

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

SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT PORTFOLIO HOLDER

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

1.1 Introduction

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

1.2 Finance

- 1.2.1 The first responsibility of the resources, commissioning and contract management portfolio holder is to ensure the most effective management possible of the borough's financial resources, in collaboration with the Director of Finance. Effective financial management means providing public services to the residents of the borough that both meet resident requirements and are cost-effective. It is also the portfolio holder's responsibility to ensure that the long-term financial health of the borough is considered when key decisions are taken.
- 1.2.2 The most pressing matter on the finances of the Council is undoubtedly rising prices. CPI inflation hit a 40-year high of 9% in April, with many commentators expecting further rises later in the year. As well as affecting the cost of services provided directly by the council, the pricing for many key contracts also incorporates an indexing mechanism to reported inflation.
- 1.2.3 It should be noted that published inflation measures are averages, with significant variation for specific goods or services. Inflation in the construction industry, driven by both prices rises for raw materials and labour costs, is higher than reported averages. This will have a significant impact on the financial viability of all council building projects.
- 1.2.4 Officers have been asked to challenge inflationary increases driven by indexation mechanisms within contracts. I am delighted to confirm that Liberata have already agreed to increase costs by inflation less 1.2 percentage points for 2022/23. Moreover, they have agreed to increase costs by inflation less 0.6

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

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

1.3 Property

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

1.4 Customer Services and IT

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

Cllr Christopher Marlow

Portfolio Holder for Resources, Commissioning and Contract Management