 27 May 2020

## **Present:**

Councillor Simon Fawthrop (Chairman)  
Councillor Christopher Marlow (Vice-Chairman)  
Councillors Gareth Allatt, Julian Benington,  
David Cartwright QFSM, Mary Cooke, Ian Dunn,  
Nicky Dykes, Robert Evans, Will Harmer, Russell Mellor,  
Michael Rutherford, Stephen Wells and Angela Wilkins

## **Also Present:**

Councillor Graham Arthur, Portfolio Holder for Resources,  
Commissioning and Contracts Management  
Councillor Yvonne Bear, Executive Assistant for Renewal,  
Recreation & Housing  
Councillor Peter Morgan, Portfolio Holder for Renewal,  
Recreation & Housing  
Councillor Colin Smith, Leader of the Council

## **9 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

There were no apologies for absence.

## **10 DECLARATIONS OF INTEREST**

There were no additional declarations of interest.

## **11 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS**

The Committee considered the following reports which were due to be presented to the Leader for decision

### **a DISCRETIONARY BUSINESS GRANTS Report HPR2020/011**

The report sought approval for officers to distribute the government grant funding for businesses in line with locally defined government criteria in addition to the local eligibility criteria. Council officers had spoken to members of the business community and other London local authorities during the development of the criteria.

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Central Government (through the Department for Business, Energy and Industrial Strategy) had confirmed further grant funding for businesses, to be distributed by Local Authorities at their discretion. Guidance had been provided and at the time of writing the report a further technical note to inform local decision making was expected which had been received by the time the Committee considered the report. The amount of funding for distribution in the Borough of Bromley would be £2.4m. The Government had identified a set of business types that should benefit from the scheme, which largely recognised those that would have missed out on the previous Business Rate grant funding:

- Small businesses in shared offices or flexible workspaces, including units in larger complexes.
- Regular market traders with fixed property costs.
- Bed and breakfasts that pay Council tax instead of business rates
- Charity properties in receipt of charitable rate relief.

In addition Bromley Council would specifically include park cafes within its advertised list of eligible business types as quality green spaces was a Council priority. Park cafes normally did not pay business rates and therefore would have been excluded from the previous grant funding available.

The Committee noted that the Government had placed a cap on the level of funding available and as such the Council had to work within the financial envelop of £2.4m.

In opening the debate, with reference to the local eligibility criteria, the Vice-Chairman suggested that the criteria should refer to “salaried” internships to ensure that interns and apprentices were paid the national minimum wage or more, not simply expenses. It was agreed that the Committee would make this recommendation to the Leader.

Members noted that in order to be eligible for the grant, businesses would have to meet at least two out of the five local eligibility criteria. The local eligibility criteria that were proposed were to ensure that the businesses who contributed the most to the Borough would benefit from the grant finding that was available.

In response to a question concerning whether the Council would be able to reclaim administration costs from the Government, the Assistant Director for Culture and Regeneration confirmed that the guidance that had recently been received indicated that new burdens placed on local authorities would be funded however the details of this and the level of any funding was as yet unclear. The £2.4m grant funding would go in its entirety to businesses operating in the Borough. Members noted that Discretionary Business Grants would largely be administered by Liberata on behalf of the Council. Bromley staff would be providing support to businesses applying for the grant.

Members noted that a number of businesses across the Borough were already aware of the grant. In addition a great deal of work had been undertaken to identify businesses that would be eligible for the grant. Plans were also in place to enable the availability of the grant to be promoted through the Council's social media platforms and through press releases. With reference to promotion of the grant, the Chairman noted that ward councillors were receiving enquiries and it was agreed that the generic email address for enquiries should be sent to Members to assist with these enquiries.

The Committee noted that as a result of the technical guidance that had now been received from Government only minor changes to the scheme using delegated authority were required. In the future if any more significant changes were required these would only be implemented with Member approval.

Turning to the local eligibility criteria, in response to a question concerning how businesses would be able to evidence a 50% drop in turnover since March 2020, the Assistant Director for Culture and Regeneration confirmed that businesses would have to evidence this through bank statements. The Committee noted that there had been extensive consultation with businesses across the Borough with respect to the local eligibility criteria.

The Chairman highlighted the need to ensure that there were robust anti-fraud measures in place. The Assistant Director for Culture and Regeneration provided assurances that the Council's Audit Team had informed the approach to the distribution of the grant. In addition the Council would be utilising the Government's Spotlight system to try to combat fraud and it was clear that the Council would be able to recover any funding received through fraudulent means. The Director of Finance also highlighted that robust pre-application and post-application checks would be in place and these would mitigate some of the risk. Members noted that that there was the possibility that businesses operating in multiple areas could make claims to multiple local authorities. The Assistant Director for Culture and Regeneration confirmed that this issue had been raised with the Government and businesses were required to sign a declaration confirming that they had not submitted claims for discretionary businesses grants any where else.

