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DATE: 24 August 2011

To: Members of the  
**EXECUTIVE**

Councillor Stephen Carr (Chairman)

Councillors Graham Arthur, Robert Evans, Peter Morgan, Ernest Noad, Colin Smith and Tim Stevens

A meeting of the Executive will be held at Bromley Civic Centre on **WEDNESDAY 7 SEPTEMBER 2011 AT 7.00 PM** \*

**\*PLEASE NOTE STARTING TIME**

MARK BOWEN  
Director of Resources

*Copies of the documents referred to below can be obtained from*  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)

## A G E N D A

**1 APOLOGIES FOR ABSENCE**

**2 DECLARATIONS OF INTEREST**

**3 CONFIRMATION OF MINUTES (Pages 1 - 36)**

a) **To confirm the Minutes of the meetings held on:**

i) **20<sup>th</sup> July 2011; and**

ii) **Special meeting on 8<sup>th</sup> August 2011**

b) **Matters Arising report**

**4 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

To hear questions received in writing by the Democratic Services Team by **5pm on Thursday 1<sup>st</sup> September 2011** and to respond.

**5 BUDGET MONITORING 2011/12 (Pages 37 - 62)**

- 6 **UPDATE ON THE COUNCIL'S FINANCIAL STRATEGY 2012/13 TO 2015/16** (Pages 63 - 92)
- 7 **GATEWAY REVIEW - PROCUREMENT STRATEGY FOR LEARNING DISABILITY SUPPORT SERVICES** (Pages 93 - 98)
- 8 **NHS FUNDS FOR SOCIAL CARE 2011/12 AND 2012/13: FOR SERVICES FOR PEOPLE WITH DEMENTIA** (Pages 99 - 108)
- 9 **CONTRACTUAL ARRANGEMENTS FOR SERVICES FOR PEOPLE WITH LEARNING DISABILITIES** (Pages 109 - 112)
- 10 **IMPACT OF THE RECENT DISORDER ON THE BOROUGH'S TOWN CENTRES** (Pages 113 - 130)
- 11 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 12 **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.

**Items of Business**

**Schedule 12A Description**

- 13 **EXEMPT MINUTES OF THE MEETING HELD ON 20TH JULY 2011** (Pages 131 - 134)

- 14 **FORMER BROMLEY TOWN HALL AND SOUTH STREET CAR PARK, BROMLEY (OPPORTUNITY SITE C)** (Pages 135 - 138)

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

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# Agenda Item 3

## EXECUTIVE

Minutes of the meeting held on 20 July 2011 starting at 7.00 pm

### Present:

Councillor Stephen Carr (Chairman)  
Councillors Graham Arthur, Robert Evans, Peter Morgan,  
Ernest Noad, Colin Smith and Tim Stevens

### Also Present:

Councillors Nicholas Bennett J.P., John Getgood, Russell Mellor, Alexa Michael, Sarah Phillips and Stephen Wells

## 31 APOLOGIES FOR ABSENCE

There were no apologies for absence.

## 32 DECLARATIONS OF INTEREST

The following declarations of interest were made –

Councillor Tim Stevens declared a personal interest in relation to agenda item 19 (Bromley Mytime – Contract Options) as the Council's representative on the Bromley Mytime Board, and stated that he would not take part in this item.

Councillor Colin Smith declared a personal interest in agenda item 11 (Libraries Shared Services) as his daughter was a part time employee of the Library Service.

Councillor Peter Morgan declared a personal interest as his daughter was an employee of Kier Group.

During consideration of agenda item 6 (Budget Monitoring), Councillor John Getgood declared a personal interest as a governor of Kelsey Park Sports College.

During consideration of agenda item 19 (Bromley Mytime – Contract Options) Councillor Robert Evans declared a personal interest as his wife was a governor at Newstead Woods School.

## 33 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 22ND JUNE 2011 (EXCLUDING EXEMPT INFORMATION)

**RESOLVED** that the minutes of the meeting held on 22<sup>nd</sup> June 2011 (excluding exempt information) be confirmed as a correct record.

**34            MATTERS ARISING**  
Report RES11048

Councillor Graham Arthur suggested that the minute summary in the report relating to the former Leasons Centre should be corrected to read "...on a dual basis for housing redevelopment *or* for extra care housing for older people."

**RESOLVED that the report be noted.**

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

No questions had been received for this meeting.

**36            BIGGIN HILL AIRPORT OLYMPIC PROPOSALS - VERBAL  
PROGRESS REPORT**

The Executive received an update on the consultation on the amended proposals from Biggin Hill Airport Limited for the 2012 Olympics. The consultation was for a five week period, ending on 29<sup>th</sup> July, and was more exhaustive than for the original proposals. It included –

- the 2,000 individuals and organisations that had previously commented;
- all residents associations;
- a news release to all the local newspapers;
- information on the Council website, on Twitter and Facebook;
- information at all libraries;
- advertising space and a public notice in the Newshopper.

As of midnight on 15<sup>th</sup> July, 665 responses had been received. Although there was more support for the new proposals than before, there was still a substantial majority against.

