



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 20 January 2011

To: Members of the
EXECUTIVE

Councillor Stephen Carr (Chairman)

Councillors Graham Arthur, Julian Benington, Peter Morgan, Ernest Noad,
Neil Reddin and Colin Smith

A meeting of the Executive will be held at Bromley Civic Centre on **WEDNESDAY 2
FEBRUARY 2011 AT 7.00 PM** *

***PLEASE NOTE STARTING TIME**

MARK BOWEN
Director of Legal, Democratic and
Customer Services.

*Copies of the documents referred to below can be obtained from
www.bromley.gov.uk/meetings*

A G E N D A

- 1 **APOLOGIES FOR ABSENCE**
- 2 **DECLARATIONS OF INTEREST**
- 3 **TO CONFIRM THE MINUTES OF THE MEETINGS HELD ON 12TH AND 20TH
JANUARY 2011 (Pages 5 - 20)**
 - a) To confirm the public Minutes of the meetings held on 12th January 2011 and
20th January 2011 (to follow);
 - b) Matters Arising
- 4 **QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

To hear questions received in writing by the Director of Legal, Democratic and
Customer Services by **5pm on Thursday 27th January 2011** and to respond.
- 5 **PUBLIC HEALTH IN BROMLEY - SECTION 75 ARRANGEMENTS SHADOW
HEALTH AND WELL BEING BOARD (Pages 21 - 42)**

- 6 **PUBLIC HEALTH (CONTROL OF DISEASE) ACT 1984 - DELEGATION TO OFFICERS** (Pages 43 - 48)
- 7 **FINANCIAL MONITORING 2010/11** (Pages 49 - 78)
- 8 **2011/12 BUDGET - INTERIM UPDATE**
There will be an oral update at the meeting.
- 9 **CAPITAL PROGRAMME MONITORING - 3RD QUARTER 2010/11** (Pages 79 - 88)
- 10 **CAPITAL PROGRAMME REVIEW 2010** (Pages 89 - 100)
- 11 **GATEWAY REVIEW 0, 1 & 2: APPROVAL OF 2011/2012 CYP BUILDING MAINTENANCE BUDGETS, CYP PLANNED MAINTENANCE PROGRAMME AND PREFERRED PROCUREMENT OPTION** (Pages 101 - 110)
- 12 **FORMER BLUE CIRCLE SITE: JOINT USE EDUCATION PAYMENT 106 CONTRIBUTION** (Pages 111 - 116)
- 13 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 14 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

<u>Items of Business</u>	<u>Schedule 12A Description</u>
15 EXEMPT MINUTES OF THE MEETINGS HELD ON 12TH AND 20TH JANUARY 2011 (Pages 117 - 118)	
16 LEGAL CHALLENGE TO BROMLEY AREA ACTION PLAN <i>(To follow)</i>	Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

17 CAPITAL PROGRAMME (Pages 119 - 120)

Information relating to the financial or business affairs of any particular person (including the authority holding that information)



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EXECUTIVE

Minutes of the meeting held on 12 January 2011
starting at 7.00 pm

Present:

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Julian Benington,
Peter Morgan, Ernest Noad, Neil Reddin and Colin Smith

Also Present:

Councillor Nicholas Bennett J.P., Councillor Peter Fookes,
Councillor John Getgood, Councillor Brian Humphrys and
Councillor Michael Turner

138 APOLOGIES FOR ABSENCE

All members were present.

139 DECLARATIONS OF INTEREST

Councillor Julian Benington declared an interest as his daughter worked for Affinity Sutton (Broomleigh Housing Association).

Councillor Neil Reddin declared an interest as he had a child starting at one of the Borough primary schools.

Councillor Stephen Carr declared an interest as he also had a daughter attending St Olave's Grammar School.

140 MINUTES OF THE MEETING HELD ON 8TH DECEMBER 2010

a) Minutes

RESOLVED that the Minutes of the meeting held on 8th December 2011, excluding exempt information, be confirmed as a correct record.

b) Matters Arising

RESOLVED that the report be noted.

**141 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING
THE MEETING**

Three written questions had been received from Councillor Simon Fawthrop details of which, together with the answers, are set out in the Appendix to the minutes.

**142 CARBON MANAGEMENT PROGRAMME - PROGRESS
REPORT**

Report ES10188

As requested by the Executive an Annual Progress Report on the Carbon Management Programme (Minute 116 – 09.12.09 refers) was submitted which updated members on the Council's actions so far in reducing its energy consumption and carbon footprint. It also detailed progress against the Council's overall target of 25% CO₂ reduction by March 2013. The report had recently been discussed by both the Executive and Resources and the Environment PDS Committees whose comments had been circulated.

The Director of Environmental Services briefly introduced the report and highlighted the good progress ahead of target that had been made in reducing the Council's carbon emissions during 2009/10. Reference was made to the fact that the Council's carbon footprint was based on energy used by the Council, schools and Bromley Mytime buildings, as well as energy used for street lighting and fleet/business travel, commuting and water use and waste production. The views of the Environment PDS Committee were noted and supported.

RESOLVED that

- 1) the work carried out by all departments in achieving a 12.9% (4,773t) reduction in carbon emissions in 2009/10 (compared with 2008/2009) and a 14.5% (5,466t) reduction in emissions against baseline (2006/07) be noted;**
- 2) the continued action for the reduction in carbon emissions and energy costs, with a view to achieving the Council's carbon reduction target of 25% by March 2013 be approved;**
- 3) a further annual progress report be received in a year's time, detailing progress in 2010/11 and carbon reduction plans for 2011/12;**
- 4) the establishment of a PDS Highways Asset Working Group by the Environment PDS Committee in the new municipal year to consider matters concerned with street lighting, street signage and energy efficiency be endorsed; and**
- 5) the establishment of Environmental Champions at all Council sites be endorsed.**

143 CARBON REDUCTION COMMITMENT

Report ES10189

The Executive considered a second annual report on carbon reduction (Minute 117 – 09.12.09 refers) in respect of the Carbon Reduction Commitment Scheme that placed statutory obligations on the Council which were regulated by the Environment Agency. This report had also been discussed by both the Executive and Resources and Environment PDS Committees whose views had been circulated.

Reference was made to the fact that the government no longer intended to redistribute allowance revenue among participants but would retain the revenue to support public finances, which in effect would become a carbon tax and significantly increase the Council's projected financial liabilities. Comment was also made on the Council's responsibilities for schools and that the scheme currently assigned the liability for academies to the Council. The Portfolio Holder for the Environment advised that the Environment PDS Committee had discussed the situation and considered it to be most unsatisfactory to lose the reward element and that the Council should be liable for academies particularly as it had no controls over the rate of their emissions. He urged that strong representations be made to both the Secretaries of State for Education and for Energy and Climate Change on this ludicrous situation and seeking a responsible solution. Councillor Smith also spoke in supported of the PDS Committee's request for the I & E Sub-Committee to look at further ways of reducing energy consumption etc. and expressed the view that overall responsible for energy efficiency should more appropriately come under Resources. The Chairman whilst supporting the views of the PDS Committees and the Portfolio Holder's further comments he felt that the issue of where the responsibility for carbon reduction/energy efficiency should lie would need to be looked into at a future date.

RESOLVED that

- (1) the statutory duty on LB Bromley to comply with the CRC scheme, the likely costs arising from this 'tax', and the potential for civil and criminal penalties be noted;**
- (2) the need for sustained action to reduce energy use and carbon emissions and improve data management to minimise the Council's financial liabilities under the scheme be endorsed;**
- (3) a further report setting out the Council's progress under the scheme and a forecast of its future financial liabilities be received in one year's time;**
- (4) representations be made both the Secretary of State for Education and the Secretary of State for Energy and Climate Change to advocate that academy schools be outside of the Council's responsibilities under the CRC Scheme; and**

(5) the Improvement and Efficiency Sub-Committee be requested to investigate further ways of reducing energy consumption and look at the benefits associated with renewable energy generation, feed in tariffs and other similar measures.

144 LONDON BOROUGH GRANTS SCHEME: 2011/12

Report LDS11006

Notification had been received that the London Councils Grants Committee was proposing a budget for 2011/12, part of which was met from contributions from London Boroughs, which was considerably lower than previous years. A review of the Grants Scheme had been undertaken by London Councils to establish the degree to which services would more appropriately be commissioned/delivered at local level. As a result a budget for 2011/12 had been set and Bromley's contribution had reduced from £1,045,626 in 2010/11 to £529,763 in 2011/12, a reduction of £515,863. The budget required approval from two thirds of the constituent Councils by 1st February 2011 which was before the next scheduled Council meeting.

The Chairman referred to the previous scheme which had been a very bureaucratic system that had little direct benefit to Bromley residents and spoke in support of the outcome of the review. He advised that discussions were under way with Bexley to look at gaps in funding to local organisations but he emphasised that this came with a 'health warning' in view of the stringent financial situation faced by local authorities next year.

RESOLVED that the proposed contribution of £515,863 in 2011/12 to the London Council's Grants Committee be approved.

145 THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/2012 TO 2012/13 AND RELATED BUDGET ISSUES

Report DR10116

On 13th December 2010 the draft two year Local Government Finance Settlement 2011/12 and 2012/13 had been announced. For Bromley the headline formula grant figures had been confirmed as £67.320m in 2011/12 and £59.636m for 2012/13. As in previous years, a funding "floor" was applied to each authority to minimise year-on-year changes in its level of cash grant. In 2011-12 floors would be set at a negative level for the first time, guaranteeing each authority a minimum decrease in funding. The situation facing the Council was therefore extremely severe with Bromley having the highest level of grant reductions along with three other London Boroughs.

The report also identified a detailed Draft 2011/12 Budget based on the previous estimates reported to the last meeting (Minute 126 -08.12.10 refers).

However, since that report was issued further significant changes had occurred and revised details updating the previous appendices, together with explanatory information was circulated at the meeting. Members were advised that confirmation on the future of some of the grants was still awaited and there could be further changes to the estimation of grant losses as shown in the latest report. Various other updates were reported and reference was made to the concerns at the continuation of inflation at levels well above the Bank of England's target rate and that this was not expected to fall significantly over the next year.

The Director of Resources spoke of the complexity of the grants situation and that officers had been reviewing spending and identifying options to balance the budget for initially the next two years and various savings were proposed as identified in Appendix B, circulated at the meeting. These options would help to reduce the 'budget gap' to £6,343k in 2011/12. Work was continuing to identify further savings and review the phasing as well as any other updates that might effect the final proposals. In the interim it was suggested that PDS Committees be asked to consider these proposals and report back to the Executive prior to final recommendations being made to Council. The Chairman outlined the time scale for this to be achieved and as the final decision by the GLA on their budget would not be until later in February it had been agreed that the Council Tax meeting would now take place on Monday, 28th February 2011. A special meeting of the Executive would be held prior to that on the former Council meeting date of 14th February 2011 to make the final decisions for recommendation to Council. The next scheduled meeting of the Executive on 2nd February 2011 would go ahead with any further updates reported to members as available. The Chairman emphasised that all the options were now open for discussion at this stage and any changes would have to be backed up by appropriate alternative savings.

Councillor Getgood spoke of his initial concerns at the proposals that he felt would severely affect front line services. The Chairman responded that no one wanted to be in this position but local authorities had no alternative but to address the problems and try and balance their budgets. Work had already been going on in respect of restructuring to gain efficiencies of service and at the same time protect the very vulnerable. Several members commented on the difficult decisions that needed to be made because of the financial state of the nation. Significant grants had been cut by the government in all areas and there was no funding to take its place therefore hard decisions had to be taken with every effort being made to minimise the effects on front line services. In response to questions from Councillor Fookes the Chairman responded that use of balances was not practical or sustainable although they would be used to buffer the effects of redundancy costs. The Director confirmed that increases in charges across the board had been looked at and would be utilised where appropriate. The Portfolio Holder for the Environment confirmed that at this stage no increase in parking charges was being considered because of the implications for the local economy. However, this would not pre-empt the situation being reviewed in the light of future economic growth.

The Chairman had issued a statement which had been circulated and he referred to it briefly emphasising that the potential savings were not about gimmicks but about creating certainty and sustainability. Consultations would now take place with staff and through the PDS Committees to inform the Executive's final recommendations to Council.

RESOLVED that

- 1) the revised budget proposals circulated be agreed as an initial basis for the final 2011/12 budget;
- 2) where consultation has not already commenced, approval be given for Officers to begin the process of consulting on the savings proposals prior to finalising the implementation of any savings (set out in Appendix B circulated at the meeting);
- 2) PDS Committees be invited to consider the proposals arising from this report and their comments be considered by the Executive at its next two meetings in February; and
- 3) the Leader's decision to revise Delegation (4) of the Resources Portfolio by adding the following words be endorsed:

Chief Executive (4) (ii)	Authorise reorganisations and restructurings involving redundancies and /or early retirement to be made by the Chief Executive after consultation with the Leader, relevant Director(s) and Portfolio Holder(s) on the service and financial implications where there is funding available to meet the associated costs.	Leader
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146 SAFEGUARDING AND SOCIAL CARE: RELEASE OF SOCIAL WORK IMPROVEMENT FUND GRANT

Report DCYP1101

Consideration was given to a report of the Director of Children and Young People Services seeking approval to the release of £169,000 of grant funds allocated to Bromley by the Children's Workforce Development Council to be added to the 2010/11 Children and Young People, Children's Social Care budget.

Members were informed that two grants had been made available to the Council, The Social Work Improvement Grant (£130,000) and the a grant for Newly Qualified Social Workers (£39,000). In view of the overspend in Children's Social Care budget it was proposed that the Social Work

Improvement grant money be used to offset expenditure already being utilised to improve front line practices. The report detailed the arrangements being made to increase the number of permanent social workers in the front line protection teams and the recruitment and retention package already agreed which these grants would further enhance and support. The Director advised that a detailed report reviewing the Children's Social Care Recruitment and Retention Package would be going to the CYP PDS Committee meeting on 24th January 2011.

RESOLVED that

- 1) the release of £130,000 of money allocated to Bromley by the Children's Workforce Development Council (Social Work Improvement Fund) from contingency to support the measures that have been put in place to improve the recruitment and retention of frontline children's social workers be approved; and**
- 2) the sum of £39,000 Children's Workforce Development Council (Newly Qualified Social Work Fund) be released to support the measures to improve the recruitment and retention of frontline children's social workers.**

147 CAPITAL PROGRAMME REVIEW 2010

Report DR10112

The Executive considered a report presenting new capital bids supported by Chief Officers in this year's Capital Review process. The main focus was on the continuation of existing essential programmes and on externally funded schemes, with only a limited new spending programme being put forward. Three lists of schemes had been prepared with List A showing those schemes being recommended at this stage with new capital investment totalling £29.2m which was significantly less than in previous years. An Invest to Save Scheme in List B and brief details of those schemes that were not being recommended at this stage set out in List C which included a scheme to increase the capacity in primary schools due to the increase in the numbers of primary school children.

Members in discussing the primary schools situation were advised by the Director of Children and Young People Services on the process for assessing the future need for additional school places and the implications arising from schools taking on academy status. It was emphasised that the Council had a statutory responsibility to find sufficient places for Bromley children regardless of the school status. Some new funding had recently been received which would be of help. However, there were concerns of an increase in the number of families being housed by inner London Boroughs in outer Boroughs such as Bromley because of changes to Housing Benefit as already reported to the Executive (Minute 128 – 08.12.10 refers) meeting in December last year. The

Executive
12 January 2011

Chairman commented that the need for additional school places would need to be kept under review.

RESOLVED that approval be given to the new Schemes and the existing spending programmes as set out in Appendix 2 (Lists A and B) as a basis for consultation for final decision at the Executive meeting in February.

**148 CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM
THE EXECUTIVE AND RESOURCES POLICY DEVELOPMENT
AND SCRUTINY COMMITTEE**

There were no additional issues to be reported from the Executive and Resources PDS Committee.

**149 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**

**150 EXEMPT MINUTES OF THE MEETING HELD ON 8TH
DECEMBER 2010**

The exempt minutes of the meeting held on 8th December 2010 were confirmed.

**151 DARRICK WOOD SECONDARY SCHOOL: COMMERCIAL
TRANSFER AGREEMENT FOR ACADEMY STATUS**

Darrick Wood Secondary School had formally converted to an Academy on 1st December 2010 when the Council had ceased to maintain the school on that date. As part of the conversion process the Local Authority was required to agree a Commercial Transfer Agreement with the School and its Governing Body. This Agreement was the means by which staff pensions, contract liabilities and assets were transferred to the Academy; and the respective

Executive
12 January 2011

obligations and duties of the Academy and the Local Authority towards each other were set out in a legal document.

The Executive discussed a report on the terms of the Transfer Agreement and gave formal approval to its finalisation.

Chairman

The Meeting ended at 8.15 pm

WRITTEN QUESTIONS FROM COUNCILLORS

From Councillor Simon Fawthrop – 3 written Question

1) How many asylum seekers (Non UK residents seeking political asylum and leave to remain in the UK) are currently resident in the Borough?

Reply:

The Council no longer holds information on the resident asylum seeker population within the Borough. This is because from 2005 the Borders & Immigration Agency have been responsible for receiving and maintaining asylum seekers and local authorities ceased to be responsible - except in the case of unaccompanied minors.

2) What is the cost to the public purse of asylum Seekers in the Borough (If the answer to question 1 is zero, the question should be what would be the average cost to the public purse of any one claiming asylum in the Borough)?

Reply:

Whilst there may be costs to the public purse incurred by the Borders & Immigration Agency Service, there are only limited costs incurred by the Council. These consist of:-

7 young people supported by CYP with the status of 'Unaccompanied Asylum Seeking Child'. The projected spend in 2010-11 is £135.5k and the expected grant reimbursement from the Government is £130.5k - i.e. a net cost to LBB of £5k.

3) What measures are in place to deal with any asylum seekers that may present themselves in Bromley?

Reply:

The third question is not applicable as presentations are managed by the Borders & Immigration Agency (B&IA) service except for any unaccompanied minors. As mentioned above these young people are dealt with by the Children's Social Workers through the normal Children in Need and other existing procedures for support and accommodating - after checking their age, status, etc., with the B&IA.

All cases are kept under constant review to ensure Council support is necessary and to determine the earliest point at which it can be ended.

PART 1 - PUBLIC

Decision Maker: EXECUTIVE

Date: 2nd February 2011

Decision Type:

Title: MATTERS ARISING FROM PREVIOUS MEETINGS

Contact Officer: Lynn Hill, Democratic Services Committee Coordinator
Tel: 020 8461 7700 E-mail: lynn.hill@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

From January 2009 the Executive has adopted a similar style to the PDS Committees of having a report on matters arising on the minutes from previous meetings.

- 1.1 Appendix 1 updates members on matters arising from previous meetings – please note that there is no longer a need for the continuing delegation to the Director of Resources in relation to investments.
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2. **RECOMMENDATION**

The Executive is invited to consider progress on recommendations made at previous meetings.

Corporate Policy

1. Policy Status: N/A.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: £N/A
 5. Source of funding: N/A
-

Staff

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: No statutory requirement or Government guidance.
 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: N/A

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
3 March 2010				
177. Treasury Management Issues – Council Investments: Delegation to the Director of Resources	Agreed to the continuation of the delegation but to be reviewed every three months.	Next report due to meeting on 2nd February 2011. <u>Please note that it is no longer considered necessary to continue with this delegation to the Director of Resources.</u>	Director of Resources/ Democratic Services	
200. Executive Working Parties on Child Safeguarding and Corporate Parenting	Agreed to combine into one Working Party on Child Safeguarding and Corporate Parenting	Membership of combined Working Party agreed on 26 th May 2010. 3 meetings held up to December 2010. Next meeting scheduled for 15 th February 2011.	Director of Children & Young People Services/ Democratic Services	
26th May 2010				
13 Proposals for the redevelopment and refurbishment of The Pavilion Leisure Centre	Agreed the proposals in association with Bromley Mytime. Recommended Council to include the scheme in the Capital Programme.	Council on 28 th June 2010 approved amending the Capital Programme to include this scheme. Report proposing selection of contractor considered at the special Executive meeting on 20 th January 2011. See Minutes circulated for this meeting.	Colin Brand, Head of Recreation	January 2011
16th June 2010				
40 Review of Service Proposals and procurement strategy – Transportation, Highways & Engineering Consultancy Services Contract	Agreed recs and to review the suitability of the arrangements at the end of the trial 18 month period. Report back to Executive.		Director of Environmental Services	January 2012

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
58/1 Sheila Stead House, Bushell Way, Chislehurst	Agreed to retain in Council's ownership for the time being.	Further report in due course.	Director of Renewal and Recreation	
29th September 2010				
84. Borough Investment Plan and Devolved Delivery Agreements	Approved Investment Plan (BIP) and its submission to the Homes and Community Agency (HCA) and submitting an Expression of Interest (EOI) in entering a Devolved Delivery Agreement (DDA), subject to further report once details are known.	The BIP and EOI were submitted. However, following the Comprehensive Spending Review there was a reduction in funding available to the HCA leaving little uncommitted funds available for the remainder of 2010/11 and for 2011/12. The process is under review and discussions and detail of entering in to a DDA have been deferred. It is not expected that matters would have progressed sufficiently to report back on the DDA until at least March 2011.	Asst. Director, Housing and Residential Services	Possibly March 2011
8th December 2010				
123 Bromley Museum at The Priory Orpington	Agreed 1 st stage application to the Heritage Lottery Fund – further report on outcome.		Colin Brand, Asst. Director Leisure & Culture	
12th January 2011				
142 Carbon Management Programme – Progress report	Agreed recommendations including those of the Env PDS Cttee.		Director of Environmental Services	Annual Progress Report 2011/12 January 2012

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
143 Carbon Reduction Commitment	Agreed recommendations including those of the Environment PDS Committee. Representations to be made to Government re responsibility for Academy Schools.		Director of Environmental Services	Annual report January 2012
145 The Local Government Finance Settlement 2011/2012 to 2012/13 and Related Budget Issues	Revised budget proposals to be considered by PDS Committees and report back to Executive meeting in February 2011	Reports being considered during Jan/Feb.	Director of Resources	Report comments back 14 th February 2011 Executive meeting.

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Report No.
ACS 11013

London Borough of Bromley

PART 1 - PUBLIC

<Please select>

Decision Maker: Executive

Date: 2nd February 2011

Decision Type: Non-Urgent Executive Non-Key

Title: PUBLIC HEALTH IN BROMLEY - SECTION 75
ARRANGEMENTS
SHADOW HEALTH & WELL BEING BOARD

Contact Officer: Terry Rich, , Director of Adult & Communtiy Services
Tel: 020 8313 4612 E-mail: terry.rich@bromley.gov.uk

Chief Officer: Terry Rich, Director of Adult & Communtiy Services
Mark Bowen, Director of Legal Democratic & Customer Services

Ward: Boroughwide

1. Reason for report

This report outlines the intention of the Government to transfer Public Health functions to Local Government by April 2013 and proposes a Section 75 transfer of the function from the PCT to the Council in advance of that date.

