

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 7.00 pm on 7 February 2022

Present:

Councillor Christopher Marlow (Chairman)
Councillor Kira Gabbert (Vice-Chairman)
Councillors Gareth Allatt, Nicholas Bennett MA J.P.,
Nicky Dykes, Robert Evans, Will Harmer, Colin Hitchins,
Keith Onslow, Melanie Stevens, Ryan Thomson,
Michael Tickner, Pauline Tunnicliffe and Angela Wilkins

Also Present:

Councillor Michael Rutherford, Portfolio Holder for
Resources, Commissioning and Contracts Management
Councillor Colin Smith, Leader of the Council

77 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Yvonne Bear and Simon Jeal and Councillors Keith Onslow and Ryan Thomson attended as their respective substitutes. Apologies were also received from Councillor David Cartwright.

78 DECLARATIONS OF INTEREST

There were no additional declarations of interest.

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

Two questions were received for written reply and these are attached at **Appendix A**.

80 MINUTES OF THE EXECUTIVE, RESOURCES AND CONTRACTS PDS COMMITTEE MEETING HELD ON 5 JANUARY 2022 (EXCLUDING EXEMPT ITEMS)

The Chairman reported that Councillor David Cartwright had raised an issue concerning his request in respect of the Platinum Jubilee item that applications for areas of social and economic deprivation be prioritised. By majority, the Committee agreed to support this, and it was noted that the Chairman would write to the Executive to make the request.

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The minutes of the meeting held on 5 January 2022, were agreed, and signed as a correct record.

**81 MATTERS OUTSTANDING AND WORK PROGRAMME
 Report CSD22011**

The report dealt with the Committee's business management including the proposed work plan for the remainder of the year.

The Vice-Chairman provided an update on the progress of the Committee's Task and Finish Group reporting that membership of the Group had now been established however, as the Operational Property Review had not yet been completed, the decision had been taken to postpone meeting until the outcome of that review was known. The Committee noted that it was anticipated that the Task and Finish Group would meet in late Spring/early Summer 2022.

The Committee agreed that the post completion review in respect of Banbury House should be referred to the Renewal, Recreation and Housing PDS Committee.

RESOLVED: That the report be noted.

82 FORWARD PLAN OF KEY DECISIONS

The Committee noted the Forward Plan of Key Decisions covering the period January 2022 to April 2022.

Members noted that the report concerning Crystal Palace Park Event Management due to be considered by the Executive on 9 February 2022, had been deferred. The Committee requested that an update on the revised timescales be provided following the meeting.

The Committee also noted that the decision concerning the Housing Revenue Account – Business Plan would be scrutinised by both the Executive, Resources and Contracts PDS Committee and the Renewal, Recreation and Housing PDS Committee in March 2022.

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

The Committee considered the following reports where the Resources, Contracts and Commissioning Portfolio Holder was recommended to take a decision.

**a TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY AND QUARTER 3 PERFORMANCE 2021/22
Report FSD22010**

The report summarised treasury management activity during the third quarter of 2021/22. Investments as at 31st December 2021 totalled £442.9m (£396.9m at 31st December 2020) and there was no outstanding external borrowing. The report also included the Treasury Management Strategy and the Annual Investment Strategy for 2022/23, which were required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council as well as prudential indicators and the MRP (Minimum Revenue Provision) Policy Statement, both of which required the approval of Council. The Council was required by statute to agree and publish prudential indicators, primarily to confirm that the Council's capital expenditure plans were affordable and sustainable. The report ensured that the Council was implementing best practice and complying with the requirements of the CIPFA Code of Practice for Treasury Management.

In response to a question concerning staff development, the Director of Finance confirmed that CIPFA ran courses which staff were encouraged to access.

In respect of CCLA performance, the Director of Finance confirmed that it was an open fund mainly used by the public sector which provides greater longer term stability.

RESOLVED: That the Portfolio Holder be recommended to

- 1. Note the Treasury Management performance for the third quarter of 2021/22.**
- 2. Note the publication of the revised Treasury Management and Prudential Codes, with formal adoption required in 2023/24.**
- 3. Recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2022/23 including the prudential indicators and the Minimum Revenue Provision (MRP) policy statement.**

b COUNCILLOR IT PROVISION

The item was withdrawn

84 PRE-DECISION SCRUTINY OF EXECUTIVE REPORTS

The Committee considered the following reports on the Part 1 agenda for the meeting of the Executive on 9 February 2022:

**(5) 2022/23 COUNCIL TAX
FSD22019**

The report identified the final issues affecting the 2022/23 revenue budget and sought recommendations to the Council on the level of the Bromley element of the 2022/23 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept would be reported to the Council meeting on 28 February 2022. The report also sought final approval of the 'schools budget'. The approach reflected in the report was for the Council to not only achieve a legal and financially balanced budget in 2022/23 but to have measures in place to deal with the medium-term financial position (2023/24 to 2025/26).