In respect of the distribution of the grant, Members noted the importance of recognising the limited amount of grant funding that was available when compared to the number of businesses that may be eligible for the grant. The aim was to spread the funding as fairly as possible and the size of the grants distributed would be defined by the number of applications. As such, it was unlikely that any businesses would receive grants of £25,000. The Committee also noted that banding would be employed for the distribution of grants with all businesses within each defined band receiving the same level of grant.

The Portfolio Holder for Resources, Commissioning and Contract Management stressed the importance of being clear about the timescales for

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distribution of grant funding in order to manage the expectations of local businesses. Noting that a number of businesses were relying on the grant for short term support, the Portfolio Holder suggested that it may be helpful to employ a simplified process which enabled an immediate payment of a lower amount. Many if not most of the businesses seeking to claim funding would be small businesses which would benefit from an initial lower amount of funding.

In summing up the debate the Chairman highlighted that the Committee would be making the following three additional recommendations to the Leader

1. Investigate whether a simplified process can be put in place to enable initial interim payment of grants of up to £2k to be distributed to businesses, prior to the final grant amount being determined.
2. That the local eligibility criteria be amended to clarify that they apply to *salaried* internships..
3. To ensure there is due diligence and anti-fraud measures built into the processes and that these be presented to the Leader prior to a decision being taken.

The recommendations to the Leader and the three additional recommendations were unanimously agreed by the Committee.

**RESOLVED: That the Leader be recommended to**

- 1. Approve the recommendations for the distribution of this grant fund set out in the commentary of this report, namely: the recommended local parameters in relation to the national guidance set out in paragraphs 3.6 and 3.7; and the local eligibility criteria set out in paragraph 3.9.**
- 2. Agree that the Director of Housing, Planning, Property and Regeneration has delegated authority to: make changes to the grant distribution approach if required once the Government's technical note is issued; and to exercise limited discretion during the award process. This delegated authority will include consultation with the Portfolio Holder for Renewal, Recreation and Housing.**
- 3. Investigate whether a simplified process can be put in place to enable initial interim payment of grants of up to £2k to be distributed to businesses, prior to the final grant amount being determined.**
- 4. Agree that the local eligibility criteria be amended to clarify that they apply to salaried internships.**

**5. Ensure there is due diligence and anti-fraud measures built into the application and distribution processes.**

**b PROVISIONAL FINAL ACCOUNTS 2019/20  
Report FSD20046**

The report considered the 2019/20 provisional outturn at portfolio level and Council wide as well as the potential implications for the Council's financial position in 2020/21. The purpose of the report was to give a broad overview of the financial outturn. The 2019/20 provisional outturn provided for no variation in general fund balances, subject to the recommendations in the report being agreed. More detailed reports would be submitted to individual PDS Committees in due course. Details of the carry forward requests and a summary of the Council's capital programme were also considered in the report.

In response to enquiries from a Member concerning further detail around income from investment properties, the Director of Finance confirmed that reports on Treasury Management were produced twice a year and the Committee had also previously agreed that Income from Investment Properties monitoring reports were presented with the same frequency. The Chairman advised that the income from investment properties report was due in September 2020 and Members suggested that it would be helpful to have the Income from Investment properties report at the July 2020 meeting if this were possible.

The Director of Finance confirmed that through being a part of the Business Rate Pool the Council was estimated to have received an additional £2.3m in 2019/20. Members noted that there could be potential losses in 2020/21 as a result of the impact of the COVID-19 pandemic on business but it was not yet possible to quantify the overall financial impact.

In response to a question, the Director of Finance explained that the majority of business rates collected was passed onto the Government and the GLA. There is a part retained by the Council which forms part of the Council's overall funding assessment by Government.

Turning to the issue of underspends on staffing within the Finance Division, the Director of Finance confirmed that the vacancies had impacted on the Team and that the work required of the Team had only been delivered as a result of the commitment and dedication of staff. The Director of Finance explained that there was difficulty recruiting good finance staff, stressing the importance of ensuring that a skilled workforce was in place to manage the large council budgets. However, the ongoing staff vacancies were not sustainable going forward and the position would be reviewed over the coming year.