2. **RECOMMENDATION(S)**

- 2.1 That the Executive agrees to proceed with a transfer of the current Public Health service from Bromley PCT to the Council under a Section 75 agreement with a target date of April 2011.
- 2.2 That the authority to finalise that agreement be delegated to the Chief Executive and the Director of Legal, Democratic & Customer Services, in consultation with the leader and Deputy Leader of the Council.
- 2.3 To note and endorse the establishment of the Shadow Health & Well Being Board with the Terms of Reference as set out in Appendix B

Corporate Policy

1. Policy Status: New policy.
 2. BBB Priority: N/A.
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre:
 4. Total current budget for this head: £
 5. Source of funding: PCT
-

Staff

1. Number of staff (current and additional): 42
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): all residents
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? <please select>
2. Summary of Ward Councillors comments:

3. COMMENTARY

The Public Health Service in Bromley

- 3.1 The Government's agenda for the reform of the NHS has been set out in a number of documents including the two White Papers: "Equity & Excellence - Liberating the NHS" (July 2010) and "Healthy lives, Healthy people: our strategy for public health in England" (November 2010) and the recently published Health & Social Care Bill.(January 2011).
- 3.2 These changes propose radical changes to the organisation of the commissioning arrangements for local health services with the replacement of local PCTs with GP consortia who will be responsible for the majority of NHS budgets. A second major change is the proposal that Public Health functions – health improvement, tackling health inequalities and health protection – are to be transferred from the NHS to local government.
- 3.3 Draft legislation indicates that this transfer will take place by April 2013. The service will be funded via the allocation of a ring fenced public health budget and a set of public health outcomes that local government will be expected to deliver. These outcomes are likely to be consistent with the priorities outlined in the White Paper –"Healthy lives, Healthy people".
- 3.4 There will also be a national public health service within the Department of Health – Public Health England – which will advise ministers on the overall public health strategy for the Country. Local Directors of Public Health, whilst employees of the local council will be appointed jointly by the Council and the national Public Health service. In London it is also proposed that there will be a London Health Improvement Board which will have a role in ensuring a strategic London wide response to public health issues, supporting the borough based public health services.
- 3.5 In Bromley, over the last 18 months, Executive members and Chief Officers have been engaged in discussions with Bromley PCT around areas where further integration and joint working could be beneficial from a service delivery and efficiency perspective. This included strengthening joint working in public health. Consideration has already been given to the option of establishing a Joint (PCT/LBB) Director of Public Health, as exists in many authorities today. However this discussion has been reviewed in the light of the new Government agenda and has moved on to one of exploring the timescale for a transfer of the functions from the PCT to the Council and a consideration of the benefits of moving forward sooner rather than waiting for the formal statutory transfer planned for April 2013.
- 3.6 Bromley PCT, in common with other London PCTs is undergoing a radical reorganisation which will result in the establishment of Sector PCT arrangements for many PCT functions across the 6 south east London boroughs. Whilst there will remain a local Business Unit primarily aimed at supporting the development of the local GP consortia, it seems opportune to come to an arrangement to transfer the Public Health functions to the Council at this point, at the same time as the PCT's revised organisational arrangements are coming into place.
- 3.7 A report setting out the justifications and the proposed way forward to facilitate this transfer was considered by the Shadow Health & Well Being Board in January. This was supported, and subject to the agreement of the Executive and the PCT Board, it is proposed to proceed to draw up and conclude this agreement with a target date for the transfer of the Public Health function to the Council by April 2011 or as soon thereafter as practicable.
- 3.8 It should be noted that Public Health contributes to achieving the Council's Building a Better Bromley priorities across a range of service areas and it is envisaged that the transfer into the council will facilitate a strengthening of the input in to the work of the Adult & Community, Children & Young People, Environment, Public Protection and Renewal and Recreation Portfolios.

3.9 The report to the Health & Well Being Board is appended at appendix A

The Shadow Health & Well Being Board

3.10 Also included with the Government's agenda is the proposal that all top tier Councils should establish a Health & Well Being Board charged with the responsibility of :

- Assessing the needs of the local population and lead on the production of a statutory Joint Strategic Needs assessment – this includes both adults and children,
- Promote integration and partnership across the borough, including joining up commissioning plans across the NHS, social care and public health,
- Supporting joint commissioning and pooled budgets arrangements between the NHS and local government.

3.11 Health & Well Being Boards are a requirement from 2013.

3.12 The joint working group exploring integration of health and social care functions in Bromley has now been transformed into a Shadow Health & Well Being Board and has started to exercise the functions envisaged by the government in the White Paper and Health & Social Care Bill.

3.13 The terms of reference are appended at Appendix B and the Executive is asked to endorse those terms of reference and to receive periodic reports on the business of the board.

4. POLICY IMPLICATIONS

4.1 The proposed transfer of public health from the NHS to the Council is inline with Government policy set out in the Health and Social Care bill.

4.2 The Council has prioritised the benefits of closer working with health and developing partnerships as contributing to a number of Building a Better Bromley priorities including Supporting Independence, Children and Young People and Community Safety.

5. FINANCIAL IMPLICATIONS

5.1 This proposed transfer is based on the premise of transferring existing staff, services and activity from the PCT to the Council. All of those elements are currently funded from within the PCT's overall budget. The details of the budgets associated with the PCT Public Health function are currently being disaggregated from the overall PCT strategic, commissioning and delivery budgets and will be finalised over the coming weeks.

5.2 As Public Health staff will remain employees of the PCT, staffing budgets will effectively remain with the PCT. Operational and commissioning budgets for the delivery of public health functions will be included within a transferred sum, and subject to a ring-fence.

5.3 Accommodation and support costs will be determined and included within the overall agreement.

6. LEGAL IMPLICATIONS

6.1 An agreement under Section 75 of the National Health Services Act 2006 is a formal mechanism which enables PCTs and local authorities to pool resources and in this case will facilitate the transfer of aspects of the public health service functions to the Council in a way which ensures that risk is managed for both parties and that the Council is compliant with its

contracting and financial regulations and has in place a robust governance arrangement for the delivery of those functions.

7. PERSONNEL IMPLICATIONS

- 7.1 The section 75 agreement will include the secondment of existing PCT Public Health employees to the Council. Throughout the duration of the agreement, those staff will remain employees of the PCT and subject to NHS terms and conditions.
- 7.2 During what will in effect be a transition period pending the formal statutory transfer, it will be important to develop a workforce development strategy aimed at developing a shared understanding of the service and professional issues pertinent to public health and its operation within the local government context. Cultural and organisational change initiatives will be developed aimed at assisting staff within both organisations in managing this process.
- 7.3 In the future it is anticipated that staff included within the formal transfer of responsibilities from the NHS to Local Government would transfer to the Council under TUPE arrangements.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	Equity & Excellence - Liberating the NHS (July 2010) Healthy lives, Healthy people: our strategy for public health in England (November 2010) Health & Social Care Bill.(January 2011) Terms of Reference of the Shadow Health & Well-Being Board (Appendix 2 of this report)

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**LONDON BOROUGH OF BROMLEY
AND BROMLEY PRIMARY CARE TRUST**

SHADOW HEALTH AND WELL-BEING BOARD

DATE: 13th January 2011

SUBJECT: Public Health In Bromley
- Proposal for a Section 75 agreement

CONTACT OFFICER: Mark Bowen, Director of Legal Democratic & Customer Services
Angela Bhan, Jt Director of Public Health
Nada Lemic, Jt Director of Public Health
Terry Rich, Director Adult & Community Services

CONTACT DETAILS: Mahtab Munshi, Legal Services LBB

1. REASON FOR REPORT

This report seeks the endorsement of the Shadow Board in progressing to the conclusion of a Section 75 agreement between the PCT and the Council to transfer the existing Public Health staff and functions into the Local Authority in advance of the future statutory timetable of April 2013. The recommendation is that the transfer in Bromley would be from 1st April 2011.

2 RECOMMENDATIONS

- 2.1** The Board endorses the approach set out in this report to enable the transfer of public health functions and budgets from the PCT to the Council with a target completion date of 1st April 2011.
- 2.2** The Board recommends to the Council and to the PCT Board that a Section 75 transfer be entered into along the lines set out in appendix 2

3 BACKGROUND

- 3.1** In July 2010 the Government set out its long term vision for the future of the NHS and the White Paper "Equity and Excellence Liberating the NHS" proposed a radical range of changes to health services and the role of local authorities in health provision. A later document, the White Paper "Healthy Lives : Our Strategy for Public Health in England" provided more detail on how local communities and local government will be placed at the heart of public health in England.

Key changes proposed include

- the transfer of the role of Director of Public Health currently within PCTs to local authorities where they will be the strategic lead in public health;
- ring fencing public health budgets allocated to local authorities;
- A dedicated public health service – Public Health England – within the Department of Health;
- An evidence based approach to public health initiatives –
 - Public Institute for Health Research;
 - School for Public Health Research; and
 - A Research Unit on Behaviour and health;
- Central role for Chief Medical Officer and planned NHS commissioning in Public Health;
- Stronger incentives for GPs to play a role in public health.

The timetable for changes is as follows:

- December 2010 – March 2011 – consultation on the Public Health outcomes framework funding and commissioning within the White Paper.
- Early 2011 – establishment of Shadow Public Health England at the DH and arrangements initiated with local authorities, including matching of PCT DPH's.
- Late 2011 - public health professional work force strategy to be developed;
- April 2012 – Public Health England to assume full responsibilities. Shadow ring fenced public health financial allocations to local authorities published;
- April 2013 – full transfer of public health functions and budget to local authorities

The transfer of the public health functions ties in with the proposal to abolish PCTs in their entirety or in their present form after April 2013.

3.2 **Benefits of locating public health in local government**

The location of Public Health within local government brings a number of key benefits:

- Local authorities deliver a number of services, or have considerable influence over services, that are important for the promotion of good health and the prevention of illness, disease and trauma. It is well recognised that a decent home, clean water, good nutrition, a proper education, sufficient income, healthy behaviours and habits, a safe neighbourhood, a sense of community and citizenship are fundamental determinants of health and well-being, and are critical to the reduction of health inequalities.
- Given the new NHS-related responsibilities placed on local government, a public health team becomes a potentially important source of clinical and professional expertise and capacity to enable the effective integration of health and social care, and facilitate effective engagement with GPs and other NHS providers.
- Local authorities have the resources to facilitate effective patient and community engagement both of which are vital for health improvement
- The analytical and health intelligence expertise and experience of public health specialists will help local authorities fulfil their roles with regard to

establishing and supporting effective local health watches, as well as engaging in a more effective process for conducting Joint Strategic Needs Assessments (JSNAs).

4 THE SCOPE OF PUBLIC HEALTH

The White Paper uses the Faculty of Public Health definition of public health: *'The science and art of preventing disease, prolonging life, and promoting health through the organized efforts of society'*.

There are three key domains of public health practice that the PH Team in LBB would be expected to deliver, both in the transition period and the long term:

4.1 Health improvement

This domain of public health practice is concerned with improving the health and wellbeing of populations and reducing inequalities by using health promotion, prevention and community development approaches to influence the lifestyle and socio-economic, physical and cultural environment of populations, communities and individuals, and includes addressing inequalities, education, housing, employment, family/community, lifestyles, and surveillance and monitoring of specific diseases and risk factors. The sorts of areas of work include diet and nutrition, smoking cessation and prevention and drugs and alcohol treatment and prevention.

4.2 Health protection

This area of practice is concerned with action for the general environment (e.g. clean air, water and food), prevention of the transmission of communicable diseases, and protection against environmental health hazards, through the application of a range of methods including disease monitoring, management of outbreaks and other incidents that threaten the population's health and wellbeing, hazard identification, risk assessment and the promotion and implementation of appropriate interventions. The kind of work includes infectious disease surveillance, prevention and control, immunisation, screening and sexual health.

4.3 Improving health services

§ The Faculty of Public Health believes that GPs' understanding of local populations and experience can bring much to the commissioning process. However, it is imperative that Public Health specialists work alongside GPs, using their expertise to inform GP commissioners about how illnesses and diseases affect their population, what healthcare interventions are effective, analysing outcomes and interpreting information to identify where interventions and services need to improve and be made more efficient. These areas include effective and cost effective health services commissioning (including applications for treatment outside normal contracts) and improving the quality of services provided.

4.4 Some of these broad areas of delivery and the routes of commissioning are detailed in appendix 1.

4.5 Public health, the NHS and GP Consortia

It is essential to retain a strong link between public health and the rest of the NHS whilst it is integrating into local government. These links need to be robust in the transition phase as well as the long term. Public health outcomes cannot be delivered unless the principles of a preventive and population-wide perspective are embedded within all elements of the NHS – clinical or otherwise.

Re-organisation of NHS structures and the move of public health into local government runs the risk of creating an undesirable distance or barrier between public health and the NHS. So it will be important to ensure that the negative consequences of such an outcome are mitigated. Public Health should be seen as one of the most effective ways of providing a bridge between health and care services.

The link between Public Health and the NHS will be retained in part by the White Paper proposal that the local DPH would be jointly appointed by local government and the national public health service. In addition, recent communication from the Department of Health suggests that local Directors of Public Health will also have direct accountability to the Secretary of State.

It is essential that connections to the NHS are maintained at the local level. Although the Health and Wellbeing Board provides one platform for bringing together GP consortia with local public health and other relevant actors, there will be a need to consider how GP consortia and local public health work together on a more day-to-day and operational basis.

Local public health functions are currently delivered mainly through Primary Care Trusts, mostly under the management of a Public Health Director. However, many public health functions are also delivered through the other directorates of a PCT, whilst some public health directorates deliver broader functions that support good clinical governance, improvements in quality and commissioning. The challenge for central government, local authorities, outgoing PCTs and emerging GP consortia is to create a sustainable and effective public health function that has the ability to improve health from the heart of local government.

5 OPTIONS FOR PUBLIC HEALTH IN BROMLEY

Whilst one option is to wait for central direction around transferring the public health function from April 2013, there is considerable merit in taking steps to anticipate the proposals and build on the direction of travel outlined in the White Paper.

If this is the preferred option, then consideration needs to be given as to how public health functions can be integrated within Bromley Council in advance of the formal transfer date. There are both formal and informal methods which could be applied.

Informal working arrangements could be based around a broad commitment by the two organisations leading to a formal transfer of service and will be based around a broad Memorandum of Understanding. This could create uncertainties around service levels responsibilities and financial provision and consideration should be given to making use of the powers contained within Sections 75 and 256 of the National Health Services Act 2006 to establish a formal arrangement supported by

the necessary legal agreements. This will have the advantage of clearly setting down how services will be provided during the transitional period, will ensure that critical services are not significantly destabilised during the transitional and provide clarity on staffing arrangements and the basis of funding. If the Board is agreeable to taking things forward in this way a suggested target date for completion of the S75 Agreement and transfer to the new arrangements would be 1st April 2011.

A considerable amount of work would be required to achieve this. Critical to any Agreement will be:

- Definition of the scope and range of services which will be covered by the Agreement;
- Identification of staff who will be seconded to Bromley, together with management arrangements;
- The identification of budgets which will transfer, the Council's contribution and how budget pressures will be funded;
- The structural location of the public health service under the S75 Agreement within Bromley;
- Service standards and performance;
- A commitment to work to further integrate/develop the service in advance of the formal transfer date of April 2013;
- Administrative arrangements around support, premises, etc;
- Identifying provisions for indemnities, liabilities and dispute resolution.

6. PUBLIC HEALTH IN BROMLEY - Staffing and budgets

- 6.1 The Public Health Directorate consists of 42 staff members, lead by the Directors of Public Health (1 WTE), in addition to 5 Consultants (3.2 WTE) and 7 Public Health Specialists (5.6 WTE). The directorate includes the screening team which provides call and re-call service for cancer screening programmes and diabetic retinopathy screening for Bexley and Greenwich PCTs as well. The total staff budget is in the region of £2 million but this includes some posts that are being deleted and also some screening posts that are likely to remain with the NHS. Public Health services are both provided directly by members of the Public Health team or commissioned through primary or community health services.

The budgets for the range of Public Health programmes delivered by the Public Health team is being assessed and may be subject to the section 75 agreements. There is also a contract between the PCT and the PCT Community Provider Unit (Bromley Healthcare) and it is likely that this budget will be retained by the PCT at this stage although monitoring of the public health outcomes achieved will rest with the Directors of Public Health and their team.

A further sum, still to be determined, covers the running costs including premises, back-office, ICT, finance, HR etc.

7 LEGAL IMPLICATIONS

The key legal implications are set out in section 5 covering key aspects of any agreement and appendix 2 which indicates the contents page of a typical section 75 Agreement. However there is also a need to consider key risks associated with a section 75 agreement . These are:

Budgetary risks

If there are increased service demands on the public health function then until formal transfer in 2013 these will be managed by placing responsibility for funding with the PCT subject to agreed procedures being followed on notification or management of pressures. These procedures are a common part of s 75 agreements.

Employment Risks

Public Health employees will not be employed by the council until formal transfer and the key employment risks will remain with the PCT. There will be a small residual risk around discrimination claims – however following recent case law this will be in reality no greater than under the present working arrangements.

Priority Conflict

There is good practice of joint working already in place through e.g. the partnership board and the proposed arrangements are likely to reduce rather than increase risk.

Reputational risk

The London Director of Public Health will retain overall responsibility for the functions until 2013 and in any event a formalised working arrangement will again operate to reduce risk in this area. Local Directors of Public Health are also currently overseen and are accountable to the London Director of Public Health in respect of clinical and professional practice and this will persist under these proposed arrangements.

Appendix 1 –PUBLIC HEALTH TYPES OF ACTIVITY AND COMMISSIONING RESPONSIBILITIES

	Activities to be funded from new public health budget	Proposed commissioning route/s (including direct provision in some cases)	Associated activities to be funded by the NHS budget
Infectious disease	Current functions of the Health Protection Agency and public health oversight of prevention and control including coordination of outbreak management,	Public Health England At a local level, local authorities will need to work closely with Public Health England Health Protection Units (HPUs).	Treatment of infectious disease Co-operation with Public Health England on outbreak control and related activity
Sexual Health	Contraception, testing and treatment of sexually transmitted infections, fully integrated termination of pregnancy services, and outreach and prevention.	LA to commission comprehensive open-access sexual health services. Public Health England to fund commissioning by NHS Commissioning Board of contraceptive provision through primary care commissioning arrangements. LAs will fund and commission contraceptive services (including through community pharmacies) for patients who do not wish to go to their GP or who have more complex needs. LA responsible for commissioning fully integrated termination of pregnancy services.	HIV treatment and promotion of opportunistic testing and treatment
Immunisation against infectious disease	Universal immunisation programmes and targeted neonatal immunisations	Vaccine programmes for children, and flu and pneumococcal vaccines for older people, via NHS Commissioning Board (via GP contract) NHS to continue to commission targeted neonatal Hepatitis B and BCG vaccination provision, funded by Public Health England. LA to commission school programmes such as HPV and teenage booster	Vaccines given for clinical need following referral or opportunistically by GPs

Standardisation and control of biological medicines	Current functions of the HPA in this area	Public Health England	
Radiation, chemical and environmental hazards, including public health impact of climate change	Current functions of the HPA, and public health oversight of prevention and control, including outbreak management co-ordination of	Public Health England supported by local authorities	
Screening	Public Health England will design, and provide the quality assurance and monitoring for all screening programmes	Public Health England responsible for design and quality assurance of screening programmes and funding, managing, piloting and rolling out of new programmes and extending current ones. NHS Commissioning Board will commission established programmes on behalf of Public Health England, as specified and with funding transferred for that purpose.	
Accidental injury prevention	Local initiatives such as falls prevention services	Local authority	
Public mental health	Mental health promotion, mental illness prevention and suicide prevention	Local authorities will take on responsibility for funding and commissioning mental wellbeing promotion, anti-stigma and discrimination and suicide and self-harm prevention public health activities. This could include local activities to raise public awareness, provide information, train key professionals and deliver family and parenting interventions.	Treatment of mental ill health, including Improving Access to Psychological Therapies (IAPT), will not be a responsibility of Public Health England but will be funded and commissioned by NHS

Nutrition	Running national nutrition programmes including Healthy Start . Any locally-led initiatives	Public Health England and local authority	Nutrition as part of treatment services, dietary advice in a healthcare setting, and brief interventions in primary care
Physical activity	Local programmes to address inactivity and interventions to promote physical activity, such as improving built environment and maximising the physical activity opportunities offered by the natural environment	Local authority	Provision of brief advice during a primary care consultation e.g. Lets Get Moving
Obesity programmes	Local programmes to prevent and address obesity, e.g. delivering the National Child Measurement Programme and commissioning of weight management services	LAs responsible for obesity and physical activity programmes, including encouraging active travel. LAs responsible for running the National Child Measurement Programme at the local level, with Public Health England co-ordinating the Programme at the national level.	NHS treatment of overweight and obese patients, e.g. provision of brief advice during a primary care consultation, dietary advice in a healthcare setting, or bariatric surgery
Drug misuse	Drug misuse services, prevention and treatment	Local authority	Brief interventions
Alcohol misuse	Alcohol misuse services, prevention and treatment	Local authority	Alcohol health workers in a variety of healthcare settings
Tobacco control	Tobacco control activity, incl. smoking cessation, prevention enforcement, communications	Local authority	Brief interventions in primary care, secondary, dental and maternity care
NHS Health Check Programme	Assessment and lifestyle interventions	Local authority	NHS treatment following NHS Health Check assessments and ongoing risk management

Health at work	Any local initiatives on workplace health	Local authority	NHS occupational health
Reducing and preventing birth defects	Population level interventions to reduce and prevent birth defects	Local authority and Public Health England	Interventions in primary care e.g. pre-pregnancy counselling or smoking cessation programmes and secondary care services incl. specialist genetic services
Prevention and early presentation	Behavioural/ lifestyle campaigns/ services to prevent cancer, long term conditions, campaigns to prompt early diagnosis via awareness of symptoms	Local authority	Integral part of cancer services, outpatient services and primary care. Majority of work to promote early diagnosis in primary care
Dental public health	Epidemiology, and oral health promotion (including fluoridation)	Public Health England to lead on co-ordination of oral health surveys. LAs lead on providing local dental public health advice to the NHS. NHS Commissioning Board will commission dental services and community oral health programmes. Contracts for existing (and any new) fluoridation schemes will become the responsibility of Public Health England	All dental contracts
Emergency preparedness and response incl. for pandemic influenza	Emergency preparedness including pandemic influenza preparedness and the current functions of HPA in this area	Public Health England, supported by local authorities	Emergency planning and resilience remains part of core business for the NHS. NHS Commissioning Board responsible for mobilising NHS in the event of an emergency

<p>Health intelligence and information</p>	<p>Health improvement and protection intelligence and information, including:</p> <ul style="list-style-type: none"> - data collection and management; - analysing, evaluating and interpreting data; modelling; - using and communicating data. This includes many - existing functions of Public Health Observatories, Cancer Registries and the Health Protection Agency 	<p>Public Health England and local authority</p>	<p>NHS data collection and information reporting systems (for example, Secondary Uses Service)</p>
<p>Children's public health for under 5s</p>	<p>Health Visiting Services including the Healthy Child Programme for under 5s and the Family Nurse Partnership</p>	<p>Public health services for children under 5 will be a responsibility of Public Health England including funding the delivery of health visiting services, including the leadership and delivery of the Healthy Child Programme for under 5s (working closely with NHS services such as maternity services and with children's social care); health promotion and prevention interventions by the multiprofessional team and the Family Nurse Partnership.</p> <p>Local areas will need to consider how they join-up with Sure Start Children's Centres to ensure effective links. In the first instance, these services will be commissioned on behalf of Public Health England via the NHS Commissioning Board. In the longer term, health visiting to be commissioned locally.</p>	<p>All treatment services for children (other than those listed above as public health-funded)</p> <p>NHS Partners will need to help to focus on child protection and specifically the early intervention end of support for families through Local Safeguarding Children Boards.</p>

Children's public health 5-19	The Healthy Child Programme for school-age children, including school nurses	Public health services for children aged 5-19, including public mental health for children, will be funded by the public health budget and commissioned by local authorities. This will include the Healthy Child Programme 5-19; health promotion and prevention interventions by multiprofessional teams and the school nursing service.	All treatment services for children (other than those listed above as public health funded, e.g. sexual health services or alcohol misuse)
Community safety and violence prevention	Specialist domestic violence services in hospital settings, and voluntary and community sector organisations that provide counselling and support services for victims of violence including sexual violence, and non-confidential information sharing activity	Local authority	Non-confidential information sharing
Social exclusion	Support for families with multiple problems, such as intensive family interventions	Local authority	Responsibility for ensuring that socially excluded groups have good access to healthcare
Public health care for those in prison or custody	e.g. All of the above	Where public health services are delivered in prison or for those in custody, these interventions will be funded by Public Health England. However, such interventions will be commissioned by the NHS Commissioning Board on behalf of Public Health England	Prison healthcare

***Bromley Shadow Health & Well Being Board
(2nd DRAFT)
Terms of Reference***

Background and context:

The Bromley Shadow Health & Well Being Board has been established to further the objective of achieving a sustainable high quality health and social care system for the residents of the Borough and to ensure the maximum benefits are delivered arising out of the Government's "Equity & Excellence - Liberating the NHS" White Paper.

The Shadow Board will operate as an Executive Group working on behalf of the PCT Board and the Council's Executive. It will also keep the LSP informed of its work and ensure consistency with the overall LSP aims and objectives.

Whilst working to that delegated remit, this will not preclude the requirement for formal decision making processes to remain with the existing PCT Board and LBB Executive, until such time as executive powers are delegated or devolved to the Board.

The overall remit for the Board will be consistent with those set out in the Health White Paper:

To make recommendations to the Council's Executive and the PCT Board on the management and governance arrangements necessary to enable achievement of the following strategic objectives:

i) to assess the needs of the local population and lead the statutory joint strategic needs assessment

ii) to promote integration and partnership across the Borough, including joined up commissioning plans across the NHS, social care and public health

iii) to support joint commissioning and pooled budget arrangements, where all parties agree this makes sense

iv) to undertake a scrutiny role in relation to major service redesign

In relation to point v) this shall not impact on the statutory role of the Council Policy Development & Scrutiny Committee for scrutiny of proposals for changes to NHS services nor of holding local NHS organisations to account.