The Director of Finance introduced the report and explained that the Council was imminently expecting the final settlement. Once the final settlement had been received an update would be provided to the Executive. The Committee noted that the Mayor of London had needed permission to increase Council Tax above referendum limits, this had been granted and it was therefore expected that the 8.8% increase in the London precept would still apply. The Director of Finance drew the Committee's attention to the reference in the report to reforms to adult social care which would need to be closely monitored and would be subject to future reports to Members. In response to a question concerning the revenue raised from the adult social care precept and the proportion of that funding directed to adult social care, the Director of Finance confirmed that specific details would be provided following the meeting. However, Members were advised that the precept has been fully utilised to contribute towards inflation, demographic and other cost pressures for adult social care - the Council was required to identify that funding raised through the precept was directed to adult social care.

In respect of recent government announcements concerning support for households for winter fuel bills, the Director of Finance confirmed that every household in Council Tax bands A-D would receive a £150 fuel rebate from the Government, as long as it was a primary property. Members noted that for residents paying Council Tax by Direct Debit the fuel rebate would be easy to administer however some households would need to be written to. Local Authorities had been advised to wait for further guidance and some information would be included in Council Tax bills. There was a separate discretionary fund of £144m which could be utilised, for example, for households in Council Tax Bands E-H in receipt of benefit or Council Tax Support. There could be others alternatives for the funding that will need to be considered. Further guidance on this aspect was awaited. In response to a question, the Director of Finance confirmed that details of the percentage of council taxpayers in Bands A-D would be provided following the meeting. Members noted however that Bromley had a higher proportion of council taxpayers in the higher bands.

In response to a question concerning the other measures available to the Council to support households struggling with high fuel bills, the Director of

Finance confirmed that the Household Support Fund was being utilised to support the most vulnerable families.

In relation to fairer funding, the Director of Finance confirmed that there had been delays to the Fairer Funding Review. Members noted that some of the data used to inform the financial settlement was 20 years old and it was likely that following the 2021 Census, the government would take the opportunity presented by the Review to update the data. It was further noted that the impact on Bromley of the Government's Levelling Up programme was unclear, although it was likely that Levelling Up would have a more significantly negative impact on inner London boroughs.

RESOLVED: That the Executive be recommended to recommend to Council that it:

- 1. Approves the overall Dedicated Schools Budget (DSG) of £92.3m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;**
- 2. Approves the draft revenue budgets (as in Appendix 2 of the report) for 2022/23;**
- 3. Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 12th January 2022;**
- 4. Approves a contingency sum of £17,395k;**
- 5. Approves the following provisions for levies for inclusion in the budget for 2022/23;**

| | £'000 |
|---|--------------|
| London Pension Fund Authority* | 478 |
| London Boroughs Grant Committee | 247 |
| Environment Agency (Flood defence etc.) * | 270 |
| Lee Valley Regional Park * | 321 |
| Total | 1,316 |

***Provisional estimate at this stage**

- 6. Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council;**
- 7. Considers the "Bromley element" of the Council Tax for 2022/23 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible 'referendum' issues;**
- 8. Approves the approach to reserves outlined by the Director of Finance (see Appendix 4 of the report);**

9. **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);**
10. **Agrees that the Director of Finance be authorised to report any further changes directly to Council on 28 February 2022.**

**(6) CAPITAL PROGRAMME MONITORING Q3 2021/221 AND CAPITAL STRATEGY 2022 TO 26
Report FSD22015**

The report updated the Council's Capital Strategy. It also summarised the current position on capital expenditure and receipts following the third quarter of 2021/22 and presented for approval the new capital schemes in the annual capital review process. The Executive was asked to consider the updated Capital Strategy and approve a revised Capital Programme.

In response to a question concerning the transfer of funds for Education, the Director of Finance agreed to provide a response following the meeting.

The Committee noted that the Capital Programme would need to be updated to reflect any decision taken by the Executive in respect of the Bromley Town Health and Wellbeing Centre.