In response to a question, the Director of Finance explained that across the Council as a whole there were growth pressures which the Transformation Programme was seeking to address. Departments were continually looking at

value for money and were seeking to keep costs low but there were a number of challenges. Members noted that there were two key issues for 2020/21 – the impact of COVID-19 and what the Government would do about local authority funding. In light of these challenges, the Director of Finance stressed the importance of maintaining rigor in the budgetary process by considering mitigation before approving growth and containing cost pressures where possible.

In response to a question surrounding government reimbursement for lost parking income, the Director of Finance explained that the situation was currently very fluid. At the start of the response to the COVID-19 pandemic the Government had given an indication to provide adequate funding for any net costs arising from Covid-19. However, over the course of the pandemic it was becoming less clear and there has been reference made to Local Authorities sharing the burden although the Government had said that Council's would be reimbursed for the things they had been asked to do. Ultimately it remained unclear whether there would be any reimbursement of lost income.

The Committee noted that there continued to be pressures within the Corporate Services division with an overspend in Legal Services. The Director of Corporate Services explained that there had been some budgetary pressures around the planning legal function with the need to fund counsel to support the Local Plan process and respond to the subsequent legal challenge to the Local Plan. There also remained budgetary pressures arising from children's social care which were being addressed through the Transformation Programme.

It was noted that the issue of the £500,000 increase in the cost of the Home and Hospital Education Service would be raised at the informal meeting of the Children, Education and Families PDS Committee which was due to take place on 18<sup>th</sup> June 2020..

In relation to the Council's Audit function, the Director of Finance confirmed that external audit fees were included in the audit budget with the cost of any objection to the accounts being reported to Audit Sub-Committee. Members noted that as a result of objections to the accounts in recent years the cost of external auditors had been increasing year on year as the external auditors from three years ago were still dealing with complaints about that set of accounts and these were costs that were outside the control of the Council.

At the conclusion of the discussion it was unanimously

**RESOLVED: That the Leader be recommended to**

- 1. Consider the provisional revenue and capital outturns for the 2019/20 financial year and the earmarked balances on the General Fund as at 31<sup>st</sup> March 2020;**

2. Consider the variations in 2019/20 impacting on the Council's 2020/21 financial position;
3. Consider the comments from Chief Officers as detailed in Appendix 2 of the report;
4. Approve the requests for carry forwards totalling £910k (net) as detailed in Appendix 6 of the report, subject to the funding being allocated to the Central Contingency in 2020/21 to be drawn down on the approval of the relevant Portfolio Holder;
5. Agree the release of £315k from the 2019/20 Central Contingency as detailed in paragraph 3.6.2 of the report;
6. Agree the release of £52k from the 2019/20 Central Contingency as detailed in paragraph 3.6.3 of the report;
7. Agree the release of (£2,200k) from the 2019/20 Central Contingency as detailed in paragraph 3.6.4 of the report;
8. Agree the release of £28k from the 2019/20 Central Contingency as detailed in paragraph 3.6.5 of the report;
9. Agree the release of £25k from the 2019/20 Central Contingency as detailed in paragraph 3.6.6 of the report;
10. Note the return to contingency of £474k of additional grant to the 2019/20 Central Contingency as detailed in paragraph 3.6.7 of the report; and
11. Agree that a sum of £8,821k be set aside as a contribution to the Housing Invest to Save Fund earmarked reserve as detailed in paragraph 3.7.2 of the report.

**c CAPITAL PROGRAMME OUTTURN 2019/2020  
Report FSD20044**

The report set out the final outturn on capital expenditure and receipts for 2019/20. Capital expenditure in the year was £23.4m, compared to the final approved budget of £30.9m, resulting in a total net variation of Cr £7.5m. For funding purposes, £5.0m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £2.5m in the use of capital receipts and external and revenue contributions.

The Committee unanimously

**RESOLVED: That the Leader be recommended to**

1. Note the report;

- 2. Approve the following amendments to the Capital Programme for 2020/21:**
  - a) Increase of £800k to the Bromley Town Centre Improvements capital scheme, as agreed by the Executive on April 1<sup>st</sup>, as detailed in paragraph 3.2.1;**
  - b) Addition of £250k to the capital programme for Children's Centres, as agreed by the Executive on April 1<sup>st</sup>, as detailed in paragraph 3.2.2;**
  - c) Approve the increase of £2,153k to the Disabled Facilities Grant scheme to reflect the 2020/21 allocation as detailed in paragraph 3.2.3; and**
  - d) Approve the increase of £1,442k to the Capital Maintenance in Schools capital scheme to reflect the allocations for 2017/18, 2018/19 and 2019/20 as detailed in paragraph 3.2.4.**

The Meeting ended at 7.55 pm

Chairman