Membership:

The membership of the Shadow Board shall be composed of the following:

LBB:

Cllr Graham Arthur	Portfolio Holder for Adult & Community	Chairman
Cllr Ernest Noad	Portfolio Holder for Children & Young People	
Cllr Colin Smith	Portfolio Holder for the Environment	
Cllr Charles Rideout	Scrutiny Committee member	

Doug Patterson	Chief Executive
Terry Rich	Director of Adult & Community Services
Gillian Pearson	Director of Children & Young People Services

PCT/NHS Bromley:

Jim Gunner Acting/Interim Chairman of the PCT Board
Harvey Guntrip Non Executive Director

To be confirmed Managing Director NHS Bromley

Angela Bhan Joint Director of Public Health
Nada Lemic Joint Director of Public Health
Marie Farrell Director of Finance/Acting CEO

GPs:

Dr Andrew Parson Chief Executive, Bromley GP Consortia
Dr Ruchira Parajape Lead GP Orpington Cluster
Dr Jackie Tavabie Lead GP Unity Cluster

Voluntary Sector:

Tbc Chief Officer/Chair Bromley Community LINKS

Local LINK

Tbc Chief Officer/Chair Bromley LINK

The Board will be supported by:

LBB AD Commissioning & Partnerships
Executive Assistant
PCT Director of Commissioning
Director of Primary Care/Practice Based Commissioning

Others as appropriate

Chairman:

The Chair of the Shadow Health and Well-Being Board shall be appointed by the Council from amongst the elected members represented on the Board.

Quorum:

A quorum shall consist of at least one third of the membership including at least one councillor, one LA chief officer, one PCT NED, one PCT executive director and one GP representative.

Frequency of Meetings:

The Shadow Board shall meet at least quarterly and shall review its Terms of Reference after one year or in the light of any emerging guidance from Government or Department of Health.

Reporting:

The Shadow Board will report to the Council and to the PCT through sending minutes of its meetings to the PCT Board and the Council Executive.

Workplan for the Board:

A. Future organisational plans:

- i) To keep under review the ToR and workings of the Shadow Board and make any recommendations on future changes or modifications to enable the Shadow Board to emerge into a Statutory Board in due course.
- ii) To consider arrangements for the transfer of Public Health and Health Improvement Functions to the Local Authority
- iii) To consider options for the future of health and social care commissioning and the opportunities for joint commissioning across health and social care

- iv) To propose organisational and governance arrangements to support the above
- v) To consider the budgetary and financial implications of each of the above.

B. Current Commissioning:

- i) To consider options for integration initiatives, efficiencies and service improvements through joint working and or joint commissioning/procurement activity.
- ii) Consider specific commissioning plans, strategies and proposals which have a health and social care component and to recommend their acceptance to the Council's Executive, PCT Board and/or the Executive Board of the GP Consortium.
- iii) Consider proposals for the best use of new funds allocated through PCTs for investment in reablement and social care services and to recommend such plans to PCT Board and Council Executive as required.

C. Service Delivery and Strategic Performance Management:

- i) To keep under review the delivery of local health and social care services against standards and key performance indicators.
- ii) To consider options for further integration of service delivery across health and social care services within both adult and children arenas.
- iii) To keep under review the financial implications arising from the above to secure service and cost benefits delivered through closer integration and joint working.

D. Engagement:

- i) To provide regular information to the Social Care Health and Housing Partnership Board and the Children's Trust Board to ensure that the broader stakeholder community is informed and can contribute to the work of the Shadow Board.
- ii) To consider options for the engagement of wider stakeholders in future Governance, planning and scrutiny arrangements for Health & Well-being in Bromley.
- iii) To consider options for the development of local Health Watch.

Terry Rich
DACS, LBB December 2010

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Report No.
ES 10199

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: Executive

Date: 2 February 2011

Decision Type: Non-Urgent Executive Non-Key

Title: **DELEGATION OF POWERS - PUBLIC HEALTH (CONTROL OF DISEASE) ACT 1984 AS AMENDED BY THE HEALTH AND SOCIAL CARE ACT 2008**

Contact Officer: Paul Lehane, Manager Food Safety, Occupational Safety and Licensing
Tel: 020 8313 4216 E-mail: paul.lehane@bromley.gov.uk

Chief Officer: Nigel Davies - Director of Environmental Services

Ward: All

1. Reason for report

To seek delegation of powers relating to the control of diseases to the Director of Environmental Services following extensive modifications to the Public Health (Control of Disease) Act 1984 made under the Health and Social Care Act 2008. New regulations have also been made in relation to the notification of various diseases and other risks to public health and Local Authority powers relating to disease control.

2. **RECOMMENDATION(S)**

The Executive is asked to confirm the following delegations by the Leader to -

1. Authorise the Director of Environmental Services to act as the 'Proper Officer' and hold the powers set out in this report and to
2. Appoint Officers from the Council, Health Protection Agency or other organisations as necessary to exercise specific functions and powers as given to them.

Corporate Policy

1. Policy Status: N/A.
 2. BBB Priority: Safer Bromley. Children & young people. Excellent Council
-

Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Public Protection
 4. Total current budget for this head: £4.5m
 5. Source of funding: Existing Revenue Budget
-

Staff

1. Number of staff (current and additional): 66 (Food Safety Team 7.25 fte)
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory requirement. The Council is required to appoint a 'Proper Officer'
 2. Call-in: Call-in is 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:

3. COMMENTARY

The Public Health (Control of Disease) Act 1984 has been extensively modified by the Health and Social care Act 2008. New regulations have also been made in relation to the notification of various diseases and other risks to public health and Local Authority powers relating to disease control.

The revised statutes bring a range of new requirements, duties and powers to the Council. This report sets out the background to these changes and the specific powers being sought for delegation to the Director of Environmental Services and through him other Officers of the Council, Health Protection Agency or other organisations as necessary. (Appendix 1)

The updated health protection legislation provides local authorities with wider, more flexible powers so that they can respond to public health hazards more effectively. In using these powers, local authorities will work closely with other organisations, including the NHS and the Health Protection Agency (HPA). The modernised legal framework will assist environmental health practitioners, who in their daily role of investigating incidents, enforcing public health standards and removing hazardous materials, sometimes encounter lack of cooperation which endangers the health of others.

Health protection legislation in England has been updated from 6 April 2010 to give public authorities modernised powers and duties to prevent and control risks to human health from infection or contamination, including by chemicals and radiation.

The main features of the legislation are to:

- extend the long-standing requirement on registered medical practitioners (RMPs) to notify the proper officer of a local authority of individual cases of specified infectious diseases (notifiable diseases) by also requiring them to notify cases of other infections or of contamination which they believe present, or could present, a significant risk to human health;
- Require diagnostic laboratories to notify the Health Protection Agency (HPA) of specified causative agents they identify in tests on human samples;
- provide local authorities with wider, more flexible powers to deal with incidents or emergencies where infection or contamination presents, or could present, a significant risk to human health. Some powers, relating to specific circumstances, can be exercised directly by local authorities. In other circumstances, local authorities can apply to a justice of the peace (JP) for a Part 2A Order to impose restrictions or requirements to protect human health.

Earlier legislation, much of it dating from the 19th century, applied only to specified infectious diseases and was based on outdated assumptions about risks to health and how society operated.

The updated legislation adopts an “all hazards” approach, encompassing infection and contamination of any kind. This is consistent with the International Health Regulations 2005 through which the World Health Organization (WHO) and its member states aim to prevent the international spread of infectious diseases and contamination.

The revised list of powers to be delegated to the Director of Environmental Services is set out in appendix 1.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from the delegation of the powers as recommended in this report. If certain powers are exercised there may be costs associated with the payment of compensation.

5. LEGAL IMPLICATIONS

The Council has a duty to enforce and administer the Public Health (Control of Disease) Act 1984, as amended by the Health and Social care Act 2008 and regulations. The delegation of the powers set out in this report is essential to enable effective implementation.

Non-Applicable Sections:	POLICY IMPLICATIONS, PERSONNEL IMPLICATIONS
Background Documents: (Access via Contact Officer)	Public Health (Control of Disease) Act 1984. The Health Protection (Notification) Regulations 2010, The Health Protection (Part 2a Order) Regulations 2010, The Health Protection (Local Authority Powers) Regulations 2010. Health Protection Legislation (England) Guidance 2010 – DOH

Public health – Infectious Diseases Regulations – Powers

Public Health (Control of Disease) Act 1984 as amended by Health and Social Care Act 2008

Section	Power
45M	Apply for orders under part 2A
46	Duty of the La to bury or cremate a body where no other arrangements made
48	Power to apply to Court for an order removing a body to a mortuary
61	Power of entry for appointed 'Proper Officer'
62	Supplementary powers as to entry
64	Power to prosecute

The Health Protection (Local Authority Powers) Regulations 2010

Section /Regulation	Power
2	To serve / review vary or revoke a notice to keep a child away from school when a child is or may be infected or contaminated
3	To serve notice on a head teacher of school to provide names addresses and contact numbers of pupils
4	To disinfect or decontaminate things at the request of the owner and charge for the service
5	To disinfect or decontaminate things at the request of a person with custody or control of the things and charge for the service
6	To disinfect or decontaminate premises at the request of the owner and charge for the service
7	To disinfect or decontaminate things at the request of the tenant and charge for the service
8	Power to serve notice on a person or groups requesting co-operation for health protection purposes. Offer

	compensation
9	Serve notice on the person having charge or control of premises in which a dead body is located prohibiting contact with the body
10	Serve notice on the person having charge or control of premises in which a dead body is located prohibiting entry to the room in which the body is located
11	To relocate or cause to be relocated a dead body

Health Protection (Notification) Regulations 2010

Section / Regulation	Power
	Appointment of the 'Proper Officer' for the receipt of information and notifications
Regulation 6	Duty of the Proper Officer to disclose a notification to the Health Protection Agency and or Proper Officer of another LA or Port Authority

Health Protection (Part 2A Order) Regulations 2010

Regulation 7	Power to charge in connection with Part 2A orders relating to things and premises
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Report No.
RD11002

London Borough of Bromley

Agenda
Item No. **XX**

PART 1 - PUBLIC

Decision Maker: Executive

Date: 2nd February 2011

Decision Type: Non-Urgent Executive Non-Key

Title: FINANCIAL MONITORING 2010/11

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

Chief Officer: Director of Resources

Ward: Borough wide

1. Reason for report

- 1.1 This report provides the sixth budget monitoring position for 2010/11 based on expenditure and activity levels up to November 2010. The report also highlights any significant variations which will impact on future years as well as any early warnings that could impact on the final year end position.
- 1.2 In 2009/10 Final Accounts there was an increase on balances of £974k to reflect savings from specific unspent budget provision. Executive agreed carry forwards of £974k into 2010/11 - this creates an increase on balances in 2009/10 and a corresponding reduction in 2010/11.
- 1.3 There is an underlying net overspend of £664k on services (excluding recession costs), the additional costs arising from the recent heavy snowfalls of £635k offset by additional income from interest on balances of £170k and net savings costs on central items of £69k, resulting in a decrease in balances of £1,060k. After allowing for the carry forwards of £974k (see 1.2) there is an overall projected decrease in balances for 2010/11 of £2,034k.

2. RECOMMENDATION(S)

Executive are requested to:

- (a) Consider the latest financial position;
- (b) Consider the comments from Chief Officers (ACS, CYP) in section 3.5, 3.6 respectively, relating to action to address the current overspend;
- (c) Consider the comments from the Director of Environmental Services relating to the additional costs arising from the recent heavy snowfalls (see 3.7);
- (d) Identify any issues that should be referred to individual Portfolio Holders for further action;

- (e) Agree the request from the CYP Portfolio Holder, at his meeting on 24th January 2011, to:
- approve the release of £100k from the Central Contingency Sum for the costs arising from the impact of the “Southwark judgement” on homeless 16-17 year olds;
 - approve the release of funding totalling £20k for the “Workforce Strategy Partners Programme” (see 3.11.5).
- (f) Approve the release from the 2010/11 Central Contingency Sum a sum of £19.7k for the cost of petitions (see 3.11.6).

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost. Impact in future years detailed in Appendix 6
 3. Budget head/performance centre: Council wide
 4. Total current budget for this head: £132m (excluding GLA precept)
 5. Source of funding: See Appendix 1 for overall funding of Council's budget
-

Staff

1. Number of staff (current and additional): Total employees – full time equivalent posts – 7,214 (per 2010/11 Budget), which includes 4,556 for delegated budgets to schools.
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory requirement. The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000; and the Local Government Act 2002.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2010/11 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.
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Ward Councillor Views

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

3. BUDGET MONITORING 2010/11

- 3.1 Details of the 2009/10 final accounts were reported to the June meeting of the Executive which identified various underspends across services. The 2010/11 Budget included savings across Portfolios of £7.8m which partly reflected some of the underspends in 2009/10.

3.2 This report is based upon actual costs incurred to the end of November 2010 and an estimation of costs for the remainder of the year. A summary of the overall budget and the projected outturn for 2010/11 is shown below with further details provided in Appendix 1 and 2.

	2010/11 Original Budget	2010/11 Latest Approved Budget *	2010/11 Projected Outturn	Variation	Variation Previously Reported
	£'000	£'000	£'000	£'000	£'000 #
Service Spending (net overspend <u>excluding</u> recession related costs)	213,480	213,433	214,097	+ 664	+ 896
Additional costs arising from severe winter			+ 635	+ 635	-
Utilisation of "recession fund"					
- net reduction in income from parking			+ 400	+ 400	+ 400
- reduction in income from investment properties	- 4,504	- 4,504	- 3,904	+ 600	+ 600
Less use of monies set aside in 2010/11 Central Contingency Sum for recession related net costs (use £1,000k out of a total of £1,150k at this stage)			- 1,000	- 1,000	- 1,000
Loss of grant income arising from reduction in revenue grants announced by central Government			+ 1,670	+ 1,670	+ 1,670
Savings within Portfolio Budgets to meet loss of grant funding			- 1,670	- 1,670	- 1,670
Interest on balances (additional income)	- 2,923	- 2,923	- 3,093	- 170	- 180
Central Contingency Sum					
- Reduction in waste tonnage (saving)			- 756	- 756	- 756
- Cost of roll out of waste pilot (Exc Sept'10)			+ 380	+ 380	+ 380
- One off funding of ICT cost relating to outcome of retendering (Exec, 29 th Sept. '10)			+ 374	+ 374	+ 374
- Provision for pay award (NJC) no longer required	+ 605	+ 605		- 605	- 605
- Other Items	3,191	2,926	2, 859	- 67	- 58
Other Central items - Addition provision for severance costs not met from existing budgets (further £1m was met from existing budget for capital invest.)	3,905	3,905	4,510	605	605
Total (net overspend)	213,754	213,442	214,502	+ 1,060	+ 656

* Members are requested to refer to Appendix 2 for a breakdown of the budget variations allocated during year.

The above includes changes agreed at the December Executive meeting.

3.3 There is an underlying net overspend of £664k on services (excluding recession costs), the additional costs arising from the severe winter of £635k offset by additional income from interest on balances of £170k and net savings costs on central items of £69k, resulting in a decrease in balances of £1,060k and a further reduction in balances to reflect carry forwards (£974k), funded from unspent budget provision in 2009/10 (see Section 4) – any savings from the unspent budget provision in 2009/10 resulted in a corresponding increase in revenue balances in 2009/10. After allowing for the carry forwards of £974k (see 1.2) there is an overall projected decrease in balances for 2010/11 of £2,034k.

3.4 A summary of the variation in “controllable” budgets by Portfolio is shown below:

Portfolio Budgets	ACS	CYP	Env.	R&R	PPS	Resources	Total Portfolio Budgets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Variation “controllable” budgets	192	542	481	-40	20	-131	1,064
Less costs and savings relating to recession fund *			- 400				- 400
Underlying variation after allowing for impact of recession	192	542	81	-40	20	-131	664

See Appendix 3 for comparison of variations with the latest approved budgets

* Excludes investment properties which are identified separately in this report .

3.5 Chief Officer Comments – Director of Adult and Community Services

3.5.1 The overall improvement in the projected outturn continues, however pressures both in-year and in relation to the full year effect rolling forward into next year remain.

The impact of re-ablement on the cost of on-going care packages and of robust reviewing of current high cost packages are delivering some savings. These will be tracked over the coming months and should begin to impact on both in-year but more crucially on future year costs.

There are still substantial cost pressures from unavoidable demand in the area of physical disabilities which is leading to significant risk in spend in future years.

The Department has sought to address the underlying budget position through identifying in-year savings and a further £108k has been identified since the last report to the Executive.

Through the approaches set out, the Department remains on course to achieve it's aim of minimizing any projected overspend in the current year and reducing the impact of current commitments in 2011/12.

3.6 Chief Officer Comments – Director of Children and Young People

3.6.1 The pressures would have caused a higher level of overspending, but for management action to freeze vacancies and non-essential expenditure, divert grant funding, and use the freedoms from the removal of ring fencing from grants. I will take every opportunity to offset the overspending further, but it is unlikely it can be completely removed while continuing to meet statutory requirements. Since the last Report to Members there have been four serious Social Care cases resulting in high cost placements for children at risk. This increased the forecast overspending. I have instigated management action to reduce spending on placements and on staffing, and will provide regular updates to Members.

- 3.6.2 Academy Status is a further pressure. DfE has withdrawn £119k from DSG in the current year following the conversion of two schools to Academy status. There will be further in-year loss of DSG as other schools convert. The non-Schools' Budget funding is unaffected in-year.
- 3.6.3 In July, the Government reduced Area Based Grant in-year. Bromley's share was £1.67m, with £1.42m from CYP. The July and September meetings approved £1.42m of savings, and budgets have been reduced. In previous years, grants were used flexibly to address pressures. The reduction limits the scope to do this in future.
- 3.6.4 Nine primary and three Secondary schools had deficits at 31 March 2010. Deficit Recovery Plans have now been agreed with eight schools, and the Schools' Finance Team are working with the schools and senior officers to agree Deficit Recovery Plans for the others.

3.7 Severe Winter Weather – additional costs

- 3.7.1 Additional costs of £635k have arisen for Highways due to the severe winter weather as the UK experienced the coldest December in 31 years, the South East suffered from two main snow events, with as much snow as 60cm falling in some parts of the Borough. There are potential further costs for waste collection of upto £100k which have not been included in the projections at this stage. There may be further costs depending on the remaining winter period.
- 3.7.2 Due to the high demand of salt during the latter part of the fiscal year, the average purchase price per tonne increased by £5.80. Over 4,560 tonnes were used during December costing £142k, an additional £26k compared to 2009/10. The salt barn at Shire Lane needed to be re-surfaced and improved in order to better preserve the salt and to provide more efficient and adequate storage facilities. Due to the high volume of snow, the weight caused significant damage to the Borough's trees and additional works to the value of £50k have been carried out. The current contractor is continuing to assess and remedy all emergency safety works to the trees and more costs may be incurred as the works are progressed throughout the Borough.
- 3.7.3 Members should note that in the last two years the Borough has had snow during January, February and March and therefore there is a high risk that further costs will be incurred during the next three months.

3.8 Analysis of Variations

- 3.8.1 Appendix 3 contains a summary of service spending (performance centres) analysed over Portfolios. An analysis of variations over £100k with Chief Officers' comments is provided in Appendix 4. More detailed information is reported separately to individual PDS Committee meetings.

3.9 Potential Impact of the Recession

- 3.9.1 The Council Tax report to the Executive in February 2010 included an ongoing provision for recession related costs of £1.25m. Although the national economy is no longer in a "recession", there remains the ongoing impact on the Council's finances including losses in income from car parking, planning, building control and investment properties (Glades). This situation should improve in the longer term. The latest position identifies net costs of £1m relating to the impact of the recession (see 3.2). Any savings from a reduction in waste tonnage which may be partly due to the recession are shown in 3.11.1. The overall financial projections in this report assume, at this early stage, that the sum of £1,150k in the central contingency will be utilised. A sum of £150k has been assumed in the financial projections for any further recession related costs not identified at this stage.

3.10 Interest on balances

3.10.1 The 2010/11 budget for net interest earnings is £2.923m and, at this early stage, a surplus of £170k is forecast. This is mainly due to a reduction in interest payable to schools and other internal funds as a result of the latest base rate expectations (likely to remain at 0.5% for most, if not all, of 2010/11).

3.11 Central Contingency Sum

3.11.1 Refuse disposal tonnages continue to drop which is due to a combination of factors including, for example, the impact of the recession and greater public awareness of the benefits of recycling. This will, also include the impact of any further reduction in disposal tonnage, compared with the savings assumed in the “Recycling and Composting for All: Phase 2 Business Case” report to a previous Executive meeting. There has also been a national reduction in waste going to landfill in the U.K. This report includes savings of £756k. It is not possible to identify which element of these savings relates solely to the impact of the recession. Any savings have been excluded from recession related costs at this stage. Further details are provided in Appendix 4C.

3.11.2 A report “Building Regulations Charging Scheme” to the 1st September meeting of Executive requesting the release of £138,320 from the contingency sum was approved by Members. This sum has been included in the projections detailed in this report.

3.11.3 The “Recycling and Composting for All: Phase 2 Business Case” report to the previous meeting of Executive identified the need for funding of roll out costs (net costs of £920k). At the meeting, Members approved funding of the remaining net costs of £920k. Funding of £380k was identified from the previously reported projected underspend on the central contingency sum with the balance of £540k from the LAA Reward fund.

3.11.4 Executive approved, on 29th September, the one off funding of transition costs totalling £374k relating to the award of the new ICT contract from underspends in the 2010/11 Central Contingency Sum.

3.11.5 At his meeting on 24th January, the CYP Portfolio Holder requested that Executive:

- (a) approve the release of £100k from the Central Contingency Sum for the costs arising from the impact of the “Southwark judgement” on homeless 16-17 year olds;
- (b) approve the release of funding totalling £20k for the “Workforce Strategy Partners Programme” (specific grant).

Further details are included in the “CYP Budget Monitoring Report 2010/11” submitted to the CYP Policy Development and Scrutiny Committee on 24th January 2011.

3.11.6 The 2010/11 Central Contingency Sum includes a sum of £19.7k for the cost of petitions. Funding was provided through Area Based Grant. The Director of Legal, Democratic and Customer Services requests the release of these monies to improve the technology (e-government) to support the new responsibilities relating to petitions.

3.11.7 At the December meeting of the Executive, Members approved the provision for a fund to meet severance costs of £1,605k which was funded from utilisation of the Budget for key one off initiatives (£1m) and the utilisation of underspends arising from the provision for NJC pay awards of 1% no longer being required (£605k).

3.11.8 The provision for uncertain items set aside in the 2010/11 Central Contingency Sum (£0.5m) has been fully utilised in this financial year to meet the cost of inflation pressures

3.12 Reduction in Government Grants

- 3.12.1 The Government implemented reductions in Departmental funding of £6.2 billion nationally for 2010/11 and the recent Comprehensive Spending Review highlighted further reductions for future years. Executive, at its July meeting, were advised of a total loss of funding to Bromley of approximately £4.6m, arising from the announcements in June 2010. This sum includes loss of budgeted income of £1.7m for Area Based Grant. There was also a loss of unbudgeted income of £2.9m consisting of 50% reduction in LAA Reward grant of £2.3m (payable in 2010/11 and 2011/12), loss of Local Authority Business Growth Incentive Scheme (LABGI) monies of £0.5m and loss of Planning Delivery Grant (£0.1m). Of the reduced LAA Reward Grant of £2.2m, the Executive have to date forward funded schemes totalling £1,427k. Details of reductions in Government funding for Capital Schemes were reported in the 'Capital Programme Monitoring – 2nd quarter 2010/11' report to Executive.
- 3.12.2 The July report to Executive identified a loss of budgeted grant income of £1.67m which included various grants for Children and Young People (£1.417m), £0.166m for loss of supporting people admin. grant (Adult and Community Services) and £0.087m for Public Protection and Safety.
- 3.12.3 Final proposals for addressing the reduction in funding have been agreed by the respective Portfolio Holders.

3.13 Funding for Adult Social Care

- 3.13.1 The Government has announced that additional monies will be available to local authorities through their PCT's for re-ablement and winter pressures for Social Care services. Further details are awaited.