RESOLVED: That the Executive be recommended to:

1. **Note the report, including a total re-phasing of £849k from 2021/22 into future years, and agree a revised Capital Programme;**
2. **Recommend to Council:**
 - (i) **The inclusion of the new scheme proposals in the Capital Programme (paragraphs 3.15 to 3.22)**

**(7) OPERATIONAL BUILDING MAINTENANCE BUDGETS AND PLANNED PROGRAMME 2022/23
Report HPR2022/007**

The report provided a brief update on the Operational Property Review and sought approval to draw down from the Growth Fund for a Programme Manager to support feasibility work.

In response to a question, the Assistant Director for Property explained that, in consultation with colleagues in finance it had been considered prudent to place a bid for capital funding for maintenance as a budgetary proposal. The Portfolio Holder for Resources, Commissioning and Contracts Management

highlighted that there was a backlog in maintenance across the Council estate and the figures within the report reflected estimates for the repairs that would be necessary.

The Committee noted that Ward Councillors would be consulted as necessary prior to planned works being carried out.

Members noted that the Churchill Theatre was likely to become a significant issue requiring capital investment. Investigations were currently underway to establish the work that would be required to keep the building safe and operational.

A Members noted that the works detailed in the report were essential to keep the buildings open, in use and health and safety complaint.

In response to a question concerning Crystal Palace Park toilets, the Assistant Director for Property confirmed that discussions had taken place with Environmental Services who were leading on the project. It was agreed that an update would be provided following the meeting.

RESOLVED: That Executive be recommended to:

- 1. To approve, subject to Council agreeing the budget, the following expenditure for operational building maintenance for 2022/23:**
 - Repairs and maintenance - £2.314m**
 - Earmarked reserve for Infrastructure Investment for essential and statutory works - £1m**
- 2. Note provision of £2m in 2022/23 and £2m in 2023/24 to a Building Investment Fund, as included in the Draft 2022/23 Budget report**
- 3. Note a new Capital Programme for Operational Estate Maintenance Programme totalling £20.257m, phased over the next three financial years as included in the Capital Strategy 2022 to 2026 report**
- 4. Delegate authority to the Director of Housing, Planning, Property and Regeneration to vary the programmes and budget allocations where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.**
- 5. Approve the request for £65k to be drawn down from the Growth Fund earmarked reserve for the appointment of a**

**Programme Manager to support the delivery of the next phase
of the Operational Property Review.**

**(16) ACCELERATED DEVELOPMENT OF A NEW HEALTH AND WELLBEING CENTRE
AT THE CIVIC CENTRE AS PART OF A WIDER MIXED-USE DEVELOPMENT**

The Committee considered a report seeking the approval of the Executive to proceed to procurement, to authorise drawdown of up to £2m from the Capital Programme to fund the various professional services required to progress the development of a health and wellbeing centre at the Civic Centre through the initial stages; noting that this was in addition to £0.5m previously agreed by the Executive in October 2021; and noting that the Clinical Commissioning Group (CCG) would initially underwrite 50% of this total cost.

In opening the discussion, the Chairman expressed concerns around the quantity of the scoping works and risks around these works being completed with no guarantee in terms of delivery of the scheme. The Assistant Director for Property explained that the funding of £2m was intended to take the whole scheme from viability to submission of a planning application, there was an indemnity from the CCG for 50% of the initial costs and the £2m would not be committed without a firm commitment from the CCG.

The £2m was to demonstrate a commitment to the government minister that a programme to deliver the scheme was in place and that the parties were in a position to rapidly move through viability and design prior to the submission of a planning application. The Committee noted that timescales for the programme were tight but achievable to enable the opening of the health and wellbeing centre by April 2024. In terms of the costs of the scheme, Members noted that there was a 10% contingency and inflation of 5.4% included within the cost estimates on the assumption that construction would commence later in 2022. These costs would be updated as the scheme progresses. The Director of Finance recognised that in the current financial climate there were concerns around increasing building costs which would need to be monitored.

In response to a question, the Assistant Director for Property confirmed that the view of the Chief Planner had been sought in terms of massing, proximity to local residents and proximity to the Civic Centre. Whilst the scheme was not at pre-application stage, no concerns had been raised in respect of overdevelopment although the importance of respecting and reflecting the heritage of the local area through any design was recognised.

It was noted that Ward Councillors and the Council's Heritage Champion would be kept informed of progress and would be consulted in respect of the design of the scheme.