4. CARRY FORWARD REQUESTS

- 4.1 Carry forwards from 2009/10 to 2010/11 totalling £511k were within the delegated powers of the Director of Resources and were supported by Executive. This sum related to building maintenance. There were further carry forward requests at the June meeting of £463k which included a sum of £35k previously approved by Executive. Executive approved the remaining carry forwards totalling £428k supported by Portfolio Holders and this sum has been included in the financial projections in this report.

5. EARLY WARNINGS

- 5.1 Early warnings are detailed in Appendix 4 of this report. This includes, for example, the action to address the overspend for CYP(Appendix 4B). Details of potential risks relating to future government grants were reported to the July meeting of the Executive.

6. EARMARKED RESERVES

- 6.1 Details of earmarked reserves are reported with the annual Council Tax report each February and the annual Closing of Accounts report submitted to the Executive each June.

7. GENERAL FUND BALANCES

7.1 The unearmarked General Fund balance is currently projected to decrease by £2,034k to £49,821k at 31st March 2011. Further details are provided below.

7.2 General Fund Balances

	2010/11 Budget	2010/11 Projected Outturn
	£'000	£'000
General Fund Balance at 1 st April 2010	51,855	51,855
- Net projected variation for year	-	- 1,060
- Carry forwards from 2009/10 (funded from underspends in 2009/10)	-	- 974
Net reduction in Balances	-	- 2,034
General Fund Balance at 31st March 2011	51,855	49,821

8. THE SCHOOLS BUDGET

- 8.1 Expenditure on schools is funded by Dedicated Schools Grant (DSG) provided by the Department for Children, Schools and Families (DCSF). DSG is ring - fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The final DSG settlement was confirmed at a total £802k higher than anticipated due to increased pupil numbers. Overspends and underspends must be carried forward to the following year's Schools' Budget and have no impact on the Council's General Fund. There is a projected net underspend on the Schools' Budget of £196k. Further details are provided below.

	Latest Projection £'000	Previously reported £'000
Underspending brought forward from previous years due mainly to a delayed contribution to capital programme of £2.1m towards improving 6th form provision.	- 3,165	- 3,165
This is the delayed contribution referred to above being transferred to the capital programme to fund the work.	2,830	2,830
Sub Total 2009/10 deficit to be funded in 2010/11	- 335	- 335
Forecast overspend on SEN placements costs, and on SLAs	1,965	2,029
Underspends from vacancies in Learning & Achievement Division	- 100	- 100
Expenditure Freeze in Pupil referral	- 50	- 170
Expenditure Freeze in Phoenix	- 80	
Overspending on Jury, Maternity and other cover reimbursed to schools	300	300
Final DSG was higher than anticipated in the budget	- 802	- 802
Reduction to DSG for Academy conversion	119	74
Contingency retained unspent	- 900	- 900
Other variations (net overspending)	79	36
Sub Total - Total projected net Underspending 2010/11	531	467
Total projected underspending including 2009/10 deficit	196	132

- 8.2 The central schools' budget contingency contains a provision to offset this forecast overspending. The contingency of £900k will be retained unspent so as to offset the overspending in SEN placements and in reimbursements to schools for maternity and other cover as set out above.
- 8.3 Details of the 2010/11 monitoring for the Schools Budget will be reported to the Children and Young People Portfolio Holder.

9. SECTION 106

- 9.1 An update on balances as at 30 September 2010 were reported to the December meeting of the Executive. Further details on the arrangements for utilising Section 106 monies were reported to the Executive and Resources PDS on 25th August 2010.

10. FUTURE YEAR FORECASTS

- 10.1 'The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues' was reported to the previous meeting of the Executive. It remains important to address any overspends in the current year, which in some cases have an ongoing impact on future years' budgets. Failure to address these overspends could result in further financial pressures facing the Council in future years. The impact in future years of significant underspends/overspends detailed in this report are considered further in Appendix 6.

11. POLICY IMPLICATIONS

- 11.1 The Resources Portfolio Plan for 2010/11 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 11.2 "Building a Better Bromley" refers to the Council's intention to remain amongst the lowest Council Tax levels in Outer London and the importance of greater focus on priorities.
- 11.3 'The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues' was reported to the previous meeting of the Executive. This report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2010/11 to minimise the risk of compounding financial pressures in future years.
- 11.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements. There is a key outcome for the Council to become a performance led organisation.
- 11.5 Chief Officer's comments are included within Appendix 4.

12. FINANCIAL IMPLICATIONS

- 12.1 These are set out in the body of the report with further information provided in the Appendices.

13. LEGAL IMPLICATIONS

- 13.1 There are none arising directly from this report.

14. PERSONNEL IMPLICATIONS

- 14.1 The Corporate Trade Union and Departmental Representatives' Forum receives regular updates on the Council's finances and the associated policy implications and challenges. Staff and their trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the budget options. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

15. OTHER FINANCIAL MONITORING REPORTS TO MEMBERS

15.1 Members should note that, in addition to the financial monitoring report, examples of other monitoring reports include:

- (a) Capital Programme Monitoring (Executive 2nd February 2011);
- (b) Treasury Management (Executive and Resources PDS on 27th October 2010);
- (c) Pension Fund (Investment Sub Committee on 8th September 2010);
- (d) Revenues Services, which includes income collection performance (Executive and Resources PDS on 1st December 2010);
- (e) 2009/10 Statement of Accounts (General Purpose and Licensing Committee on 30th June 2010);
- (f) The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues (Executive 12th January).

Non-Applicable Sections:	Legal, Personnel, Customer Impact
Background Documents: (Access via Contact Officer)	The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues (Executive 12 th January). Financial Monitoring 2010/11, Executive, December 2010 Dependency on External Grant Funding, Executive, July 2010 2010/11 Council Tax, Executive, February '10 Provisional Final Accounts 2009/10, Executive, June 2010 Resources Portfolio Plan 2010/11, Executive and Resources PDS Committee, April 2010 2010/11 Budget Monitoring file within Co-ordination and Control Finance Section

Portfolio	2010/11 Original Budget £'000	Budget Variations allocated in year # £'000	2010/11 Latest Approved Budget £'000	2010/11 Projected Outturn £'000	Variation £'000	Variation previously reported to Exec 08.12.10 £'000
Adult and Community Services	94,738	1,687	96,425	96,627	202	310
Public Protection & Safety	4,699	Cr 161	4,538	4,558	20	70
Children and Young People (incl. Schools' Budget)	40,259	Cr 880	39,379	39,914	535	646
Renewal and Recreation	16,280	180	16,460	16,413	Cr 47	Cr 7
Resources	19,292	63	19,355	19,183	Cr 172	Cr 168
Sub Total	175,268	889	176,157	176,695	538	851
Environment	38,212	Cr 936	37,276	37,802	526	445
Less recession costs				Cr 400	Cr 400	Cr 400
Total Environment Portfolio (excluding recession costs)	38,212	Cr 936	37,276	37,402	126	45
Total Portfolios (see note 1)	213,480	Cr 47	213,433	214,097	664	896
Additional costs arising from the severe winter				635	635	
Central Items:						
Investment & Non Operational Property Income (see note 2)	Cr 4,504		Cr 4,504	Cr 3,904	600	600
Less potential funding from "recession" fund in central contingency sum (see 3.8 of main report)	0		0	Cr 600	Cr 600	Cr 600
Total Investment & Non Operational Property Income	Cr 4,504	0	Cr 4,504	Cr 4,504	0	0
Interest on General Fund Balances (incl. school lease)	Cr 2,923		Cr 2,923	Cr 3,093	Cr 170	Cr 180
Contingency Provision (see Appendix 5)	3,796	Cr 265	3,531	2,857	Cr 674	Cr 665
Other central items						
Reversal of Net Capital Charges (see note 3)	508		508	508	0	0
Additional funding to sustain capital investment	1,000		1,000	0	Cr 1,000	Cr 1,000
<u>Transfers to earmarked reserves</u>						0
Reserve for potential redundancy costs (Exec. 8th Dec'10)				1,605	1,605	1,605
Additional contribution to LPFA for residual liabilities	220		220	220	0	0
Levies	2,177		2,177	2,177	0	0
Total other central items	3,905	0	3,905	4,510	605	605
Total All Central Items	274	Cr 265	9	Cr 230	Cr 239	Cr 240
Bromley's Requirement before balances	213,754	Cr 312	213,442	214,502	1,060	656
Carry Forwards from 2009/10 (see note 4)	0	Cr 974	Cr 974	0	974	974
Adjustment to Balances	0		0	Cr 2,034	Cr 2,034	Cr 1,630
Formula Grant (Revenue Support Grant / Business Rates)	Cr 65,148		Cr 65,148	Cr 65,148	0	0
Area Based Grant	Cr 16,936	1,286	Cr 15,650	Cr 15,650	0	0
Bromley's Requirement	131,670	0	131,670	131,670	0	0
GLA Precept	41,153		41,153	41,153	0	0
Council Tax Requirement	172,823	0	172,823	172,823	0	0

# Budget Variations allocated to portfolios in year consists of:	£'000
(Further details may be found in Appendix 2)	
1) Allocations from the central contingency provision (see Appendix 5)	265
2) Less reduction in Area Based Grant funding	Cr 1,286
3) Plus Carry forwards of unspent budget provision from 2009/10 (see note 4)	974
	Cr 47

1) **NOTES**

Portfolio Latest Approved Budgets analysed over Departments as follows:

Portfolio	2010/11 Original Budget £'000	Budget Variations allocated in year # £'000	2010/11 Latest Approved Budget £'000	2010/11 Projected Outturn £'000	Variation £'000	Variation previously reported to Executive £'000
Adult and Community Services	94,738	1,687	96,425	96,627	202	310
Children and Young People	40,259	Cr 880	39,379	39,914	535	646
Environmental Services	42,911	Cr 1,097	41,814	41,960	146	115
Renewal and Recreation	19,998	293	20,291	20,314	23	80
Corporate Services	15,574	Cr 50	15,524	15,282	Cr 242	Cr 255
	213,480	Cr 47	213,433	214,097	664	896

2) **Investment & Non Operational Property Income: Dr. £600k**

The latest information received from our management agent of the Glades Shopping Centre, CSC, suggests that there is to be a reduction in rent income of approximately £600k compared to the 2010/11 budget (£2.6m) as a result of the on-going economic downturn in the retail sector. The Agents, CSC, have said that they will be undertaking refurbishment of unit 200 which will cost approximately £900k. Bromley's share of this would be £135k. The pattern of spend for this scheme is unclear and is being looked into further. Information is provided by CSC quarterly and this projection will continue to be updated if the position changes.

3) **Reversal of Net Capital Charges**

This is to reflect the accounting requirements contained in CIPFA's new Code of Practice for Local Authority Accounting and has no impact on the Council's General Fund.

4) **Carry Forwards from 2009/10**

Carry forwards from 2009/10 to 2010/11 totalling £546k were approved by Executive and within the delegated powers of the Director of Resources. Full details were reported to the June meeting of the Executive in the "Provisional Final Accounts 2009/10" report. Other carry forward requests from 2009/10 to 2010/11 totalling £428k were approved by Executive on 21st July 2010.

LATEST APPROVED BUDGETS 2010/11

Budget Variations allocated to portfolios in 2010/11	Adult and Community Services £'000	Public Protection & Safety £'000	Children and Young People (incl. schools budget) £'000	Environment £'000	Renewal and Recreation £'000	Resources £'000	G. FUND TOTAL £'000
2010/11 Original Budget							
Total For Portfolios	94,738	4,699	40,259	38,212	16,280	19,292	213,480
Budget Variations allocated during the year:							
Carry forwards from 2009/10:- (approved by Executive 16/06/10)							
Repairs and Maintenance						511	511
Domestic Violence Advocacy Project (PPS)		35					35
Single Status (Resources)						49	49
International Financial Reporting Standards (IFRS) (Resources)						40	40
Housing and Planning Delivery Grant (R&R)					127		127
The People into Employment (PIE) project (R&R)					50		50
Events taking place in June 2010 (R&R)					50		50
Prevent Grant (PPS)		67					67
Smoke-Free Initiatives (PPS)		45					45
Housing Overcrowding Pathfinder Grant (ACS)							
- Expenditure	116						116
- Grant Income	Cr 116						Cr 116
Social Care Reform (ACS)							
- Expenditure	416						416
- Grant Income	Cr 416						Cr 416
Stroke Care Grant (ACS)							
- Expenditure	126						126
- Grant Income	Cr 126						Cr 126
LD Revenue Campus Closure Grant (ACS)							
- Expenditure	39						39
- Grant Income	Cr 39						Cr 39
Youth and Office Services - other (CYP)							
- Expenditure			28				28
- Grant Income			Cr 28				Cr 28
Standards & Achievement service (CYP)							
- Expenditure			110				110
- Grant Income			Cr 110				Cr 110
Total Carry forwards	0	147	0	0	227	600	974
General Items in 2010/11 Contingency Sum							
Child Protection Adviser and Consultant Practitioner posts for 2010/11			195				195
Review of Management & Overhead Costs	Cr 350	Cr 207	Cr 299	Cr 222	Cr 198	Cr 1,172	Cr 2,448
Contract price inflation over 2.3%				302		200	502
Learning Disabilities Service	660						660
Physical Disabilities Service	200						200
Learning Disabilities Campus Closure Programme:-							
- grant related expenditure	8,374						8,374
- grant income	Cr 8,374						Cr 8,374
Single Status	1,073	21	200	27	50	79	1,450
Street lighting - reduction in energy unit price				Cr 140			Cr 140
Street lighting - increase in energy unit price				140			140
Building Regulations Charging Scheme					138		138
Savings on Waste Disposal				Cr 756			Cr 756
Roll out of Waste Pilot				Cr 200			Cr 200
Post Room and Printing Review						Cr 147	Cr 147
Southwark Judgement increasing cost of social care support for young adults			100				100
Total General Items	1,583	Cr 186	196	Cr 849	Cr 10	Cr 1,040	Cr 306
Grants included within Central Contingency Sum							
<u>Agreed by Executive on 3rd March 2010:-</u>							
- Child Death Review Process			42				42
- Designated Teacher Funding			15				15
- Positive Activities for Young People			180				180
Family Intervention Programme & Parenting Project Grants							
- grant related expenditure			414				414
- additional specific grant			Cr 414				Cr 414
Targeted Mental Health in Schools							
- grant related expenditure			150				150
- additional specific grant			Cr 150				Cr 150
Integrated Working Grant							
- grant related expenditure			45				45
- additional specific grant			Cr 45				Cr 45
Youth Inspectors Funding							
- grant related expenditure			28				28
- grant related income			Cr 28				Cr 28

LATEST APPROVED BUDGETS 2010/11

Budget Variations allocated to portfolios in 2010/11	Adult and Community Services £'000	Public Protection & Safety £'000	Children and Young People (incl. schools budget) £'000	Environment £'000	Renewal and Recreation £'000	Resources £'000	G. FUND TOTAL £'000
Surestart, Early Years & Childcare							
- grant related expenditure			3,102				3,102
- additional specific grant			Cr 3,102				Cr 3,102
Apprenticeships, Skills, Children and learning Act 2009			283				283
National Extension of the Disabled Children's Access to Childcare (DCATCH)							
- grant related expenditure			89				89
- additional specific grant			Cr 89				Cr 89
Foundation Learning at Key Stage 4							
- grant related expenditure			88				88
- additional specific grant			Cr 88				Cr 88
Mental Health Capacity Act	135						135
Young People Substance Misuse		107					107
Additional Carers Grant	77						77
Local Economic Assessment - to be considered by Executive this cycle					40		40
Use of WRAP monies							
- grant related expenditure				500			500
- additional revenue grant				Cr 500			Cr 500
Surestart Aiming High For Disabled Children							
- grant related income			Cr 25				Cr 25
- grant related expenditure			25				25
14-19 Prospectus							
- grant related income			Cr 11				Cr 11
- grant related expenditure			11				11
Fair Play Playbuilder							
- grant related income			Cr 18				Cr 18
- grant related expenditure			18				18
Familiarisation costs of new statutory guidance on social housing allocations	1						1
Climate Change					23		23
In year grant reductions	Cr 196		Cr 1,420				Cr 1,616
Repairing Winter Damage					197		197
- grant related expenditure				Cr 197			Cr 197
- Dept. of Transport grant							
Youth Offending Team - intensive supervision and surveillance							
- grant related income			Cr 81				Cr 81
- grant related expenditure			81				81
<u>Agreed by Executive on 8th December 2010:-</u>							
Homelessness Prevention							
- grant related expenditure	150						150
- additional specific grant	Cr 150						Cr 150
Total Grants	17	107	Cr 900	0	63	0	Cr 713
Variations in Recharges							0
Variations in Recharges etc.	0	0	0	0	0	0	0
Total Budget Transfers etc.	87	Cr 229	Cr 176	Cr 87	Cr 100	503	Cr 2
Total Variations per Financial Monitoring Report	1,687	Cr 161	Cr 880	Cr 936	180	63	Cr 47
2010/11 Latest Approved Budget	96,425	4,538	39,379	37,276	16,460	19,355	213,433

Portfolio Summary

	2010/11 Original Budget	2010/11 Latest Budget	2010/11 Projected Outturn	2010/11 Projected Variation	Variation Previously Reported	Notes	Full Year Effect
	£'000	£'000	£'000	£'000	£'000		£'000
Adult and Community Services							
(Please refer to Appendix 4A)							
Care Services							
AIDS-HIV Grant	0	0	(45)	(45)	(45)		0
Assessment and Care Management	33,640	33,675	34,415	740	716	1a	496
Direct Services	3,305	4,177	4,349	172	161	1b	0
Learning Disabilities Care Management	1,603	2,072	2,072	0	0		0
Learning Disabilities Day Services	2,119	2,118	2,087	(31)	(31)		0
Learning Disabilities Housing & Support	1,244	1,396	1,396	0	0		0
Total Care Services Division	41,911	43,438	44,274	836	801		496
Commissioning & Partnership Division							
Commissioning and Partnerships	2,606	2,730	2,739	9	9		
Drugs and Alcohol	236	338	313	(25)	(5)		
Learning Disabilities Services	14,734	14,984	14,945	(39)	(30)		600
Mental Health Services	4,839	4,840	4,663	(177)	(96)		(162)
Procurement & Contracts Compliance	5,850	5,623	5,473	(150)	(117)		
Total Commissioning & Partnership Division	28,265	28,515	28,133	(382)	(239)		438
Housing & Residential Services Division							
Enabling Activities	(17)	(17)	(17)	0	0		
Housing Benefits	(115)	(116)	(116)	0	0		
Housing Needs	909	1,251	1,251	0	0		
Housing Strategy & Development	338	92	92	0	0		
Residential Services	1,406	1,319	1,219	(100)	(100)		
Total Housing & Residential Services Division	2,521	2,529	2,429	(100)	(100)		0
Strategic Support Services Division							
Concessionary Fares	8,597	8,597	8,582	(15)	(15)		
Customer Services	895	871	774	(97)	(97)		
Performance & Information	1,619	1,517	1,467	(50)	(50)		
Quality Assurance	199	198	198	0	0		
Total Strategic Support Services Division	11,310	11,183	11,021	(162)	(162)		0
Total Controllable Budgets	84,007	85,665	85,857	192	300		934
Total Non Controllable Budgets	727	684	694	10	10		
Total Excluded Recharges	10,004	10,076	10,076	0	0		
Portfolio Total	94,738	96,425	96,627	202	310		934
Children & Young People - Non Schools Budget only							
(Please refer to Appendix 4B)							
Access	1,060	1,133	1,180	47	55		0
Bromley Children & Family Project	958	950	291	(659)	(400)	1	0
SEN & Inclusion	7,364	7,287	7,442	155	163	2	0
Schools Related Budgets Not Delegated	(59)	(59)	(59)	0	0		0
Integrated Youth Service	3,188	2,742	2,682	(60)	0		0
Standards & Achievement	1,502	463	-91	(554)	(454)	3	0
Safeguarding and Social Care:							
- Care and Resources	10,865	11,573	12,949	1,376	1,216		0
- Children in Care Education	648	648	537	(111)	(100)		0
- Safeguarding & Quality Assurance	2,854	1,973	1,990	17	110		0
- Safeguarding & Care Planning	2,890	2,749	2,928	179	40		0
- Referral and Assessment	1,691	2,496	2,802	306	170		0
- Youth Offending Team (YOT)	938	938	851	(87)	(63)		0
Total Safeguarding and Social Care	19,886	20,377	22,057	1,680	1,373	4	0
Information Systems - CYP	203	201	201	0	0		0
Partnerships and Planning	248	194	194	0	0		0
Research and Statistics	368	365	395	30	13		0
Workforce & Business Support	258	255	258	3	3		0
Moratorium (unallocated)			(100)	(100)	(100)		0
Total Controllable Budgets	34,976	33,908	34,450	542	653		0
Total Non Controllable Budgets	(1,999)	(2,023)	(2,030)	(7)	(7)		
Total Excluded Recharges	7,066	7,035	7,035	0	0		
Portfolio Total	40,043	38,920	39,455	535	646		0
Children & Young People - Schools Budget							
	216	459	459	0	0		0
Environment (please see Appendix 4C)							
Parking	(5,715)	(5,710)	(5,310)	400	400	1	620
Support Services	1,462	1,649	1,649	0	0		0
Emergency Planning	117	113	113	0	0		0
Area Management & Street Cleansing	5,736	5,847	5,847	0	0		0
Markets	(84)	(39)	(25)	14	14		60
Parks and Green Space	5,725	5,775	5,775	0	0		0
Street Regulation	862	544	544	0	0		0
Waste Services	16,504	15,752	15,767	15	(66)	2	(700)
Highways	8,956	9,067	9,119	52	52		0
Highways Planning	206	152	152	0	0		0
London Permit Scheme	(166)	(282)	(282)	0	0		0
Traffic & Road Safety	1,034	848	848	0	0		0
Transport Strategy	229	220	220	0	0		0
Total Controllable Budgets	34,866	33,936	34,417	481	400		-20
Total Non Controllable Budgets	311	287	332	45	45		
Total Excluded Recharges	3,035	3,053	3,053	0	0		
Portfolio Total	38,212	37,276	37,802	526	445		(20)

Environment

Severe winter - additional costs

635

0

Portfolio Summary

	2010/11 Original Budget	2010/11 Latest Budget	2010/11 Projected Outturn	2010/11 Projected Variation	Variation Previously Reported	Notes	Full Year Effect
	£'000	£'000	£'000	£'000	£'000		£'000
Renewal & Recreation (please see Appendix 4D)							
Adult Education Centres	(336)	(367)	(367)	0	0		0
Building Control	(167)	(31)	(105)	(74)	(74)	1	0
Land Charges	(299)	(302)	(302)	0	0		0
Planning	1,273	1,297	1,375	78	98	2	0
Renewal	1,193	1,328	1,284	(44)	(24)		0
Culture	3,586	3,301	3,331	30	30		0
Libraries & Museums	5,278	5,271	5,241	(30)	(30)		0
Town Centre Management & Business Support	183	401	401	0	0		0
Total Controllable Budgets	10,711	10,898	10,858	(40)	0		0
Total Non Controllable Budgets	2,535	2,505	2,498	(7)	(7)		
Total Excluded Recharges	3,035	3,057	3,057	0	0		
Portfolio Total	16,281	16,460	16,413	(47)	(7)		0
Public Protection & Safety							
Community Safety	627	712	662	(50)	0		0
Mortuary & Coroners Service	329	329	329	0	0		0
Public Protection	3,011	2,856	2,926	70	70		100
Total Controllable Budgets	3,967	3,897	3,917	20	70		100
Total Non Controllable Budgets	8	8	8	0	0		
Total Excluded Recharges	723	633	633	0	0		
Portfolio Total	4,698	4,538	4,558	20	70		100
Resources (please see Appendix 4E)							
Chief Executive's Department	3,513	3,299	3,248	(51)	(51)		0
Legal, Democratic & Customer Services Department	8,545	8,513	8,442	(71)	(67)		0
Resources Department:							
- Other Services (Finance & Audit, Procurement, and Information Systems)	17,675	17,764	17,752	(12)	(12)		0
R&R Dept. - Property Services	2,337	1,939	1,935	(4)	(4)		
- Past Deficit Contributions (incl. LTCERs)	9,668	9,668	9,543	(125)	(125)	1	0
Sub Total	29,680	29,371	29,230	(141)	(141)		0
Other Rental Income	(701)	(701)	(569)	132	132	2	0
Repairs & Maintenance (All LBB)	4,366	4,877	4,877	0	0		0
Repairs and Maintenance inflation and savings adjustments				0	0		
Total Controllable Budgets	45,403	45,359	45,228	(131)	(127)		0
Total Non Controllable Budgets	958	1,063	1,080	17	0		
Total Excluded Recharges	(24,785)	(24,783)	(24,783)	0	0		
Less Repairs & Maintenance allocated across other Departments	(2,903)	(2,903)	(2,903)	0	0		
Less Rent Income allocated across other Departments	619	619	561	(58)	(41)		
Portfolio Total	19,292	19,355	19,183	(172)	(168)		0
Total Controllable Budgets for Portfolios	214,146	214,122	215,186	1,064	1,296		1,014
Total Non Controllable Budgets (capital & insurance)	256	240	240	0	0		
Total Non General Fund Recharges	(922)	(929)	(929)	0	0		
Portfolios Total	213,480	213,433	214,497	1,064	1,296		1,014
Less Cost relating to recession			(400)	(400)	(400)		
Revised Totals	213,480	213,433	214,097	664	896		1,014

REASONS FOR VARIATIONS - ADULT AND COMMUNITY SERVICES**1 Assessment & Care Management : Dr £740k**

The variation can be analysed as follows:-

	November	October
	£'000	£'000
(a) Domiciliary care & direct payments for older people	610	596
(b) Residential/Nursing care and respite for older people	(257)	(264)
(c) Domiciliary care & direct payments for clients with physical disabilities	263	246
(d) Residential care and respite for clients with physical disabilities	124	138
	<u>740</u>	<u>716</u>

(a) Expenditure on domiciliary care is increasing as more older people are maintained in their own homes rather than placed in residential care. The overspend is currently projected to be £710k, which includes the estimated impact of reablement as the number of new clients referred to the service increases. The service helps clients to do more for themselves, which results in lower individual package costs. Management action around increased use of independent sector providers, the rigorous application of eligibility criteria and regular reviews aimed at reducing long-term reliance on care services will also assist in reducing cost pressures by a further £100k meaning that the net overspend is expected to be £610k.

(b) A projected net underspend of £257k in the residential, nursing and respite care budgets partially offsets the overspend on domiciliary care. This is based on numbers in placements at the end of November.

Although there are actions to contain the overspend, the pressure on the older people's budget will continue into 2011/12 and a projected overspend of £646k is forecast, based on activity to the end of November. It is anticipated that successful reablement (-£400k) and tighter eligibility criteria (-£150k) will reduce this to £96k.

(c) Despite additional funding of £200k in the 2010/11 budget, the latest projections for clients with physical disabilities indicate that there will be a projected overspend of £320k in the cost of domiciliary care as a result of an ongoing increase in referrals.

Action is being taken to contain spend through a number of measures. A comprehensive review of all current care packages is being undertaken, including ensuring that contributions from health are received and utilising the benefits of the new re-ablement service with the aim of maximising independence and where appropriate, reducing on-going reliance on paid carers. This work is expected to reduce costs by £57k for the remainder of the year, leaving a net overspend of £263k.

(d) The budget for residential and respite care for people with physical disabilities is expected to be overspent by £124k, a reduction of £14k since last month, but offset by an increase in domiciliary care, as a result of a switch in one client package.

Although measures are being taken to contain expenditure, the full year effect on the budget for people with physical disabilities is expected to be £600k in 2011/12. It is anticipated that this will reduce by £100k to £500k as the management action put in place this year becomes established practice. However it should be noted that the forecast figures do not take account of additional costs as a result of increased client numbers.

2 Direct Services : Dr £172k

The In-House Homecare service is charged out on an hourly rate to Assessment & Care Management, based on the number of hours that it provides. Care management hold the budget to pay for the In-House service, so if the number of hours provided is below the budgeted level then fixed overheads are not fully recovered and an overspend will result in the service. The number of hours currently provided continues to be below the budgeted level and an overspend of £141k is projected.

The meals service is projected to overspend by £31k due to a fall in the number of meals being sold. The projection for the remainder of the year is based on current levels.

3 Mental Health : C r £177k

There is a reduction in expenditure of £96k forecast for the remainder of the year as a result of client movements to date which have resulted in more cost effective placements. In addition a saving of £81k has arisen from the extension/retendering of contracts for Advocacy, Day Services, Benefits Advice and the Mental Health Strategic Partnership.

4 Procurement & Contract Compliance - Cr £150k

The savings achieved as a result of in-year changes to some supporting people contracts have increased by £33k to £79k. In addition, a one-off saving of £71k has been achieved in year due to a reduction in the hours provided at one of the schemes.

5 Residential Services - Cr £100k

It is anticipated that the review of the allocation of the budget and tight application of eligibility criteria and what works will be covered for private sector renewals, will produce savings of £100k this year, which will help to alleviate some of the pressures on the departmental budget.

Chief Officer's Comments

The overall improvement in the projected outturn continues, however pressures both in-year and in relation to the full year effect rolling forward into next year remain.

The impact of re-ablement on the cost of on-going care packages and of robust reviewing of current high cost packages are delivering some savings. These will be tracked over the coming months and should begin to impact on both in-year but more crucially on future year costs.

There are still substantial cost pressures from unavoidable demand in the area of physical disabilities which is leading to significant risk in spend in future years.

The Department has sought to address the underlying budget position through identifying in-year savings and a further £33k has been identified since last month.

Through the approaches set out, the Department remains on course to achieve its aim of minimizing any projected overspend in the current year and reducing the impact of current commitments in 2011/12.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS IN NON SCHOOLS' AND CHILDREN'S SOCIAL CARE

1 Bromley Children and Family Project - £659k underspending

The new Government unringfenced the Think Family grant and this will be underspent by charging staffing costs to Standards Fund grant and Surestart grant instead. £400k underspending.

Savings in Surestart grant supported services have released £260k which we will apply to Community Vision Nursery. £259k underspending.

2 SEN & Inclusion - £155k overspending

1) SEN Transport - £100k overspending

Pupil volumes have risen and so have cases needing individual transport.

- a. Following a complaint to the Director, the increased pupils at Trinity School in Rochester needed two vehicles, at greater expense. They could all be taken in a single larger vehicle, but this would add 30 minutes to the journey.
- b. Several new out- and in-borough placements have high transport costs.
- c. Challenging behaviour requires more costly supervision and/or individual transport for some pupils

2) SEN Management and Consultancy on SEN Tribunals - £54k overspend

- a. Earlier Reports noted overspending of £70k due to savings from reorganisation not yet achieved. This overspending will now be met by diverting Area Based Grant (ABG) given for post-16 commissioning. Nil variance
- b. Tribunals continue at a high level, requiring consultants and compensation payments to parents where there is award against the Council. There is no budget, and an upward trend in costs. £54,000 overspending

3 Standards & Achievement - £554k underspending

- a. A vacancy freeze, pending review of the structure, yields £300k underspending. However, this is earmarked as part of the DfE £1.4m in-year Area Based Grant reduction, so cannot be double counted here. Nil variance
- b. Management will use standards fund to meet further staffing costs and so achieve savings to offset overspends elsewhere in CYP. £500k underspending
- c. CRB checks across CYP have exceeded the budget in the past two years, and it is likely to happen again, although expenditure is not known until the year end. £40k overspending
- d. Alternative funding has been found for the budget for supporting schools in difficulty. £100k underspending

4 Care and Resources - £1,376k overspending

The Children's Placement budget £1,595,000 overspending

- 1) There were 280 Looked After Children (LAC) at the end of September, up from 247 in March 2009. There have been several high cost residential placements, some from decisions at the Complex Case Panel, and some for children not previously known to Social Care. Management is reviewing them.
- 2) Since the last Report, four new high cost placements have had to be made. Even more rigorous management action will now be taken to drive down other costs with Children's Social Care where this at all possible. £225k saving.
- 3) There is a £77k shortfall in the income target for the charging policy.
- 4) The overspending will reduce by £90k if the recommendation in this Report is agreed to seek release of the £100k set aside within contingency for costs from the Southwark judgement. £10k will be allocated to the Housing service to cover the cost of Nightstop, which provides shelter to those who would otherwise be clients of the Leaving Care service at greater cost. The variance has not been reduced by the £90k at this stage.

5 Children in Care Education - £111k underspending

This grant supports the Council's corporate parenting responsibilities. Due to recruitment problems, the full allocation will not be spent.

6 Moratorium on spending and filling vacancies, and further management action £100,000 saving across Children and Young People Department.

In addition to the actions highlighted under individual sections above, CYP Senior Management Team have frozen all discretionary expenditure and posts to yield further savings.

EARLY WARNINGS**1) VOLATILE NUMBERS - DRIVEN SERVICES**

CYP Department has several large demand-led budgets where spending varies with the number of children. Of these, SEN Placements, Payments to Private Nurseries and Pupil Referral are in the DSG funded Schools' Budget, and Social Care Placements, SEN transport, and YOT are in the Council Tax funded budget. The Department monitors these budgets closely.

Social Care Placements (non-Schools' Budget) are increasing, driven by LAC volumes and complexity of need. Leaving Care costs are increasing due to obligations to homeless 16 and 17 year olds clarified by the Southwark judgement. If trends continue, the overspending reflected in this Report will be exceeded.

In the Schools' Budget, Payments to Independent Nurseries vary with pupil numbers each term, and the upward trend in costs during the year may continue once Spring Term enrolments are known.

2) PROVISION FOR REDUNDANCY

Members agreed £0.5m from the 2008/09 CYP budget for a redundancy provision. The reductions in public sector funding are likely to increase redundancy costs for CYP beyond this.

3) TRANSFER OF SCHOOLS TO ACADEMY STATUS

Schools converting receive that school's own budget, a share of the non-Schools' Budget and of the Schools' Budgets retained at LA level (and also parts of corporate budgets such as Finance, Legal, Property and HR). The potential longer-term impact has previously been reported to Members, but it seems for this financial year only the Schools' Budget will reduce. £119k has already been deducted from DSG for the first two schools to convert to Academy status. We do not know when other schools will convert, but the deduction of a further £50k in DSG during 2010/11 would not be unexpected.

4) HOUSING BENEFIT FOR CARE LEAVERS

CYP is responsible for paying the housing costs of care leavers. Most but not all of this is recoverable as Housing Benefit. Projecting the current shortfall (rental liability less HB) the sum to be written-off at the end of this financial year would be £265k. This is a very rough estimate given that the number of occupants and weeks of occupation may vary, as might individual personal circumstances. This would represent £65k in excess of the £200k provision already made. Any such sum that remains at the end of the financial year will increase the overspending in the non-Schools' Budget.

5) MANAGEMENT ACTION IN THIS REPORT

Containing the controllable CYP overspending to the £642k on the non-Schools' Budget was achieved by:

- a) Attributing £1,330,000 of previously core funded expenditure to grant funding instead. It is not yet confirmed that all of this will be possible within the grants terms of reference.
- b) Reducing placements costs to save £250k is thought to be possible but full achievement will have to be while still meeting statutory requirements.
- c) The general spending moratorium and freezing of vacancies will contribute to the general £100k of savings built into this report.

Containing the Schools' Budget overspending to the £196k includes transferring £100k of SEN Alternative Provision to the Pupil Referral Service. This in turn depends on PRS being able to absorb this without overspending in addition to the £100k of previous out of borough placements they are already committed to absorbing.

Chief Officer's Comments

The pressures would have caused a higher level of overspending, but for management action to freeze vacancies and non-essential expenditure, divert grant funding, and use the freedoms from the removal of ring fencing from grants. I will take every opportunity to offset the overspending further, but it is unlikely it can be completely removed while continuing to meet statutory requirements. Since the last Report to Members there have been four serious Social Care cases resulting in high cost placements for children at risk. This increased the forecast overspending. I have instigated management action to reduce spending on placements and on staffing, and will provide regular updates to Members.

Academy Status is a further pressure. DfE has withdrawn £119k from DSG in the current year following the conversion of two schools to Academy status. There will be further in-year loss of DSG as other schools convert. The non-Schools' Budget funding is unaffected in-year.

In July, the Government reduced Area Based Grant in □ year. Bromley's share was £1.67m, with £1.42m from CYP. The July and September meetings approved £1.42m of savings, and budgets have been reduced. In previous years, grants were used flexibly to address pressures. The reduction limits the scope to do this in future.

Nine primary and three Secondary schools had deficits at 31 March 2010. Deficit Recovery Plans have now been agreed with eight schools, and the Schools' Finance Team are working with the schools and senior officers to agree Deficit Recovery Plans for the others.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - ENVIRONMENT**1 Off Street Parking : Dr £510k**

Off street car parking is expected to be at least £510k below budget due to the continuing effects of the economic climate. From April to November there was a shortfall of £300k for the Hill, Westmoreland and Civic Centre car parks compared to budget, but in line with the actual received for the same period last year. If usage continues at this level, it is projected that the full year shortfall for these car parks will be £460k. Income from the other surface car parks is also below budget and a shortfall of £50k is projected for the year. Notable items include car parks within West Wickham £15k and Orpington College £5k.

Although parking income has improved during the last couple of months, the adverse weather conditions have meant that parking income fell during December and therefore income projections remain at Dr £510k.

2 Parking Enforcement : Cr £110k

A surplus in income of £110k is being projected. There continues to be a small increase in tickets issued from the mobile and static CCTV cameras due to more effective utilisation of resources £56k partly offset by a less income (Dr £28k) being received for tickets issued last year. The performance of the parking contractor has improved significantly during the first part of the year and has led to a surplus of £122k being projected again partly offset by £40k less income being received for tickets issued last year

Summary of variations within Parking

Reasons	£'000
Deficit in income from off street parking	510
Surplus income within parking enforcement - PCN numbers	(110)
Total reported variation	400

3 Highways : Dr 52k

Agreement has now been reached with Thames Water about the level of sample inspection billing for last year and as a result the bad debt provision raised for 2009/10 is not sufficient to cover the full loss of income, leaving a shortfall of income for 2009/10 of £52k once invoices are revised.

Similarly, following the agreement £32k of invoices raised in quarter 1 of 2010-11 will be cancelled as the improvement notices are no longer chargeable.

It is anticipated that there will be reduced expenditure within carriageway repairs of £32k to partly off-set the income deficit.

Impact of recent heavy snowfalls

Estimated costs above budget relating to winter maintenance due to the recent snow during December are £635k. This includes emergency tree maintenance of £50k. The table below gives a breakdown of winter maintenance budgets and the projected variances: -

Winter Maintenance	Budget	Projected Spend	Projected Variance
	£'000	£'000	£'000
Gritting and Snow Clearance	207	538	331
Met Office Costs	32	23	(9)
Salt Usage	32	142	110
Vehicle/plant maintenance & repairs	99	142	43
Salt Barn emergency repairs	0	110	110
Total Winter Maintenance costs	370	955	585
Additional emergency tree works		50	50
Total additional highways costs due to the snow	370	1,005	635

The reason for the large overspend is that the UK experienced the coldest December in 31 years, the South East suffered from two main snow events, with as much snow as 60cm falling in some parts of the Borough.

Due to the high demand of salt during the latter part of the fiscal year, the average purchase price per tonne increased by £5.80. 4,560 tonnes were used during December costing £142k, an additional £26k compared to 2009/10.

The salt barn at Shire Lane needed to be re-surfaced and improved in order to better preserve the salt and to provide more efficient and adequate storage facilities.

Due to the high volume of snow, the weight caused significant damage to the Borough's trees and additional works to the value of £50k have been carried out. The current contractor is continuing to assess and remedy all emergency safety works to the trees

Members should note that in the last two years the Borough has had snow during January, February and March and therefore there is a high risk that further costs will be incurred during the next three months.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - RENEWAL & RECREATION**1 Building Control : Cr £74k**

A report was recently submitted to the Executive to drawdown £138k from the central contingency following changes to legislation.

A shortfall of income of £200k is being offset by savings of £200k from management action to reduce costs, including holding 4.45 fte's vacant.

Part of the provision set aside for the costs of the dangerous structures relating to the plane crash site are no longer required as the insurance company has now settled the revised invoice. The balance of £74k has been written back to the building control code and is being used to offset the shortfall of income within planning.

2 Planning : Dr £78k

Income from planning is £172k below budget for the first eight months of the year and £104k below the actual received for April to November 2009. At this stage, it is projected that the year-end shortfall of income will be £348k.

Based on income from major applications to date, £134k less has been received compared to the actual from April to November 2009. Within non-major applications to date, £30k extra has been received compared to the actual received for the same period in 2009.

Management action taken includes holding 3.04 fte posts vacant and reducing spend on running expenses totalling Cr £270k.

Summary of variations within Planning

Effect of holding 3.04 FTE's vacant within Planning	£'000 (145)
Underspend within transport, supplies & services resulting from management action within Planning	(125)
Shortfall of income from planning fees	348
Total variation	<u>78</u>

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - RESOURCES**1 Property - Rental Income : Dr. £732k****- Rent Share (The Glades Shopping Centre Dr £600k)**

The latest information received from our management agent of the Glades Shopping Centre, CSC, suggests that there is to be a reduction in rent income of approximately £600k compared to the 2010/11 budget (£2.6M) as a result of the on-going economic downturn in the retail sector. A submission will be made to the Star Chamber, for a call on the recession fund set aside in Central Contingency cover this.

The Agents, CSC, have said that they will be undertaking refurbishment of unit 200 which will cost approximately £900k Bromley's share of this would be £135k. The pattern of spend for this scheme is unclear and is being looked into further.

Information is provided by CSC quarterly and this projection will continue to be updated if the position changes.

- Other Rental Income and associated budgets: Dr £132k

Losses of income totalling £132k are anticipated on a number of other Investment & Non-Operational Properties. This mainly relates to the current economic climate. Managers are doing all they can to fill voids. A submission may be made to the Star Chamber for these losses.

2 Management and Other : Cr. £125k**Long Term Costs of Early Retirement Cr £65k**

Savings of £65k on LTCER are currently forecast for 2010/11. The long-term cost of in-year early retirements has been lower than originally estimated in recent years, which has resulted in a lower estimate in 2008/09, 2009/10 and 2010/11. In addition, most early retirements in 2006/07 were fully "self-funded" by the relevant departments in that year, meaning there will be no ongoing long-term costs. Contributions for 2011/12 and later will depend on actual retirements in 2009/10 and later.

There was an underspend of £60k on Compensation for Loss of Office in 2009/10. It has been assumed for now that these savings are ongoing, however this could be offset by any future benefits granted.

General Commentary including impact on future years

Assistant Directors and budget holders are working to ensure that they manage their services within existing budgets.

Early Warnings for 2010/11 :**1 Legal Costs - Child Care Proceedings**

Significant increase (72%) in care proceedings are being processed by Legal Services. If this trend continues the service will need to recruit another lawyer at a cost of £60k or send work out at a significantly higher cost to the Council.

2 VAT claims (cross departmental)

The Council was successful in recovering from HM Revenue and Customs 6 separate historic VAT claims for different periods from April 1973 to May 1996. These claims related to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries/audio visual charges. There are further claims being pursued which includes claims for compound interest, off street parking and a claim for the period December 1996 to December 2000 in relation to libraries / audio visual charges, special collections of domestic waste and excess charges for off-street parking. It is not certain, at this stage, whether the claims will be successful.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

Allocation of Contingency Provision for 2010/11

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested This Cycle	Items Projected for Remainder of year	Total Allocations/ Projected for year	
	£	£	£	£	£	£
General						
Provision to reflect net additional costs arising from the recession	1,250,000			1,150,000	1,150,000	Cr 100,000
Single Status	1,450,000	1,450,000		0	1,450,000	0
Provision for uncertain items (see note 1)	500,000	502,000		0	502,000	2,000
Provision for NJC 1% pay award	605,000				0	Cr 605,000
Release of NNDR credits	Cr 100,000			Cr 100,000	Cr 100,000	0
Council tax credits	Cr 130,000			Cr 130,000	Cr 130,000	0
Further increases in fuel costs	400,000			400,000	400,000	0
Street lighting - reduction in energy unit price	0	Cr 140,000		0	Cr 140,000	Cr 140,000
Street lighting - reduction in energy unit price	0	140,000		0	140,000	140,000
Review of Management and Overhead Costs	Cr 2,448,000	Cr 2,448,000		0	Cr 2,448,000	0
Post Room and Printing Review	Cr 147,000	Cr 147,000		0	Cr 147,000	0
One off funding towards cost of roll out of waste pilot (Executive 1st Sept '10)				380,000	380,000	380,000
Other Changes	137,000			137,000	137,000	0
Total General	1,517,000	Cr 643,000	0	1,837,000	1,194,000	Cr 323,000
Grants included within Central Contingency Sum :-						
Children and Young People						
- Child Death Review Process	42,000	42,000		0	42,000	0
- Designated Teacher Funding	14,000	15,000		0	15,000	1,000
- Positive Activities for Young People	180,000	180,000		0	180,000	0
Family Intervention Programme & Parenting Project Grants						
- grant related expenditure	414,000	414,000		0	414,000	0
- additional specific grant	Cr 414,000	Cr 414,000		0	Cr 414,000	0
Targeted Mental Health in Schools						
- grant related expenditure	150,000	150,000		0	150,000	0
- additional specific grant	Cr 150,000	Cr 150,000		0	Cr 150,000	0
Integrated Working Grant						
- grant related expenditure	45,000	45,000		0	45,000	0
- additional specific grant	Cr 45,000	Cr 45,000		0	Cr 45,000	0
Youth Inspectors Funding						
- grant related expenditure	28,000	28,000		0	28,000	0
- grant related income	Cr 28,000	Cr 28,000		0	Cr 28,000	0
Surestart, Early Years & Childcare						
- grant related expenditure	3,102,000	3,102,000		0	3,102,000	0
- additional specific grant	Cr 3,102,000	Cr 3,102,000		0	Cr 3,102,000	0
National Extension of the Disabled Children's Access to Childcare (DCATCH)						
- grant related expenditure	89,000	89,000		0	89,000	0
- additional specific grant	Cr 89,000	Cr 89,000		0	Cr 89,000	0
Foundation Learning at Key Stage 4						
- grant related expenditure	88,000	88,000		0	88,000	0
- additional specific grant	Cr 88,000	Cr 88,000		0	Cr 88,000	0
Social Work Improvement Fund (SWIF)						
- grant related expenditure				130,000	130,000	130,000
- additional specific grant				Cr 130,000	Cr 130,000	Cr 130,000
Newly Qualified Social Workers (NQSW)						
- grant related expenditure				39,000	39,000	39,000
- additional specific grant				Cr 39,000	Cr 39,000	Cr 39,000
- Think Family						
- grant related expenditure				22,000	22,000	22,000
- additional specific grant				Cr 22,000	Cr 22,000	Cr 22,000
Young Parents to Be						
- grant related expenditure				28,000	28,000	28,000
- additional specific grant				Cr 28,000	Cr 28,000	Cr 28,000
Workforce Strategy Partners Programms						
- grant related expenditure			20,000	0	20,000	20,000
- additional specific grant			Cr 20,000	0	Cr 20,000	Cr 20,000
Adult and Community Services						
- Mental Health Capacity Act	135,000	135,000		0	135,000	0
- Young People Substance Abuse (PPS)	107,000	98,000		0	98,000	Cr 9,000
Preventing Violent Extremism (PPS)						
- Grant related expenditure	195,000			195,000	195,000	0
- Reduction in ABG department reduced spend		Cr 56,810		0	Cr 56,810	Cr 56,810
- Additional Carers Grant	77,000	77,000		0	77,000	0
Homelessness Prevention						
- grant related expenditure		150,000		0	150,000	150,000
- additional specific grant		Cr 150,000		0	Cr 150,000	Cr 150,000
Renewal and Recreation						
- Economic Assessment Duty	65,000	40,000		25,000	65,000	0
- Climate Change	23,000	22,500		0	22,500	Cr 500
Corporate Services						
- Public Law Family Fees increase	34,000			34,000	34,000	0
- Community Call for Action	2,000			1,850	1,850	Cr 150
Total Grants	874,000	552,690	0	255,850	808,540	Cr 65,460

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested This Cycle	Items Projected for Remainder of year	Total Allocations/ Projected for year	
	£	£	£	£	£	£
Increase in Area Based Grant funding:						
- January Guarantee (DCSF)	0			26,610	26,610	26,610
- LSC Staff Transfer Special Purpose Grant (DCSF)	0	283,000			283,000	283,000
- Reduction in ABG department reduced spend	0				0	0
Additional ABG Funding (26th Oct'10)						
- Local Authority Tenants' Satisfaction with Landlord Services		1,380			1,380	1,380
- School Improvement Partners				4,400	4,400	4,400
- Local Child Poverty Duties				48,200	48,200	48,200
- Petitions (see note 2)			19,730		19,730	19,730
New Specific Grants						
- Surestart Aiming High For Disabled Children						
- grant related income	0	Cr 25,000			Cr 25,000	Cr 25,000
- grant related expenditure	0	25,000			25,000	25,000
- 14-19 Prospectus						
- grant related income	0	Cr 11,000			Cr 11,000	Cr 11,000
- grant related expenditure	0	11,000			11,000	11,000
- Fair Play Playbuilder						
- grant related income	0	Cr 18,000			Cr 18,000	Cr 18,000
- grant related expenditure	0	18,000			18,000	18,000
Use of WRAP monies						
- grant related expenditure	0	500,000			500,000	500,000
- additional revenue grant	0	Cr 500,000			Cr 500,000	Cr 500,000
Repairing Winter Damage						
- grant related expenditure	0	197,000			197,000	197,000
- Dept. of Transport grant	0	Cr 197,000			Cr 197,000	Cr 197,000
Youth Offending Team - intensive supervision and surveillance						
- grant related income	0	Cr 81,000			Cr 81,000	Cr 81,000
- grant related expenditure	0	81,000			81,000	81,000
Adult and Community Services						
Learning Disabilities Service	660,000	660,000		0	660,000	0
Learning Disabilities Campus Closure Programme - grant related expenditure	6,800,000	8,374,000			8,374,000	1,574,000
Learning Disabilities Campus Closure Programme - grant income	Cr 6,800,000	Cr 8,374,000			Cr 8,374,000	Cr 1,574,000
Physical Disabilities Service	200,000	200,000		0	200,000	0
Personal Care at Home (Based on national calculations)	700,000			0	0	Cr 700,000
Personal Care at Home alternative savings to be identified	Cr 700,000			0	0	700,000
Environmental Services						
Roll out of Waste Pilot	Cr 200,000	Cr 200,000		0	Cr 200,000	0
Recycling and composting for all roll out costs - revenue contribution to Savings on Waste Disposal (mainly reduction in waste tonnage)	0	Cr 756,000		0	Cr 756,000	Cr 756,000
Renewal & Recreation						
Planning Appeals - change in legislation	150,000			150,000	150,000	0
Potential loss of income re: land charges and building control (changes in regulations)	300,000	138,320		161,680	300,000	0
Resources						
One off funding of transitional costs for new ICT contract	0	0		374,000	374,000	374,000
Children and Young People						
Increase in social workers to reflect increase in case load	195,000	195,000		0	195,000	0
Southwark Judgement increasing cost of social care support for young adults	100,000		100,000	0	100,000	0
Total Grants	3,796,000	431,390	119,730	2,857,740	3,408,860	Cr 387,140
Increase in Area Based Grant funding	0	Cr 310,850			Cr 310,850	Cr 310,850
Further increase in Area Based Grant funding	0	Cr 72,330			Cr 72,330	Cr 72,330
Reduction in ABG Funding relating to items in central contingency sum	0	40,000			40,000	40,000
Reduction in ABG Funding relating to items in central contingency sum	0	56,810			56,810	56,810
GRAND TOTAL	3,796,000	145,020	119,730	2,857,740	3,122,490	Cr 673,510

Note 1 - Provision for uncertain items

Contract price inflation in excess of the 2.3% allowed for in the budget has been allocated to the following contracts:

	£'000
Waste Disposal	177
Street Cleansing	65
Exchequer Services	135
Information Systems	65
Waste Collection	40
Parking	20
	<u>502</u>

Note 2 - Area Based Grant ~ Petitions

Members are requested to agree to drawdown £19,729k to enable moderngov work to be done upfront over the next year whilst staff resource are identified, this approach is supported by Paul Dale.