Whilst expressing reservations around the viability of the scheme, Members of the Committee recognised that the delivery of a health and wellbeing centre

was essential for Bromley Town Centre in terms of much needed healthcare facilities.

The Committee noted that there had always been an aspiration to deliver a health and wellbeing center by April 2024, however the Minister for State had recently announced a review of projects across Southeast London and this had escalated the need to demonstrate a commitment with a viable scheme in place. Although the timeframe was tight, it was deliverable if the procurement aspects were in place.

The Chairman summarised the discussion, noting that the project had been under development for some considerable time. The real need for healthcare facilities in Bromley Town Centre was recognised however a key issue was that there was the Ministerial review of healthcare projects across Southeast London. If the Executive took the decision not to approve the scheme it would be taken as a sign that the Council was not committed to the project. A number of concerns had been raised by Members of the Committee in terms of cost, timeframes and viability and the Chairman would report these concerns to the Executive. The Committee agreed that the Executive should be recommended to approve the scheme however, the Executive, Resources and Contracts PDS Committee should retain scrutiny oversight of the project and receive regular updates as the scheme progressed.

RESOLVED: That

- 1. the Executive be recommended to:**
 - a) Agreed and incorporate the following into the forthcoming Capital Programme at an estimated additional total cost of £25m including the CCG's estimated 25% share, together with non-recoverable VAT.**
 - b) Subject to the above and following Executive approval (20 October 2021) to proceed to procurement, to authorise drawdown of up to £2m from the Capital Programme to fund the various professional services required to progress the scheme through the initial stages; noting that that this is in addition to £0.5m previously agreed in October 2021; and noting that the CCG will initially underwrite 50% of this total cost.**
 - c) Authorise the drawdown of an additional £1.5m including non-recoverable VAT from the Capital Programme to fund surveys and other project costs including LBB internal costs (£3.5m running total). Estimated inclusive cost as 2.1. The CCG will initially underwrite 50% of this cost.**
 - d) Authorise proceeding to procurement via a compliant route for a works contract to demolish The Great Hall and Adventure Kingdom and prepare the site with enabling works subject to**

receipt of detailed planning consent at an estimated contract value of £650,000 (£4.15m running total) from the Capital Programme. The CCG will be responsible for 25% of this cost.

- e) Authorise proceeding to procurement via a compliant route for a construction contract for the building works at an estimated contract value of £21.4M; noting that commencement of the Build element will be subject to both Member approval for the detailed design and costs of the scheme and subject to receipt of detailed planning consent. The CCG will be responsible for 25% of this cost. Executive are asked to note that it is to be determined whether the optimum route is to procure a Build contract directly or whether to utilise a two stage (via a Pre-Contract Service Agreement [PCSA] with suitable break clause) Design & Build approach. In the event of a Design & Build approach, the first stage of Technical Design is included within the costs for professional services outlined above.**
 - f) Delegate authority to the Director of Housing, Planning, Property and Regeneration or Director of Finance with oversight from the Resources Portfolio Holder, to agree and settle all the commercial terms arising and to deal with publicising, if appropriate, any Open Space Notices and considering representations received and reporting to Members as necessary.**
 - g) Delegate authority to the Assistant Director of Legal Services to enter into all relevant legal agreements and any other ancillary legal documentation relating thereto.**
 - h) Note that an Executive report will be forthcoming with a full business case for consideration including details of the worked-up scheme, procurement of the construction element of the scheme, including additional professional fees and project costs prior to any Planning Application being made.**
- 2. That the Executive, Resources and Contracts Committee continue to receive regular updates as the scheme progresses.**

85 PROPERTY INVESTMENT PORTFOLIO UPDATE

In July 2020 the Leader made the Executive Decision that a full asset management approach to the Investment Portfolio be adopted by seeking to award a contract for the full management of the portfolio to a suitably experienced and qualified firm of Chartered Surveyors. In April 2021, following a competitive tender process, Montagu Evans were appointed as the Council's Investment Portfolio Advisors.

The report provided an overview of the work undertaken to date by the Council's appointed advisors and set out the Investment Strategy that would provide the overarching governance for the effective management of the portfolio.

A further report would be presented to the Executive in due course, providing recommendations on the Key Performance Indicators and individual asset plans to be adopted to ensure robust governance was in place to deliver on the Investment Strategy.

The Committee noted that there had been a significant general market decline, and the Chairman requested that any future reports highlight the difference between acquisition price of the portfolio's assets and their market value, and how this had changed over time.