Description	2010/11 Latest Approved Budget £'000	Variation To 2010/11 Budget £'000	Potential Impact in 2011/12
Residential and Domiciliary care - Older people	23,361	353	The full year of the net overspend in domiciliary and residential care is forecast to be £646k. However as the reablement service grows it is anticipated that lower planned hours for new clients will contribute around £400k towards partially offsetting these costs, which along with reduced costs from tighter eligibility criteria of £150k will reduce the full year overspend to £96k.
Domiciliary & Residential Care - Physical Disabilities	3,408	387	Pressure is continuing for PD services and the full year effect of the current overspend is anticipated to be £600k based on the current number of clients. Management action is in place to review packages, increase referrals to the re-ablement team and maximize income contributions from health and this is expected to produce savings of £100k and reduce the net overspend to £500k. It should be noted that this does not include additional costs as a result of increased client numbers.
Residential & Domiciliary Care - Learning Disabilities	16,802	-39	There is a small underspend anticipated in 2010/11, but based on clients placed during the year, a full year overspend of £600k will arise in 2011/12. This reflects the impact of current activity and does not take account of new clients coming through transition next year.
Residential Care - Mental Health	2,766	(97)	The full year effect of the 2010/11 underspend will produce a saving of £162k, which will contribute towards pressures in the older peoples services.
SEN & Inclusion	7,287	100	SEN Transport is currently projected to be £100k overspent. - This is due to the growing number of exceptionally high cost pupils, a trend that is likely to increase the £100k overspending this year, and likely to increase in future years.
Children's Placement Projections	8,181	1,595	The current overspend is likely to have implications beyond the current year. The Southwark judgement (please see Early Warning in Appendix 4B) is adding significantly to placement costs. This is being continuously assessed and monitored. Any overspending in 2011/12 will be contained in the total CYP budget allocation, to the extent that it has not been factored into the four year forecast.
Safeguarding & Social Care Division	20,277	450 (salaries element)	The factors behind this overspending are detailed in Appendix 4B and are likely to continue into future years. Any overspending in 2011/12 will be contained in the total CYP budget allocation, to the extent that it has not been factored into the four year forecast.
Diverting expenditure to be met by grant funding		1,330	Containing the controllable CYP overspending to the £653k on the non-Schools' Budget in this Report was achieved by attributing £1,330,000 of previously core funded expenditure to grant funding instead. This will need to be reconsidered for the 2011/12 budget, in view of grant reduction.
Parking (net controllable)	(5,710)	400	Income from the Hill, Westmoreland & Civic Centre car parks are £300k below budget for April to Nov but in line with the actual income received for the same eight months last year. If usage continues at this level it is projected that the shortfall of income for these car parks will be £460k. Income from other surface car parks is also projected to be £50k down at the year end. These projected figures include the effect of the VAT increase which will increase the deficit by £22k in 2010/11 and £88k in 2011/12. A surplus of £110k is projected for PCN income due to more effective use of resources relating to mobile & static CCTV cameras and improved performance of the parking contractor.
Waste Management (net controllable)	16,508	15	Disposal tonnage is 9,600 tonnes below the budgeted amount for April to Nov resulting in an underspend of £706k. At this stage it is projected that the year end variation will be 11,000 tonnes with a full year underspend of £809k as a direct result of the recession. Other variances total Dr £68k which includes health and safety works at the depot. Total variation of £Cr 741k reduced to Cr £15k after transferring £756k to central contingency.
Planning & Renewal (net controllable)	2,625	34	Income from planning applications has reduced due to the economic climate and a shortfall of £348k is projected for 2010/11. This level of shortfall may continue into 2011/12 if the recession continues however there are indications that activity is increasing. To reduce the shortfall, 3.04fte posts are being held vacant and running expenses have been cut (Cr £270k). If activity increases then posts will be filled using agency staff to give flexibility if application numbers dip.
Building Control income	(1,118)	126	Income from building control is expected to be £200k below budget due to the economic climate. Activity has picked up compared to the first eight months in 2009/10. 4.45fte posts are being held vacant to partly offset the deficit. A sum of £138k has been drawn down from contingency to account for the effect of legislation changes for building control. New guidance from CIPFA means that charges will have to be set to recover chargeable costs. £74k provision no longer needed has been written back to revenue.
Running expenses	1,087	(200)	
Glades rent income	(2,585)	600	The latest information received from the management company (CSC) for the Glades Shopping Centre indicates that a reduction in rent income of £600k is likely for 2010/11 as a result of a fall in trading due to the economic downturn in the retail sector. This situation is unlikely to improve until 2012/13 and then only marginally. Information is provided by CSC quarterly and this projection will continue to be updated if the position changes, given the current economic climate this is likely.
Other budgets	143,905	(4,037)	
Total	213,433	664	

Agenda Item 9

Report No.
DR10114

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

<Please select>

Decision Maker: Executive

Date: 2nd February 2011

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING-3rd QUARTER 2010/11

Contact Officer: Martin Reeves, Group Accountant (Technical)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Director of Resources

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 3rd quarter of 2010/11 and seeks the Executive's approval to a revised Capital Programme. The Capital Review report elsewhere on the agenda seeks approval to new schemes over the years 2011/12 to 2014/15.

2. RECOMMENDATION(S)

The Executive is asked to:

2.1 Note the report and to agree a revised Capital Programme.

2.2 Approve the following amendments to the Capital Programme:

- (i) Addition of £1,500,000 in 2010/11 in respect of additional funding from Bromley PCT for the LD reprovion scheme (see para 3.2);
- (ii) Addition of £7,255,000 over the two years 2011/12 to 2012/13 in respect of government grant allocations announced in the December Settlement (see para 3.3);
- (iii) Addition of £485,000 in 2011/12 in respect of external funding for London private sector renewal schemes (see para 3.4);
- (iv) Addition of £100,000 in 2011/12 in respect of new Capital Ambition funding for Efficiency and Transformation (see para 3.5);
- (v) Reduction of £4,340,000 over the four years 2010/11 to 2013/14 to reflect reduced Transport for London support for highways schemes (see para 3.6);

- (vi) Reduction of £2,690,000 in 2010/11 to reflect reduced Formula Devolved Capital support (see para 3.7);
- (vii) Net addition of £100,000 in 2010/11 for Farnborough Primary School extension scheme (see para 3.8);
- (viii) Addition of £230,000 in 2010/11 in respect of the balance of short breaks capital funding (see para 3.9);
- (ix) Addition of £112,000 in 2010/11 to reflect additional Extended Services grant (see para 3.10).

Corporate Policy

1. Policy Status: Existing policy. Capital Programme monitoring and review is part of the planning and review process for all services.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: Estimated cost Total increase of £2.8m over the 4 years 2010/11 to 2013/14, mainly due to net increases in external funding
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £Total £150.2m over 4 years 2010/11 to 2013/14
 5. Source of funding: Capital grants, capital receipts and revenue contributions
-

Staff

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: No statutory requirement or Government guidance.
 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? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Capital Expenditure

3.1 Appendix A sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2010/11. Further information is provided in paragraphs 3.2 to 3.11. The base position is the revised programme approved by the Executive on 3rd November 2010, as amended by variations at subsequent meetings. If all the changes proposed in this report were approved, the total Capital Programme 2010/11 to 2013/14 would increase by £2.8m, mainly due to net increases in external funding, and the 2010/11 estimate would reduce by £4.4m, mainly due to the net effect of rephasing of expenditure into later years.

3.2 LD Reprovision – additional funding from Bromley PCT (increase of £1,500k in 2010/11)

Further to previous reports, the Council operates under a Section 75 agreement as the lead commissioner for the PCT Campus Programme. In December, Bromley PCT transferred a further £1.5m to the Council to enable the purchase of the Cheyne site, bringing the total transfer to nearly £10.4m, specifically for the reprovision of LD services. The PCT Campus Programme continues to make good progress, with the finalisation of contracts relating to the Cheyne site in West Wickham and a scheme in Crofton Road, Orpington, now taking place. Work also continues on locating and developing replacement properties for LD day and respite services currently located at the Bassetts Campus site, which is due to close in 2011. The Executive is asked to agree the inclusion of the additional £1.5m in the Capital Programme in 2010/11.

3.3 Government capital grant allocations in the 2011/12 settlement (net addition of £7,255k)

In December, the government announced the Provisional Local Government Finance Settlement for 2011/12 and 2012/13. Many of the capital grant allocations were, and still are, not made public and it is anticipated that these will be announced shortly. The only capital grants included in the settlement were as follows:

- Department of Health support for social care (a total of £1,226k; £607k in 2011/12 and £619k in 2012/13);
- Department for Education support for schools in 2011/12 (Basic Need £4,497k and capital maintenance £5,687k).
- Devolved Formula Capital support for schools (£845k in 2011/12, which is £4,155k less than the indicative provision of £5m currently in the programme).

The Executive is asked to approve the inclusion of these sums to the Capital Programme. Although these grants (with the exception of Devolved Formula Capital) are not ring-fenced, they are provided by the relevant government department specifically with the intention of meeting certain spending needs. In particular, the DfE grants enable the Council to deal with some major pressures in the school sector. Should this money be diverted elsewhere, it would be very difficult to obtain discretionary funding from these government departments.

3.4 London private sector renewal schemes (additional external funding £485k in 2011/12)

The current approved programme includes £2,286k for various externally funded London Private Sector Renewal schemes, mainly consisting of a loan scheme and the Handyman scheme. In 2011/12, we will receive an additional £485k and the Executive is asked to agree the inclusion of this sum in the Capital Programme.

3.5 Capital Ambition – Efficiency and Transformation Funding (addition of £100k in 2011/12)

In December, the London Councils Leaders' Committee agreed new governance arrangements for Capital Ambition, which included an agreement to disburse some funding to all member authorities for improvement and efficiency activity. As a result, each member authority will receive £100k in capital funding and this needs to be added to the Capital Programme. Details regarding the conditions of use are still awaited and the Executive is asked to agree that this sum be set aside for improvement and efficiency schemes. A report on the utilisation of the funding will be submitted in due course.

3.6 Transport for London – revised support for highway schemes (overall reduction of £4,340k)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2010/11 to 2013/14 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an increase of £67k in 2010/11 has been received from TfL, but a total reduction of £4,407k has been made in later years to reflect revised forecasts of the level of TfL funding in those years. TfL grant allocations change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.7 Formula Devolved Capital – reduced government support (reduction of £2,690k in 2010/11)

The 2010/11 Capital Programme currently includes £5,660k for Formula Devolved Capital support for schools from the government. This figure was based on the level of support in previous years. In 2009/10, as instructed by the government department, the support passed on to schools included some £1.9m in advance of the 2010/11 allocation. As a result, the estimated level of support to be provided to schools in 2010/11 has reduced to £2,970k.

3.8 Farnborough Primary School extension (net addition of £100k in 2010/11)

Various funding streams have been identified for a scheme to extend Farnborough Primary School by 2 classrooms, at a total estimated cost of £311k. These comprise £150k from the suitability/modernisation budget, £50k from planned maintenance, £11k from seed challenge and a contribution of £100k from the school. The Capital Programme budgets for the first 3 funding streams have been reduced by the relevant amounts, as a result of which the programme will only increase by the amount of the school's contribution. The Executive is asked to agree the inclusion of the scheme in the Capital programme.

3.9 Short Breaks Capital grant (addition of £230k in 2010/11)

In June 2009, the CYP Portfolio Holder was informed that a capital grant of £185k in 2009/10 and £431k in 2010/11 would be received to improve short breaks for children and young people with disabilities. Extensive consultation was carried out with the families of disabled children and it was agreed that the major priorities for use of both the revenue and capital grants were to increase holiday, weekend and after school play schemes and to provide access to integrated leisure facilities. Some of this funding has been approved by Members as contributions towards the Hawes Down and Riverside School schemes. The remaining grant (£215k) now needs to be included in the capital programme.

£64k of short breaks capital funding has been identified for a 'Changing Place' facility at The Walnuts, which will provide 'state of the art' changing facilities for disabled children and young people and adults. This will not only enable a greater use of the Orpington leisure facilities but, as the location of the Changing Places is at the entrance of the centre, general public not requiring use of the centre may also use these facilities. This project is being jointly funded by a contribution of £15k from Bromley Mytime and the total scheme cost (£79k) needs to be included in the programme.

£100,000 has been identified for a lodge in the grounds at Riverside Beckenham for short break provision to be delivered both for the existing client group (i.e. 5 – 11 years olds) and for older disabled young people. This will enable a greater community use of the school facility, enabling it to be accessed during school holiday periods, thus maximising the potential for benefit to disabled children and young people. The provision (known as an Eco Lodge) may be used as an alternative outdoor classroom provision during school term time.

Balance of £51k: Parents/carers are being consulted to identify any small specialist capital items that may be purchased for community use.

3.10 Extended Schools – additional government grant (£112k in 2010/11)

This represents the inclusion of the 2010/11 government grant allocation, which, when added to the amount of 2009/10 carried forward results in an estimate of £570k in 2010/11.

3.11 Scheme Rephasing

The estimated phasing of expenditure on a number of schemes has been revised, as a result of which a total of £3.8m has been rephased into later years. These are shown in detail in Appendix A.

Capital Receipts

3.7 Details of the 2009/10 outturn for capital receipts and the receipts forecast in the years 2010/11 to 2013/14 are included elsewhere on the agenda in a confidential appendix to this report (Appendix B). Actual receipts from asset disposals totalled some £2.6m in 2009/10, compared to the forecast of £2.1m reported to the February meeting. The latest estimate for 2010/11 has reduced to £3.8m from £6.8m reported in November, due to the slippage of receipts into later years. The forecast for receipts in 2011/12 has reduced to £5.8m (£14.8m reported in November), the net result of slippage from 2010/11 and into 2012/13. Estimates for 2012/13 and 2013/14 are now £17.7m and £0.2m respectively (£7.9m and £3.0m were reported in November), also due to slippage between years. These totals include estimated receipts in respect of the disposal of the three main sites in the disposal programme; Tweedy Road, Westmoreland Road and Bromley Town Hall. For illustrative purposes, two financing models have been prepared and these are included in the 2010 Capital Review report elsewhere on the agenda. A total of £1m per annum is assumed for later years, in line with the target included in the Resources Portfolio Plan.

3.13 In addition to capital receipts from asset disposals, the Council is also holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held in a reserve, the balance of which stood at £4,026,000 as at 31st March 2010, and will be used to finance capital expenditure from 2010/11 onwards. The current position on capital Section 106 receipts is shown below. A summary of the revenue and capital position is included in the Financial Monitoring report elsewhere on the agenda.

Specified capital works	Balance 31/3/10	Receipts 2010/11	Expenditure 2010/11 (inc commitments)	Uncommitted Balance
	£000	£000	£000	£000
Local Economy & Town Centres *	559	-	450	109
Housing provision	1,703	725	780	1,648
Education	904	47	750	201
Community use	860	-	15	845
TOTAL	4,026	772	1,995	2,803

* a further £225,000 is available as a result of a transfer from contingency in 2005/06.

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. A summary of the changes to the Capital Programme detailed in this report is shown in Appendix A. If all the proposed changes were approved, the total Capital Programme 2010/11 to 2013/14 would increase by £2.8m, mainly due to net increases in external funding, and the 2010/11 estimate would reduce by £4.4m to £73.4m mainly due to the net effect of rephasing of expenditure into later years. Appendix B (on the Part 2 agenda) gives details of anticipated capital receipts from asset disposals.

5.2 A report elsewhere on the agenda entitled "Capital Programme Review 2010" presents for approval the new capital schemes recommended by Chief Officers, which were considered and agreed in principle at the January meeting. Detailed financing projections for the revised Capital Programme together with the recommended new bids are set out in the Capital Programme Review report.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns January 2011. Approved Capital Programme (Executive 3/11/10).

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CAPITAL PROGRAMME MONITORING - FEBRUARY 2011 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME							
	Date of Portfolio meeting	2010/11	2011/12	2012/13	2013/14	TOTAL	Comments/reason for variation
Variations on individual schemes		£000	£000	£000	£000	£000	
Current Approved Capital Programme							
Programme approved by Executive 03/11/10	Exec 03/11/10	77873	41239	18182	9602	146896	
Office Accommodation Strategy	Exec 08/12/10		600			600	
Approved Programme prior to 3rd Quarter's Monitoring		77873	41839	18182	9602	147496	
Variations in the estimated cost of approved schemes							
(i) Variations requiring the approval of the Executive							
PCT LD reprovion programme - additional PCT funding		1500				1500	See paragraph 3.2
Government capital grant allocations in 2011/12 Settlement			6636	619		7255	See paragraph 3.3
London private sector renewal schemes			485			485	See paragraph 3.4
Capital Ambition - Efficiency and Transformation Funding			100			100	See paragraph 3.5
Transport for London - revised allocations		67	-1609	-1956	-842	-4340	See paragraph 3.6
Formula Devolved Capital 2.1a - reduction in grant		-2690				-2690	See paragraph 3.7
Farnborough Primary School - 2 class extension (grant funded) - net addition		100				100	See paragraph 3.8
Short Breaks capital - additional grant and contribution from Bromley MyTime		230				230	See paragraph 3.9
Extended Schools 2.10		112				112	See paragraph 3.10
		-681	5612	-1337	-842	2752	
(ii) Variations not requiring approval							
Rephasing of schemes							
Care Standards Act 2000 Requirements - general		-223	223			0	}
Learning Disability Day Centre		-706	706			0	}
PCT Learning Disability reprovion programme		-208	208			0	}
Care Home reprovion - decanting costs		-102	102			0	}
Social care grant		-378	378			0	}
Mental health grant		-321	321			0	}
Shared ownership housing - Bromley NHS PCT project		-256	256			0	}
Housing Provision - approved expenditure proposals		-120	120			0	}
Housing Provision - unallocated		-220	220			0	}
Payment in Lieu Fund - unallocated		168	-168			0	}
Civic Centre cabling renewal		-90	90			0	}
Server Virtualisation		-171	171			0	}
Digital Print Strategy		-200	200			0	} See paragraph 3.11
Review Document Management Processes		-60	60			0	}
Langley Park Boys School - enhanced performance space		-600	600			0	}
Langley Park Boys School - BSF (Building Schools for the future) 2.3b		-722	722			0	}
Bickley Primary - expansion		47	-47			0	}
Planned Maintenance / Modernisation Fund		600	-600			0	}
Princes Plain Primary - expansion		15	16	-31		0	}
The Highway Primary - partial rebuild		750	-612	-138		0	}
Hawes Down Co-Location 2.16 - additional grant funding		-245	245			0	}
Carbon Management Programme (Invest to Save funding)		-250	250			0	}
The Hill Multi-Storey Car Park - strengthening works		-60	60			0	}
Newstead Wood Tennis Centre		-27	27			0	}
Biggin Hill Leisure Centre		-130	130			0	}
Pavilion Leisure Centre - redevelopment & refurbishment		-250	250			0	}
		-3759	3928	-169	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		-4440	9540	-1506	-842	2752	
TOTAL REVISED CAPITAL PROGRAMME		73433	51379	16676	8760	150248	

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Agenda Item 10

Report No.
DR11003

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

<Please select>

Decision Maker: Executive

Date: 2nd February 2011

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME REVIEW 2010

Contact Officer: Martin Reeves, Group Accountant (Technical)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Director of Resources

Ward: All

1. Reason for report

At the January meeting, the Director of Resources submitted a report on the new capital schemes supported by Chief Officers in the annual capital review process. The main focus is on the continuation of existing essential programmes and on externally funded schemes, with only a limited new spending programme being put forward at this stage. It was agreed that these schemes, covering the years 2011/12 to 2014/15, would be considered further at this meeting and they are now presented for approval in Appendix 1. The report also includes estimates of capital financing and revenue and capital balances based on the revised programme included in the Capital Monitoring report elsewhere on the agenda and the new schemes put forward for approval in this report.

2. RECOMMENDATION(S)

The Executive is asked to:

- 2.1 Recommend to Council that the new proposals listed in Appendix 1 be included in the Capital Programme, subject to fully costed feasibility studies being approved by Portfolio Holders.

Corporate Policy

1. Policy Status: Existing policy. Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: Estimated cost Recommended new schemes £29.2m over 4 years 2011/12 to 2014/15 (£3.6m from Council resources)
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £Total £114.7m over 4 years 2011/12 to 2014/15
 5. Source of funding: Capital grants, capital receipts and revenue contributions
-

Staff

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: No statutory requirement or Government guidance.
 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? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 Previous reports have advised that, in recent years, we have steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. Our reserves, established from the disposal of our housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £65m (including unapplied capital receipts) as at 31st March 2010. Our current asset disposal programme is diminishing and any new capital spending will effectively have to be met from our remaining revenue reserves.
- 3.2 In November, the Executive agreed a revised Capital Programme following the 2nd quarter capital monitoring report. At that time, it was estimated that available resources would reduce to £53.8m by the end of 2019/20. This assumed the continuation of the agreed strategy of no General Fund support to the revenue budget and an estimated £1.25m pa for new capital schemes from 2011/12 (broadly in line with the average cost to the Council of additional schemes approved in recent years' annual reviews). These estimates made no additional allowance (other than a total of £3m for service investment priorities, including Orpington Town Centre, and £4m for flexible working) for any new capital spending priorities. They also assumed that a total of £20.1m of capital receipts from asset disposals would be realised between 2010/11 and 2013/14, in line with the latest Property Division forecasts. This did not include any of the large receipts previously anticipated in respect of the Town Hall, Westmoreland Road Car Park and Opportunity Site B.

Proposed New Schemes

3.3 The report to the January meeting advised that Chief Officers had only been able to support the continuation of existing programmes, externally funded schemes and only a limited number of new schemes requiring Council funding. Schemes now requiring Executive and Council approval are shown in Lists A and B (Invest to Save) in Appendix 1 (unchanged since the last meeting). The Council's own resources would only be required to contribute a total of £3.6m over the four year period, which is broadly in line with the assumptions previously made. The cost to the Council of all schemes is shown in Appendix 2, with the following schemes requiring funding from Council resources:

- Bromley North Village public realm improvements (£1.5m Council contribution after assumed Transport for London funding of £3.4m);
- Essential IT schemes (£1.0m for the replacement of storage area network and rollout of Windows7/Office2010);
- Bromley Museum at The Priory (£0.3m Council contribution after assumed Heritage Lottery Fund contribution of £2.7m);
- Essential drainage/water works at Star Lane Traveller Site (£0.25m) to enable the Council to meet its statutory obligations (the Water Supply Regulations);
- Winter maintenance equipment (£0.25m); and
- An Invest to Save scheme to reduce out-borough placements for children with social, emotional and behavioural difficulties (£0.25m).

Further reports will be brought to Members before schemes are progressed if the assumed level of external funding on the Bromley North Village and Bromley Museum at the Priory does not materialise.

- 3.4 Other urgent schemes were put forward in the review but have not been recommended by Chief Officers at this stage, mainly because of lack of evidence/justification in the bid and because they do not meet key Council priorities. These comprise works to primary schools to increase capacity (£5.6m over the 4 years) and refurbishment works to the Council Chamber (£0.1m). These are shown in List C in Appendix 1.

Capital Receipts

- 3.5 With regard to asset disposals, the Council is still feeling the effect of the “credit crunch” in 2008. This precipitated a down turn in the housing market and, although reasonable prices are still being offered for some land sales, completion of deals continues to be problematic. As a result, many receipts have slipped and/or it has proven difficult to obtain planning permission at a level of development that purchasers feel to be economic. In addition, the prices offered for sales may deteriorate further in the future. Details of actual and anticipated capital receipts between 2009 and 2016 are included in a Part 2 appendix to the Capital Monitoring report elsewhere on the agenda.
- 3.6 The asset disposal programme is currently expected to deliver capital receipts totalling around £30m in the five years 2010/11 to 2014/15. Some £10.6m of this relates to 3 major town centre sites: Tweedy Road, the Old Town Hall and Westmoreland Road Car Park, and the financing projections currently model two main scenarios; firstly that we fail to achieve these three disposals (which still represents a realistic assumption in the current economic climate) and, secondly, that we achieve all planned receipts. Model 3, for illustrative purposes, shows the effect of re-instating an annual General Fund contribution of £3.5m pa from 2011/12 to support the revenue budget (i.e. a reversal of the current strategy) and shows that this would be unsustainable. A summary of the estimated impact of the three models is shown in paragraph 5.4 and the potential impact of failing to achieve the planned level of receipts is briefly discussed in paragraph 5.3.

Summary of proposed expenditure

- 3.7 The table below summarises the revised programme put forward for approval in the Capital Monitoring report elsewhere on this agenda, together with the recommended new schemes.

Capital Expenditure	2010/11	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m	£m
Revised approved programme	73.4	51.4	16.7	8.8	-
Proposed new schemes (Appx 1)	-	1.1	3.2	10.3	14.6
Proposed programme	73.4	52.5	19.9	19.1	14.6
Add: investment priorities, etc	-	2.5	4.5	-	-
Add: allowance for new schemes	-	-	1.25	1.25	1.25
Less: Estimated slippage	-2.0	-5.0	1.0	1.0	1.0
Estimated expenditure	71.4	50.0	26.65	21.35	16.85

4. POLICY IMPLICATIONS

- 4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.

5. FINANCIAL IMPLICATIONS

5.1 Financing the proposed Capital Programme

A summary financing statement is included in Appendix 3, which shows for the “core” scenario (Model 1) the anticipated effect on the Council’s reserves if the Executive approves the schemes in Appendix 1 and agrees amendments to the current programme included in the capital monitoring report elsewhere on the agenda. The core statement (Model 1) includes a prudent allowance for the potential cost of priority service investment projects. A number of planning assumptions have been made in the long-term financing model to 2019/20, many of which are referred to in the Council Tax (Revenue Budget) report elsewhere on the agenda. The base assumptions include:

- No further General Fund contribution to support the revenue budget.
- New capital spending in future years – £1.25m pa from 2011/12 for the Council’s contribution to new schemes coming forward in future years.
- Transfer of rolling programmes to revenue – this was completed in 2009/10.
- Capital expenditure slippage – a further £2m is assumed from 2010/11 into 2011/12 and £5m from 2011/12 into 2012/13 and later years, based on experience in recent years.
- Service investment priorities and potential liabilities – a prudent total figure of £7.0m is assumed.
- Capital receipts – a prudent approach has been taken in assumptions made on the level of capital receipts likely to be received.

5.2 The proposed programme represents the maximum that could realistically be delivered within the available resources and the forecast level of capital receipts. If the schemes in Appendix 1 were approved (based on the assumptions listed above and taking a pessimistic view on the larger capital receipts we are hoping to achieve – Model 1), the Council would be required to contribute a total of £27.2m from its own resources (capital receipts) in the four-year period 2011/12 to 2014/15. It is estimated that no contributions would be required from the General Fund to finance the capital programme in that period and that the Council would be able to finance all expenditure not met by grants and other contributions from capital receipts. This is partly still due to the large capital receipt in 2006 from the sale of Station Road Car Park, but also due to the disposal programme detailed in the Part 2 Appendix to the capital monitoring report elsewhere on the agenda. The estimated effect on Council resources of this scenario is summarised in the following table.

Council resources required to finance capital expenditure	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Usable Receipts	5.1	12.4	7.4	5.0	2.4
General Fund	-	-	-	-	-
Total Capital Resources Required	5.1	12.4	7.4	5.0	2.4

5.3 The core financing model (Model 1) projects a General Fund balance of £49.8m at the end of the current financial year and estimates that this will remain at that figure at the end of 2014/15 (the medium term plan). In the longer term, it is estimated that the General Fund balance will reduce to £48.0m by the end of 2019/20. Appendix 3 gives more details. It should be noted, however, that failure to achieve the projected level of receipts by £4.5m in 2011/12 and a further

£4.7m in 2012/13 would result in a need to make a General Fund contribution to finance capital expenditure in both those years and also in all subsequent years.

5.4 Other scenarios and the implications of abandoning current strategy on General Fund support for the revenue budget.

The following table shows the consequences of the three scenarios, which are outlined in paragraph 3.6. Model 1 assumes that we fail to achieve the three large disposals (which still represents a realistic assumption in the current economic climate) and Model 2 assumes that we achieve all planned receipts (which is probably unrealistic). Model 3, for illustrative purposes, shows the estimated impact of abandoning the agreed strategy of reducing General Fund support for the revenue budget (i.e. reinstating the contribution of £3.5m pa from 2011/12). If we abandoned the strategy (Model 3 below), General Fund reserves would reduce to £16.5m by the end of 2019/20. This confirms the need to continue with the existing strategy.

Revised approved programme	Balance @ 31/3/11 £m	Balance @ 31/3/15 £m	Balance @ 31/3/20 £m
Model 1 – “feasible” assumption including no large receipts (paras 5.1 and 5.2)			
General Fund	49.8	49.8	48.0
Capital Receipts	13.3	3.5	-
TOTAL	63.1	53.3	48.0
Model 2 – including all anticipated receipts			
General Fund	49.8	49.8	49.8
Capital Receipts	13.3	11.9	6.6
TOTAL	63.1	61.7	56.4
Model 3 – Abandon current agreed GF strategy			
General Fund	49.8	35.8	16.5
Capital Receipts	13.3	3.5	-
TOTAL	63.1	39.3	16.5

5.5 The table illustrates the impact of continuing with the strategy of not using balances to support the revenue budget, which provides a significant improvement in the Council’s long-term financial position. The need to preserve the General Fund balance is covered in the 2011/12 Council Tax report elsewhere on the agenda. In the recession, it has been difficult to predict expenditure and receipts. This places greater emphasis on the need for ongoing review and quarterly updates and it is clear that there is still a significant amount of uncertainty at this time.

5.6 Revenue considerations

There are no additional running expenses arising from the proposed schemes and a full year revenue saving of £0.8m is estimated to come out of the Invest to Save scheme in List B of Appendix 1. The application of reserved receipts to finance capital expenditure generates a corresponding loss of interest earnings to the General Fund and will thus impact on the revenue budget. This is estimated at £182k in a full year.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Capital appraisal forms submitted by Chief Officers in August/September 2010. Report to Executive 12th January 2011.

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EXECUTIVE 12/01/11

LIST A - PROPOSED CAPITAL SCHEMES RECOMMENDED AT THIS STAGE (agreed by COE 15/12/10)

Capital Scheme/Project	Priority	Total Cost £000's	Revenue Exps (pa)					Running £000's	Financing £000's	Comments
			11/12 £000's	12/13 £000's	13/14 £000's	14/15 £000's	15/16 £000's			
Children's Services										
Education planned maintenance/modernisation/suitability	HIGH	4300	0	0	0	4300	0	0	0	Rolling programme; £4.3m pa already in approved Programme for 2010/11 to 2013/14; gov't grant £1.0m; funding from schools' budget & DSG.
Schools' Access Initiative	HIGH	150	0	0	0	150	0	0	0	Revenue contribution (schools' budget)
Formula Devolved Capital	HIGH	10000	0	0	5000	5000	0	0	0	100% government grant
Feasibility studies - block provision	HIGH	10	0	0	0	10	0	1	1	Provision for 10/11-13/14 already in Capital Programme
TOTAL LIST A - CHILDREN'S SERVICES		14460	0	0	5000	9460	0	1	1	
Renewal & Recreation										
Bromley Museum at The Priory	HIGH	3000	180	50	2770	0	0	15	15	Extension of existing museum into former Orpington Library site; £2,700k HLF funding
Star Lane Traveller Site	HIGH	250	250	0	0	0	0	13	13	Urgent water and drainage works (statutory duty)
Bromley North Village Public Realm Improvements	HIGH	4890	400	2990	1500	0	0	75	75	Renewal and improvement of Bromley North; £3,390k TfL funding
Emergency works on surplus sites	HIGH	30	0	0	0	30	0	2	2	Works prior to asset disposals; provision for 10/11-13/14 already in Capital Programme
Feasibility studies - block provision	HIGH	10	0	0	0	10	0	1	1	Provision for 10/11-13/14 already in Capital Programme
TOTAL LIST A - RENEWAL & RECREATION		8180	830	3040	4270	40	0	105	105	
Environment										
Highway schemes funded by Transport for London	HIGH	4000	0	0	0	4000	0	0	0	Schemes to be fully funded by Transport for London
Winter maintenance - replacement of equipment	HIGH	250	0	170	40	40	0	13	13	To complete phased replacement of aging equipment and maintain statutory level of service
Feasibility studies - block provision	HIGH	10	0	0	0	10	0	1	1	Provision for 10/11-13/14 already in Capital Programme
TOTAL LIST A - ENVIRONMENT		4260	0	170	40	4050	0	13	13	
Corporate Services										
IT - Replacement of Storage Area Network	HIGH	480	0	0	480	0	0	24	24	Business continuity - need to keep data secure and accessible
IT - Rollout of Windows 7 and Office 2000	HIGH	520	0	0	520	0	0	26	26	Upgrade of all desktops and laptops
TOTAL LIST A - CORPORATE SERVICES		1000	0	0	1000	0	0	50	50	
Adult & Community Services										
Renovation Grants - Disabled Facilities Grants	HIGH	1010	0	0	0	1010	0	0	0	Gov't grant £710k in 10/11; provision already in Cap Prog 10/11-13/14; £300k pa revenue cont
Feasibility studies - block provision	HIGH	10	0	0	0	10	0	1	1	Provision for 10/11-13/14 already in Capital Programme
TOTAL LIST A - ADULT & COMMUNITY SERVICES		1020	0	0	0	1020	0	1	1	
TOTAL LIST A (RECOMMENDED) SCHEMES		28920	830	3210	10310	14570	0	169	169	

LIST B - INVEST TO SAVE SCHEMES (some may need further work on business case)

Capital Scheme/Project	Priority	Total Cost £000's	Revenue Exps (pa)					Running £000's	Financing £000's	Comments
			11/12 £000's	12/13 £000's	13/14 £000's	14/15 £000's	15/16 £000's			
Provision for children with social, emotional & behavioural difficulties	HIGH	250	250	0	0	0	-800	13	13	Invest-to-save: reduction in out of borough placements £800k in a full year; additional costs £290k in a fully year (funded from DSG)
TOTAL LIST B (INVEST TO SAVE) SCHEMES		250	250	0	0	0	-800	13	13	

2. SUMMARY OF COUNCIL'S RESOURCES REQUIRED (including List A & B)

	11/12 £000's	12/13 £000's	13/14 £000's	14/15 £000's	Total £000's	
Total Submissions - List A	830	3210	10310	14570	28920	
- List B	250	0	0	0	250	
	1080	3210	10310	14570	29170	
External funding for new bids						
Maintenance, etc - funded from schools budget/DSG/gov't grant	0	0	0	-4300	-4300	100% funded by schools' budget / DSG/ Gov't grant
Schools' access initiative - funded by schools budget	0	0	0	-150	-150	100% funded by schools' budget
Formula Devolved Capital	0	0	-5000	-5000	-10000	100% government grant
Bromley Museum at The Priory	0	0	-2700	0	-2700	HLF funding
Bromley North Village Public Realm Improvements	-400	-2990	0	0	-3390	TfL funding
Funded through TfL	0	0	0	-4000	-4000	100% TfL funding
Renovation grants (DFG)	0	0	0	-1010	-1010	Government grant £770k in 2009/10
Funding from Council's resources (re List A & B)	680	220	2610	110	3620	

LIST C - PROPOSED CAPITAL SCHEMES NOT RECOMMENDED AT THIS STAGE

Capital Scheme/Project	Priority	Total Cost £000's	Revenue Exps (pa)					Running £000's	Financing £000's	Comments
			11/12 £000's	12/13 £000's	13/14 £000's	14/15 £000's	15/16 £000's			
Primary schools - growth in capacity	HIGH	5560	1390	1390	1390	1390	0	278	278	Maximum requirement for 7 schools
Council Chamber - refurbishment	MEDIUM	100	0	100	0	0	0	5	5	Replacement of outdated furniture and equipment that is near end of economic life.
Mortgages - block provision	HIGH	60	0	0	0	60	0	3	3	Provision for 10/11-13/14 already in Capital Programme
TOTAL LIST C (NOT RECOMMENDED AT THIS STAGE)		5720	1390	1490	1390	1450	0	286	286	

GRAND TOTAL ALL BIDS 34890 2470 4700 11700 16020 -800 467

NEW CAPITAL BIDS 2010 - COST TO LBB (COE 15/12/10)*Schemes recommended by Chief Officers shown in italics*

Capital Scheme/Project	LIST #	Total Cost £000's	Grants, etc £000's	COST TO LBB £000's	Running Expenses £000's	Comments
CHILDREN'S SERVICES						
<i>Education planned maintenance/modernisation/suitability</i>	A	4300	4300	0	0	<i>Rolling programme; £4.3m pa already in approved Programme for 2010/11 to 2013/14; govt grant £1.0m; funding from schools' budget & DSG.</i>
<i>Schools' Access Initiative</i>	A	150	150	0	0	<i>Revenue contribution (schools' budget)</i>
<i>Formula Devolved Capital</i>	A	10000	10000	0	0	<i>100% government grant</i>
Primary schools - growth in capacity	C	5560	0	5560	0	Maximum requirement for 7 schools
<i>Provision for children with social, emotional & behavioural difficulties</i>	B	250	0	250	-800	<i>Invest-to save: reduction in out of borough placements £800k in a full year; additional costs £290k in a fully year (funded from DSG)</i>
<i>Feasibility studies - block provision</i>	A	10	0	10	0	<i>Provision for 10/11-13/14 already in Capital Programme</i>
RENEWAL & RECREATION						
<i>Bromley Museum at The Priory</i>	A	3000	2700	300	0	<i>Extension of existing museum into former Orpington Library site; £2,700k HLF funding</i>
<i>Star Lane Traveller Site</i>	A	250	0	250	0	<i>Urgent water and drainage works (statutory duty)</i>
<i>Bromley North Village Public Realm Improvements</i>	A	4890	3390	1500	0	<i>Renewal and improvement of Bromley North; £3,390k TfL funding</i>
<i>Emergency works on surplus sites</i>	A	30	0	30	0	<i>Works prior to asset disposals; provision for 10/11-13/14 already in Capital Programme</i>
<i>Feasibility studies - block provision</i>	A	10	0	10	0	<i>Provision for 10/11-13/14 already in Capital Programme</i>
ENVIRONMENT						
<i>Highway schemes funded by Transport for London</i>	A	4000	4000	0	0	<i>Schemes to be fully funded by Transport for London</i>
<i>Winter maintenance - replacement of equipment</i>	A	250	0	250	0	<i>To complete phased replacement of aging and maintain statutory level of service</i>
<i>Feasibility studies - block provision</i>	A	10	0	10	0	<i>Provision for 10/11-13/14 already in Capital Programme</i>
CORPORATE SERVICES						
Council Chamber - refurbishment	C	100	0	100	0	Replacement of outdated furniture and equipment that is near end of economic life.
<i>IT - Replacement of Storage Area Network</i>	A	480	0	480	0	<i>Business continuity - need to keep data secure and accessible</i>
<i>IT - Rollout of Windows 7 and Office 2010</i>	A	520	0	520	0	<i>Upgrade of all desktops and laptops</i>
Mortgages - block provision	C	60	0	60	0	Provision for 10/11-13/14 already in Capital Programme
ADULT & COMMUNITY SERVICES						
<i>Renovation Grants - Disabled Facilities Grants</i>	A	1010	1010	0	0	<i>Govt grant £710k in 10/11; provision already in Cap Prog 10/11-13/14; £300k pa revenue cont</i>
<i>Feasibility studies - block provision</i>	A	10	0	10	0	<i>Provision for 10/11-13/14 already in Capital Programme</i>
GRAND TOTAL		34890	25550	9340	-800	

A = recommended; B = Invest to Save (recommended); C = not recommended

SUMMARY

<i>LIST A (recommended at this stage)</i>	28920	25550	3370	0
<i>LIST B (Invest to Save - recommended at this stage)</i>	250	0	250	-800
LIST C (not recommended at this stage)	5720	0	5720	0
	34890	25550	9340	-800

CAPITAL FINANCING STATEMENT Executive 2/2/11 - includes allowance for investment priorities & other liabilities, £1.25m pa for future new schemes

(NB. Assumes reduced capital receipts - see below)

	2006-07		2007-08		2008-09		2009-10		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	Actual £000	Estimate £000	Actual £000	Estimate £000	Actual £000	Estimate £000	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	
Summary Financing Statement																			
Capital Grants	11,641	13,321	14,943	23,930	13,072	27,670	26,209	39,280	23,370	8,630	6,710	6,710	6,710	6,710	6,710	6,710	6,710	6,710	6,710
Other external contributions	7,296	9,060	7,311	10,400	9,725	10,910	8,354	16,100	10,000	6,560	5,870	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Usable Capital Receipts	7,962	13,489	7,443	11,480	4,930	5,370	3,822	5,130	12,370	7,400	5,040	2,410	3,410	2,226	1,100	1,100	1,100	1,400	1,400
Revenue Contributions	1,700	3,150	2,894	5,360	3,749	7,590	4,094	10,420	4,220	4,050	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
General Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,184	310	310	310	10
Borrowing	0	2,180	2,963	3,000	703	1,100	0	500	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	28,599	41,200	35,554	54,170	32,179	52,640	42,479	71,430	49,960	26,640	21,320	16,820	17,820	17,820	17,820	15,820	15,820	15,820	15,820
Usable Capital Receipts																			
Balance brought forward	687	17,210	17,210	16,799	16,799	14,032	14,032	13,236	13,256	4,516	9,226	5,266	3,486	656	0	0	0	0	0
New usable receipts	24,485	17,560	7,032	1,200	2,163	2,540	3,026	5,150	3,630	12,110	1,080	630	580	1,570	1,100	1,100	1,100	1,400	1,400
	25,172	34,770	24,242	17,999	18,962	16,572	17,058	18,386	16,886	16,626	10,306	5,896	4,066	2,226	1,100	1,100	1,100	1,400	1,400
Capital Financing	-7,962	-13,489	-7,443	-11,480	-4,930	-5,370	-3,822	-5,130	-12,370	-7,400	-5,040	-2,410	-3,410	-2,226	-1,100	-1,100	-1,100	-1,400	-1,400
Balance carried forward	17,210	21,281	16,799	6,519	14,032	11,202	13,236	13,256	4,516	9,226	5,266	3,486	656	0	0	0	0	0	0
General Fund																			
Balance brought forward	45,840	42,230	42,230	45,214	45,214	46,900	46,900	51,900	49,800	49,800	49,800	49,800	49,800	49,800	49,800	48,616	48,306	47,996	47,996
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,184	-310	-310	-10	-10
Less: Use for Revenue Budget	-3,610	-3,030	2,984	86	1,686	1,100	5,000	-2,100	0	0	0	0	0	0	0	0	0	0	0
Balance carried forward	42,230	39,200	45,214	45,300	46,900	48,000	51,900	49,800	49,800	49,800	49,800	49,800	49,800	49,800	48,616	48,306	47,996	47,986	47,986
TOTAL AVAILABLE RESERVES	59,440	60,481	62,013	51,819	60,932	59,202	65,136	63,056	54,316	59,026	55,066	53,286	50,456	48,616	48,306	47,996	47,986	47,986	47,986

Assumptions:

Rolling programmes - £1.5m t/f to revenue in 2009/10 (i.e. completes the transfers).

General Fund contribution to support revenue budget - zero in 2010/11 and no further contributions thereafter.

General Fund contribution to support capital programme - small contribution required each year from 2016/17.

New capital schemes - £1.25m pa from 2012/13 onwards for future new schemes; List A&B approved by Executive 2/2/11.

Capital receipts - includes figures reported by Property Division as at 31/12/10 (pessimistic/realistic estimate, but excluding Tweedy, Westmoreland & Town Hall) and £1m pa from 2016/17.

Current approved programme - as proposed to Executive 2/2/11

Service investment priorities - £4m for flexible working and £3m for other capital investment (balance of "legacy" money)

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Report No.
DRR10/00129

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

<Please select>

Decision Maker: Executive

Date: 2 February 2011

Decision Type: Non-Urgent Executive Key

Title: **GATEWAY REVIEW 0, 1 & 2.
APPROVAL OF 2011/2012 CYP BUILDING MAINTENANCE
BUDGETS, CYP PLANNED MAINTENANCE PROGRAMME
AND PREFERRED PROCUREMENT OPTION**

Contact Officer: John Turner, Chief Property Officer
Tel: 020 8461 4404 E-mail: john.turner@bromley.gov.uk

Chief Officer: Marc Hume - Director of Renewal & Recreation

Ward: Borough Wide

1. Reason for report

Property Division is responsible for carrying out planned maintenance works to the Council's portfolio of CYP buildings.

This report sets out the budget for the proposed programmes and the criteria used to assemble them. Once agreed the programmes will be circulated to all schools and education properties for comment.

The report also addresses the strategic assessment and business justification for the programmes and the preferred procurement option for completing them.

A summary of the Gateway Process is given in Appendix A.

A copy of the proposed CYP planned maintenance programme is available within the Members room.

2. **RECOMMENDATION(S)**

Members are asked to:

(i) Approve overall expenditure for the Maintenance Budget for CYP Properties in 2011/2012 of £7,387,000.