In response to a question concerning 'other income generating properties', the Head of Estates and Asset Management reported that the Council owned around 3000 properties with roughly 50% of investment revenue generated from property.

The Committee noted that the Council's property investments were currently heavily high street retail focused and this was a challenging area which carried risks. A Member noted that that retail warehouses were currently not heavily weighted, yet this sector was booming. It was further noted that where necessary the council did look to repurpose its property portfolio and, in the Summer, Members would be presented with options for some of the more challenging properties within the portfolio.

In relation to maintenance, the Committee noted that there was need to invest in the material of buildings in order to protect revenue and in the summer Officers would present full cash flows.

RESOLVED: That the report be noted.

86 SCRUTINY OF THE CHIEF EXECUTIVE

The Chief Executive, Mr Ade Adetosoye, attended the meeting to respond to questions from the Committee. A written update for the Committee had been circulated as part of the agenda papers. Mr Adetosoye responded to questions, making the following comments –

- The Council was continuing to encourage its staff to voluntarily declare their vaccination status. All non-vaccinated staff in Adult Social Care had been redeployed to non-frontline roles and following the recent change in government policy the situation would be monitored.
- The Occupational Property Review would be presented to Members by June/July 2022.
- In respect of staff returning to the workplace, prior to the pandemic the position of the Council in respect of agile working was clear. Over the

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coming months hybrid working arrangements would be extended with staff, on average, being office-based two or three days a week. The Corporate Leadership Team was assessing the position however the direction of travel was to maintain flexible, hybrid working whilst not losing sight of the benefits for many staff of working in an office-based environment.

- Over the past few years, the Council had become less reliant on agency staff. In addition, the flexibility offered by the Council's flexible and agile working policies had meant that it had been possible to attract staff to some of the harder to fill posts. This had delivered further savings on agency costs.
- The Local Authority had made a significant investment in IT and new technology, and this had provided for a resilient workforce throughout the pandemic. The next stage of the Transformation Programme was to review the use of Artificial Intelligence (AI). The current direction of travel was positive, and the Council was already making use of several different platforms.
- In respect of the resilience of IT, the Chief Executive confirmed that challenges around the UPS system remained. Three attempts had been made to resolve the issues, all of which had proven unsuccessful. The Chief Executive continued to monitor the situation and until the issues were resolved, the contingency arrangement would remain in place as this was the only way to secure the integrity of data should there be an outage.
- In respect of electric vehicles and charging, a key part of the Council's Strategy was to address the various models and issues around compatibility.
- In terms of the housing shortage, the Council was looking to develop a register of empty sites as well as undertaking a review of empty homes.
- The delivery of affordable housing was a challenge across London and the Council was working on several innovative schemes. The Housing Revenue Account had been reopened and this was one of the key strategies for addressing the issue of affordable housing.
- The issues raised by Members in respect of raising concerns and complaints with housing associations were noted and would be followed up with the respective housing associations following the meeting.
- By the end of the Spring/early Summer there would be an improved sound system and technology in the Council Chamber. Surveys had been undertaken, funding approved, and delivery was awaited.
- One of the priorities for 2022 was to increase external recognition of the excellent services provided to residents. It was acknowledged that there was more work needed to celebrate and communicate the Council's achievements and promote this external recognition amongst residents

The Committee thanked the Chief Executive for his update.

87 INFORMATION ITEMS

The items comprised:

- Risk Management

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

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

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

89 PART 2 CONTRACTS REGISTER AND CONTRACTS DATABASE

The report presented February 2022's Corporate Contracts Register for consideration. Detailed scrutiny of individual contracts was the responsibility of the six PDS Committees with ER&C PDS taking an overview of the Council's larger value (£200k+) contracts to ensure that commissioning and procurement activity was progressed in a consistent manner. The report provided both the Council wide £200k+ register together with the £50k+ register specific to the ER&C Portfolio.

The Committee received assurances that the status of all contracts was monitored closely and that the majority of procurement decisions were taken in good time. Further steps would be taken, such as service by service review at departmental team meetings, to reduce risk still further.

The Assistant Director Governance and Contracts would provide an update on the progress of the NHS Point of Care tender at the Committee's March meeting.

A Member highlighted that in the past few years the position in relation to flagged contracts has improved however it continued to be important that robust procurement processes and procedures were followed to enable detailed scrutiny.

*Executive, Resources and Contracts Policy Development and Scrutiny
Committee
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RESOLVED: That the report be noted.

The Meeting ended at 9.39 pm

Chairman