- (ii) Consider the criteria used to assemble the planned maintenance programmes. (Gateway review 0 & 1)
- (iii) Consider the initial CYP planned maintenance programme. A copy is available in the Members room.
- (iv) Delegate authority to the Chief Property Officer to vary the planned programmes where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.
- (v) Approve the preferred procurement option and method to be used. (Gateway review 2)
- (vi) Delegate authority to the Chief Property Officer to select the most economically advantageous tender for any individual item of expenditure under the approved programmes referred to at (i) – (iv) above.
- (vii) Agree that the Director of Renewal & Recreation be authorised to submit planning applications where appropriate in respect of schemes set out in this report.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: Estimated cost £7,387,000
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: Property Division, Renewal & Recreation Department
 4. Total current budget for this head: £7,387,000
 5. Source of funding: Funded from capital budgets
-

Staff

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.
 2. Call-in: Call-in is applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough Wide
-

Ward Councillor Views

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

3. COMMENTARY

Property Division is responsible for delivering the planned maintenance of the Council's portfolio of CYP buildings. The Council has a five year maintenance programme of CYP properties that is reviewed by officers each year. It is based on available funding, condition and priority and urgent items that arise inter-year. As part of this process schools are formally consulted on the priorities for support during the year ahead.

Based on previous budgets, officers compiled a planned programme of high priority building works estimated to cost £3.7M. The criteria used to identify these works are set out below. It is proposed that this draft programme form the nucleus of CYP 2011 – 2012 planned maintenance expenditure. This would enable officers to start the design and specification process of the highest priority projects with a view to their completion during the summer holiday period 2011. This draft plan is available to view in the Member's room. It is proposed that the remaining budget is directed to an ongoing programme of works aimed at reducing the Council's backlog maintenance and those schemes that will contribute to energy savings.

The CYP building maintenance planned programme has historically been funded from the Capital Maintenance Grant with a revenue contribution from the Dedicated Schools Grant (DSG).

Due to the Comprehensive Spending Review and the Government's Education Capital Review announcement of the Council's 2011/12 capital maintenance allocation was delayed. The Government have now announced next year's settlement, which is for a single year. Allocations for the rest of the spending review period will be informed by the outcome of the capital review, which is due to be published shortly. According to the Government, whilst the allocation and management of education capital programmes may change to reflect the recommendations of the review, it is expected that the funding available for basic need and capital maintenance of schools will be roughly in line with the funding for 2011-12.

For 2011/12 the Government have announced that Bromley's capital maintenance grant is £5.687m. As part of the consultation on the use of the 2011/12 Dedicated Schools Grant there is a proposal to reduce the annual revenue contribution by £1.5m from £3.2m to £1.7m. This is subject to consultation with Members, Governors and Head Teachers and final decisions will be made by the Children and Young People Portfolio Holder. The increase in grant funding will remove the need for the Council to make a contribution from capital receipts.

Subject to this consultation, the amount available to fund the maintenance programme will be £7.387m.

PLANNED MAINTENANCE

The planned maintenance programme is established by identifying, costing and prioritising works needed to safeguard the long-term life of the Council's property portfolio.

The condition assessment module of Bromley's Asset Management Plan has been used as the basis to formulate the 5-year planned programme. It is also recognised that the local knowledge of Headteachers is invaluable in identifying issues. They have therefore continued to be involved in the development and management of the programme.

The condition assessment survey predicts when expenditure may be required in the future. Each element of a building is awarded a condition and priority classification by the inspecting surveyor or engineer. Property Division uses the following grading criteria which accords with Government guidelines:

Condition

- Grade A – Good. Performing as intended and operating efficiently.
- Grade B – Satisfactory. Performing as intended but exhibiting minor deterioration.

- Grade C – Poor. Exhibiting major defects and/or not operating as intended.
- Grade D – Bad. Life expired and/or serious risk of imminent failure.

Priority

- Grade 1 – Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.
- Grade 2 – Essential work required within two years that will prevent deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.
- Grade 3 – Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.
- Grade 4 – Long term work required outside the five year planning period that will prevent deterioration of the fabric or services.

Members should be aware that even with the increase in budget available for 2011 – 2012 only the very highest priority schemes have been programmed for completion. This strategy carries two significant risks:

Firstly, some building elements for which work is scheduled for later years may fail earlier than anticipated. For 2011 - 2012, as in previous years, the following criteria have been applied to arrive at a programme of work that can be contained within the available funding:

- Include only those items that meet condition “D” or “C” of the AMP assessment or Bromley’s previously assigned equivalent and are considered by officers to have the highest risk of failure.
- Generally apply de minimis levels of £5K for primary schools and £25K for secondary schools.
- Include a contingency sum to deal with works that are currently not funded but where there is a risk of failure and where they are likely to be outside the scope of many schools to deal with.

Secondly, a budget driven programme is likely to produce a backlog of high priority maintenance issues.

- These figures reflect only those building elements that are in poor condition and require immediate attention. Other serious works are being set aside and although they are reviewed as part of the process, elements will inevitably deteriorate to a point where they will become critical.
- For the seventh year running it has not been possible to fund a redecorations programme for education properties. Members will appreciate the adverse effect such a strategy will have on both the condition and aesthetics of the Council’s building stock.

Previously the Chief Property Officer has been authorised to vary the programmes during the course of the year where such action is considered necessary to either protect the Council’s assets or make the most effective use of resources. It is proposed that this delegated authority should continue.

4. POLICY IMPLICATIONS

Building Maintenance is an important part of managing the Council’s Property Assets. LB Bromley’s Asset Management Plan 2006-11 sets out the important role that asset management plays in delivering the Council’s priorities and achieving value for money in the delivery of services and management of the council’s property portfolio.

The Council acknowledges its social, economic and environmental aims and targets set within its existing policy framework: Building a Better Bromley 2020 vision, Local Area Agreement and Portfolio Plans and its duty to promote social, economic and environmental well being.

The Council has a policy of supporting local business and Small Medium Enterprises, (SME's). The procurement strategy outlined in paragraph 13 directly encourages this support.

5. FINANCIAL IMPLICATIONS

Since the 2006/07 financial year the building planned maintenance programme has been funded from a combination of the Modernisation Fund capital grant (£1M in 2010/11), a revenue contribution from the Dedicated Schools Grant (DSG) (£3.2M in 2010/11) with the balance being met from capital receipts (£0.1M in 2010/11).

For 2011/12 the Government have announced that Bromley's capital maintenance grant (The Modernisation Fund) is £5.687M. The increase in grant funding will remove the need for the Council to make a contribution from capital receipts.

As part of the consultation on the use of the 2011/12 DSG there is a proposal to reduce the annual revenue contribution by £1.5M from £3.2M to £1.7M. This is subject to consultation with Members, Governors and Head Teachers and final decisions will be made by the Children and Young People Portfolio Holder at his meeting on 15 March 2011. The increase in grant funding will remove the need for the Council to make a contribution from capital receipts.

Subject to this consultation, the amount available to fund the maintenance programme will be £7.387M (£5.687M Modernisation Fund plus £1.7M contribution from the DSG).

Planned maintenance at Community and Voluntary Controlled Schools is funded and managed by Property Division staff. The funding for planned maintenance at Foundation Schools is devolved to individual schools who are then responsible for ensuring that the identified projects are managed in accordance with the relevant Construction and Financial legislation. Planned Maintenance at Academies will not be funded via this process. Schools that convert to Academy status will be removed from the Council's property portfolio. The legal status of schools will be considered prior to any expenditure.

6. LEGAL IMPLICATIONS

The value of planned maintenance projects described in this report will exceed the EU threshold for Works, (£3.9M). The Council may however make due allowance for elements already let via financially compliant processes. Because this aspect of the EU regulations is so complex it is proposed that the Chief Property Officer will seek further guidance from the Council's Procurement Team before contracts are let.

The Council's own Contract Procurement Rules provides that dependent upon the estimated value of any item of work a variety of procurement processes may be followed. The availability of an approved selected list of contractors for a variety of trade specialisms (the EXOR list), allows a relatively cheap and efficient means of securing value for money. The EXOR list also allows an opportunity for local SME's to participate in the process.

Where there are insufficient providers on the EXOR list to permit the Council to obtain the minimum recommended number of quotes or tenders a waiver would be obtained in accordance with CPR 13 or, if it was considered the value of the works justified it, a one off tendering exercise involving firms outside the EXOR list might be conducted. Where appropriate use will also be made of EU compliant frameworks where these are deemed to be advantageous to the Council.

Any contract over £50K will be subject to the maintenance of a risk register with suitable contingency measures in place in the event of default of the provider.

Should there be any individual contracts for works exceeding £200K these are to be the subject of monthly reviews which are designed to ensure the Council's requirements for performance, compliance with the specification, cost, value for money and client satisfaction. They will be recorded in the Corporate Contracts Register.

7. PERSONNEL IMPLICATIONS

None

8. PROCUREMENT IMPLICATIONS

Once the programmes of work have been finalised, officers will need to look at the values of work/ services and supplies that the Council is incurring on its own behalf. From this can be determined the Council's "requirement". Within this requirement the EU aggregation rules need not be applied to a small contract, (less than £810,580) providing the aggregate value of that contract and any other contracts is less than 20% of all contracts to be entered into. Although the programme comprises predominantly work(s) it also includes elements of services and supplies and these will be identified and incorporated as appropriate into the contracting strategies to ensure their treatment in line with the relevant legislation. Further advice on this issue will be sought at the appropriate stage from the Council's Procurement Team.

9. CUSTOMER PROFILE

The programmes outlined in this report represent the cornerstone of Property Division's operational responsibilities. The ongoing maintenance of the Council's CYP buildings has an impact on all Teaching staff, school pupils and visitors. The Council has a statutory responsibility to maintain its buildings in a condition fit for purpose.

10. STAKEHOLDER CONSULTATION

The proposed 2011/2012 programmes will be sent to all schools and education properties for comment. Where possible, changes requested by end users will be incorporated. A copy of the programme is lodged in the Members room.

It is proposed that any subsequent significant variation to the CYP planned programme is reported to a later meeting of the Executive. The programme will also be reported for information to the Children and Young People portfolio holder early in 2011.

11. SERVICE PROFILE / DATA ANALYSIS

Recent reviews have endorsed the service and value for money provided by Property Division on behalf of the Council and its customers:

- Chartermark December 2008; the assessor said that the Division is a forward looking service using innovative ideas to the benefit of the Community and the Council.
- The Member led Property Working Group report found that Property Division was well managed and offered good value for money.
- The Asset Management Foundation Review said; Property Division has a strong property maintenance function in place.

12. MARKET CONSIDERATIONS

Contractors are usually, but not exclusively, selected to tender via the EXOR auto rotation process. The exceptions are specialist contractors where a category is not available within EXOR.

Since the introduction of LBB's new Contract Procedure Rules, SME's and local contractors have been encouraged to sign up to the EXOR approved list. Property Division works closely with the Procurement Team to ensure that SME's are aware of LBB's procurement route for projects of the size described within this report.

13. OUTLINE CONTRACTING PROPOSALS & PROCUREMENT STRATEGY

The original programme outlined in this report comprises a number of discrete building maintenance projects. The estimated values are:

62 projects < £50K
20 projects between £50K - £200K
2 projects > £200K

Historically the procurement route for these programmes has been via the traditional JCT form of contract, tendered competitively. Where appropriate discrete projects of a similar type of work, such as window replacements, have been grouped and tendered together.

Contractors are drawn by auto rotation from an "Approved" list managed by EXOR. This system has the benefits of distancing the project surveyor/engineer from the invitation process. It also ensures all contractors registered on EXOR are given the opportunity to tender.

All compliant tenders are assessed and contracts are awarded in accordance with Bromley's "Contract Procedure Rules". In the case of discrete building maintenance projects the contracts are awarded on the criteria of lowest price.

14. SUSTAINABILITY / IMPACT ASSESSMENTS

In formulating its service and contracting strategies the Project Board has considered their impact on a number of issues, collectively referred to as "Sustainability" matters. These matters are associated with Economic, Social and Environmental considerations. They are also addressed in the Council's "Building a Better Bromley" policy statement which has been agreed with its Local Strategic Partners and its own Sustainability Policy.

Consideration has been given to optimising the opportunities around these programmes for SME's. Members will be aware that the Division's Reactive and Cyclical maintenance contracts have been designed to specifically encourage participation by SME's.

The larger planned maintenance programmes offer a range of small/medium projects that will attract SME's via the traditional JCT form of contract.

All successful contractors will be asked to support and facilitate the use of sustainable arrangements in the delivery of the service. This in turn will contribute to the reduction of the Council's carbon footprint.

This decision has been judged to have no or a very small impact on local people and communities.

APPENDIX A

The Gateway Process examines a project at critical stages in its lifecycle to provide assurance that it can progress successfully to the next stage. It is designed to be applied to projects that procure services, construction/property, IT – enabled business change projects and procurements utilising framework contracts. The Gateway Review process applies equally for those Directorates that already have strategic partnering arrangements in place.

There are six Gateways during the life cycle of a project, four before contract award and two looking at service implementation and confirmation of the operational benefits. The process emphasises early review within projects for maximum added value.

Gateway Review 0 – Strategic assessment

This gateway relates to the report of procurement needs resulting from a Best Value or service review and the suggested implementation plan. Elements of the other gates may be rolled up into this process; for example options around Procurement routes/Strategies where they need to be predetermined to enable project progression. They should, however, be confirmed as the appropriate solution at the relevant stage.

Gateway Review 1 – Business Justification

This gateway relates to the option appraisal stage of a procurement exercise.

Gateway Review 2 – Procurement Strategy

This gateway confirms the preferred procurement option and method to be used, (open, restricted, competitive dialogue or negotiated etc.).

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date] (Appendices to be Included) (Version 1.3July09)

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Report No.
DRR 10/00144

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: **Executive Committee
Development Control Committee**

Date: **2nd February 2011
8th February 2011**

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

Title: **FORMER BLUE CIRCLE SITE : JOINT USE EDUCATION
PAYMENT 106 CONTRIBUTION**

Contact Officer: Bob McQuillan, Chief Planner,
Tel: 020 8313 7718 E-mail: bob.mcquillan@bromley.gov.uk

Chief Officer: Bob McQuillan, Chief Planner

Ward: All wards

1. Reason for report

- 1.1 To appraise members of a proposal put forward by Asprey Homes regarding the Blue Circle site. In response to the impact of the economic downturn, Asprey Homes have offered a guaranteed single payment of £200,000 Joint Use Education Payment, irrespective of the viability of the development on occupation of the first market dwelling. This would be in place of potential phased payments, of up to £750,000, provided by the 106 agreement. The contribution payable under the existing 106 agreement, whilst potentially greater, was offered on the basis of the scheme reaching a certain level of viability, which is currently not achieved.
-

2. RECOMMENDATIONS

Executive:

- 2.1 Members views are sought regarding the proposed payment for consideration by Development Control Committee on 8th February;

Development Control Committee

- 2.2 Members are asked to determine whether the proposal for an upfront payment is acceptable in the light of the information about current market viability and the views of the Executive

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Quality Environment.
-

Financial

1. Cost of proposal: N/A No additional cost to the Council potential reduced 106 resources
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Section 106 Deposits
 4. Total current budget for this head: £NIL from this s106 agreement as no monies have been received to date
 5. Source of funding: Section 106
-

Staff

1. Number of staff (current and additional): 3
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory requirement. Planning and Compulsory Purchase Act 2004
 2. Call-in: Call-in is not applicable.
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Users of local education services
-

Ward Councillor Views

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

3. COMMENTARY

3.1 Background

In 2007 planning permission was granted on appeal for a “Mixed use development comprising erection of new medical centre/ nursing home / affordable housing and open market housing at a density of between 50 -80 dwellings per hectare / children’s playground / consolidation of allotments / bus interchange / associated public open space / access roads and car parking” (03/02319)

- 3.2 The permission is subject to a section 106 agreement. The agreement provided for a bus interchange, landscape restoration, affordable housing, a travel plan, a joint use educational payment, the provision of land for a doctor’s surgery, a linear park and for miscellaneous targeted contributions. The Joint Use Education Payment is calculated by reference to the developable area of the developers land. The agreement contains a provision for the Chief Planner to agree to a variation of the planning obligations.
- 3.3 The original outline permission 03/ 02319 was granted permission on appeal on 19th September 2007 on condition that application for approval of the reserved matters be made within three years from the date of this permission.
- 3.4 To accord with the reserved matters condition there are currently three detailed applications lodged with the Council covering the remaining site in Asprey’s control (and a full application for part of the area identified for a medical centre).
- 3.5 Since 2007 there has been a major shift in economic circumstances, impacting significantly on the delivery of development on the site. However, the economic situation is such that development taking place on the site to date consists solely of affordable housing and extra care housing. The affordable housing for the site as a whole has been met in full & no more is planned.

Development Viability and the affordable housing provisions

- 3.6 National planning policy, set out in Planning Policy Statement 3 (PPS3) “Housing”₁ (and its accompanying document – Delivering Affordable Housing₂) makes clear that local authorities must consider development economics. In December 2008 Turner Morum were appointed by Asprey Homes to undertake a viability study for consideration of the provision of affordable Housing Grant. The viability assessment used the Bespoke Property Group and GVA Grimley Toolkit.
- 3.7 The Council agreed the viability study and a re assessment mechanism to ensure that should the housing market significantly recover the Council would be able to require Asprey to re-assess the viability position through a simple Index check The index was the “Non-Seasonally Adjusted House Price Index” (South East) (HHPI) which was 494.5 at the time, giving a predicted a developer profit of 9.53% on GDV, significantly below the industry accepted standard. Turner Morum indicated that for developer profits to reach a “fair and reasonable” level, agreed as 16.9% on GDV, the Index would need to reach 562.5. Thus by a simple check of the HHPI it would be possible to roughly assess the viability of the development. Should the HHPI reach this level a further viability assessment would take place to establish the “actual” level of developer profit.

Turner Morum advise that the “Non-Seasonally Adjusted House Price Index (South East)” (HHPI) has since been replaced by the “All Homes Non-Seasonally Adjusted House Price Index

(South East England)” and the comparable index point to achieve a 16.9% “fair & reasonable” profit would be 599.2, a level not seen since the second quarter of 2008 as indicated in the extract below taken from Lloyds Banking Group website. Financial viability assessments for other schemes across London & the South East, carried out for developers and their funders, assume a level of gross developer profit of between 20% and 25 %.

All Homes Non-Seasonally Adjusted House Price Index (South East England)
(Quarterly Index and %Change)

	SOUTH EAST	
	Index	%
2006 Q2	568.6	6.5
2006 Q3	574.9	7.7
2006 Q4	595.4	8.8
2007 Q1	606.1	11.9
2007 Q2	648.0	14.0
2007 Q3	653.4	13.7
2007 Q4	637.3	7.0
2008 Q1	625.9	3.3
2008 Q2	601.3	-7.2
2008 Q3	573.8	-12.2
2008 Q4	526.8	-17.3
2009 Q1	500.0	-20.1
2009 Q2	519.1	-13.7
2009 Q3	542.9	-5.4
2009 Q4	552.3	4.9
2010 Q1	551.1	10.2
2010 Q2	569.7	9.7
2010 Q3	559.8	3.1

<http://www.lloydsbankinggroup.com/media/excel/2010/HPIQ3/221010RegionalHistoricalHousePriceData.xls>

- 3.8 The level of the Index at its current level, using the agreed formula, shows the development to be below the agreed industry accepted level of developer profit.

S106 “Joint Use Education Payment”

- 3.9 The legal agreement included a “Joint Use Education Payment” of £1.3m. The section 106 agreement requires payment of the JUEP over 3 years. 33% is required to be paid before the sale of the first market dwelling, 33% on the first anniversary of the initial payment and the balance being paid on the second anniversary of the initial payment.
- 3.10 The Joint Use Education Payment figure was divided into Phase 1 and Phase 2. Phase 1 being the land available for development by Asprey Homes, and Phase 2 being developable land in the Council’s ownership. At the time the Joint Use Education Payment formula for the Phase 1 (Asprey Homes) element of the scheme produced a contribution in the region of £1m. As detailed applications came forward the nature of the development changed to incorporate a significant proportion of Extra Care housing, for which it would not be appropriate to seek such a contribution, leading to a reduction in the Joint Use Education Payment to around £750,000.

Educational Issues

- 3.11 The original outline permission for the entire Blue Circle was based on a density range rather than precise number of units but an indicative figure of 788 units was provided. The 788 figure

has already been included with the Council's Housing Trajectory and incorporated, by the GLA, within the current school roll projections, and as such have been taken into consideration in school place planning in advance of monies having been received.

- 3.12 The inclusion of 120 extra care housing units and the reduction in the area of land to be developed (Council land excluded) reduces the number of units producing a child yield to around 655 units. Assessing child yield (using the method set out in the Council's recently adopted Planning Obligations SPD) the revised units suggest a child yield of between 93 - 127 primary school aged children and 66 - 69 secondary school aged children.
- 3.13 Were the development viable, the £750,000 (derived pro rata from the sum required by the existing legal agreement) would assist in meeting the educational pressures created by the development although this contribution has not yet been factored into the education spending plans. This funding would have provided a significant proportion of the capital costs associated with expanding an existing Primary School to meet the demand for additional places in this area.

Asprey's offer

- 3.14 In line with the PPS3 approach to development economics and affordable housing policy, consideration should also be given to the viability implications of planning obligations. The recently adopted Planning Obligations Supplementary Planning Document (Dec 2010) also emphasises the need to consider the viability of development.
- 3.15 The viability assessment index was agreed for the specific purpose of determining whether Housing Grant would be payable. It is reasonable to accept that the agreed approach should also be used to consider the impact on the development viability of the Joint Use Education Payment.
- 3.16 The original viability assessment for housing purposes did not take account of the Joint Use Education Payment requirement. If a Joint Use Education Payment of £1.07m had been included the viability of the development would have been further diminished, and Turner Morum advise that the agreed level of viability would not therefore be achieved until the "All Homes Non-Seasonally Adjusted House Price Index (South East England)" reached 608.6, a level not seen since the first quarter of 2008, as is clear in the table above. Whilst the Joint Use Education Payment would now be reduced (as outlined above) the resulting index would still be somewhere above 600.
- 3.17 Asprey Homes also highlight a number of additional costs not reflected within the original viability assessment which would further worsen the viability position, namely
- £270,000 extra build costs for completing the second extra care facility by March 2010-12-16
 - The quantum required to ensure an appropriately sized extra care facility.
- 3.18 Asprey Homes have indicated their intention to be marketing the first of the private dwellings by May 2011. Should the timetable for the first market dwelling be met, the full Joint Use Education Payment would be due by May 2013. Asprey Homes, however, believe that the evidence submitted to the Council demonstrates that the scheme is not viable with the Joint Use Education Payment and that viability is unlikely to be achieved over the timescale during which the payment becomes due. They believe that an independent assessment will show they should be discharged from this obligation. However in view of the costs if an agreement is not reached (including if necessary in taking the matter to appeal to the Secretary of State) and to achieve certainty they are suggesting a single payment of £200,000, on occupation of

the first market dwelling, irrespective of viability, to release them from the requirements of the legal agreement relating to the Joint Use Education Payment

4. FINANCIAL IMPLICATIONS

4.1 The Council needs to consider the advantages of accepting the £200,000 offered upfront, compared with potentially forgoing a larger sum of up to approximately £750,000. The Council has agreed the use of the Index as an indicator of viability. Given the difficult economic environment the index may well not sufficiently recover for the Council to argue that viability has returned. Members may wish to consider, on the basis of the historic house price index, whether the agreed level of viability is likely to be achieved within 3 years of the sale of the first market dwelling. If the developer can demonstrate the non viability of the scheme there is a risk that no joint use education contribution may ultimately be payable. To date no monies have been received.

5. LEGAL IMPLICATIONS

5.1 Section 106A of the Town and Country Planning Act 1990 provides that a planning obligation may not be modified or discharged except by agreement with the Council or by an application made after the period of 5 years from the date of the agreement.

5.2 The section 106 agreement does not contain an express provision for the joint use education payment to be reassessed in the event of a reduction in the viability of the development. There are provisions which reflect that the Council can agree to vary the planning obligations contained in the agreement. There are also provisions for any dispute to be referred to a surveyor for determination. However the legal view is that this does not empower Asprey to challenge by a reference to the surveyor the planning obligation it freely entered into.

5.3 It is open, for Asprey to submit a fresh application for planning permission for the development of the land. The section 106, as is usual, was restricted to the development authorised by the permission granted under reference 03.03219. Accordingly it will open on a new application for Asprey to argue both to the Council and on any appeal to the Secretary of state that any new permission should be granted without contributions on the basis of non-viability. If a new application is received the Council would be required to take the viability of the proposal into account when making the assessment of what planning obligations should be sought.

Non-Applicable Sections:	Policy & Personnel
Background Documents: (Access via Contact Officer)	Former Blue Circle Sports Ground Planning Appeal Report to the Secretary of State and Section 106

Agenda Item 15

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Agenda Item 17

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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