Members emphasised that they wanted to ensure that residents across the whole borough were able to comment, and the Leader requested that a further press release be prepared.

Councillor Colin Smith requested local unemployment figures for Biggin Hill, some information on how the proposals could provide financial benefit for the area, and how people would be conveyed from Biggin Hill to the Olympics (and in particular if this would require more helicopter movements.)

The proposals would be considered by the Executive at a special meeting on 8<sup>th</sup> August – including some public questions that had already been received. The Director of Resources confirmed that the Council was considering these proposals in its role as landlord for the airport operator, rather than as planning authority.

**37 BUDGET MONITORING 2011/12**  
Report RES11061

The Executive received the first budget monitoring position for 2011/12 primarily based on any overspends/under spends in 2010/11 that followed through into 2011/12 where no additional funding had been set aside in the 2011/12 budget. The report also highlighted any significant variations arising in this financial year based on activity up to May 2011, early warnings and carry forward requests. Members commented that more efforts should be made to match the increasing numbers of people with housing needs to empty Council properties, and requested the real figures behind the percentages for temporary accommodation and B&B placements given in paragraph 3.4 of the report. The Portfolio Holder for Children and Young People also commented that the number of locum children's social workers continued to reduce.

Councillor John Getgood raised an issue about delays in responding to a request by Kelsey Park Sports College for financial support for redundancy payments following the Government's reduction in funding for the Sports Partnership. The Director of Children and Young People Services explained the background to the current situation, and confirmed that the request would be considered once the school had submitted full information in relation to its financial surplus. A full briefing on the situation was passed to Councillor Getgood.

(During consideration of this issue Councillor John Getgood declared a personal interest as a governor of the school.)

**RESOLVED that**

- (1) The projected overspend of £475,000 forecast on the first Budget Monitoring report for 2011/12 based on information as at May 2011 is noted.**
- (2) The carry forward requests totalling £50,000 included in Appendix 2 be agreed.**
- (3) The creation of an earmarked reserve for severance costs as approved by the Executive in February 2011 and detailed in paragraph 3.10 of the report be noted.**

**38 CAPITAL PROGRAMME MONITORING - 1ST QUARTER  
2011/12**  
Report RES11064

The Executive received a report summarising the current position on capital expenditure and receipts following the 1st quarter of 2011/12 and seeking the Executive's approval to a revised Capital Programme. The report also

covered any detailed issues relating to the 2010/11 Capital Programme outturn, which had been reported in summary form to the June meeting.

The report included brief details of schemes that were overspent as at the end of March 2011 and a list of post-completion reviews due to be considered by Portfolio Holders during 2011/12. The Resources Portfolio Holder commented that there needed to be more accurate and disciplined forecasting, and suggested that post completion reviews should not focus too narrowly on finance, but on wider outcomes – Improvement and Efficiency Sub-Committee would have a role in assessing the overall themes.

**RESOLVED that**

**(1) The report be noted and the revised Capital Programme be agreed.**

**(2) The following amendments to the Capital Programme set out in the report be agreed:-**

**(a) Total reduction of £16.6m over the years 2011/12 to 2014/15 to delete duplicated budgets for capitalised maintenance, modernisation and suitability works in schools and other educational establishments (see paragraph 3.2);**

**(b) Virement of £600k in 2011/12 from capital maintenance in schools to security works (£150k), suitability/modernisation issues (£150k) and seed challenge (£300k) (see paragraph 3.3);**

**(c) Total reduction of £12,450k over the years 2012/13 to 2014/15 to reflect reduced government support for Formula Devolved Capital (see paragraph 3.4);**

**(d) Virement of £22k in 2011/12 from capitalised maintenance, modernisation and suitability works in schools and other educational establishments to cover the overspend on the Riverside Autistic Spectrum scheme (see paragraph 3.5);**

**(e) Reduction of £91k in 2011/12 to reflect revised grant receivable from Transport for London in respect of various highway schemes (see paragraph 3.6);**

**(f) Deletion of Bromley Town Centre Variable Message Signing scheme (£93k) due to non-availability of external funding (see paragraph 3.7);**

**(g) Reduction of £90k on Bromley North Village scheme to reflect reduced TfL funding (see paragraph 3.8).**

**39 GATE REVIEW 2/3 RELOCATION OF CLEANSING FACILITIES  
TO FORMER CHARTWELL BUSINESS CENTRE, CENTRAL  
DEPOT**  
Report DRR11/070

The Executive considered a request for funding in the sum of £300,000 for enhancement works to the former Chartwell Business Centre, Central Depot on a spend to save basis, to make the building suitable for use by street cleansing services. This would enable the closure of the Beaverwood Depot. Relocating street cleansing services to the former Chartwell Business Centre produced annual savings of £142,000, and in addition there was a potential capital receipt from the sale of the Beaverwood site, although some Members commented that they would not support any exceptions to green belt policy.

It was proposed to delegate authority to the Chief Property Officer to seek and accept tenders for the project.

**RESOLVED that**

- (1) Approval be given for capital funding of £300,000 on a spend to save basis for the enhancements required to make the former Chartwell Business Centre suitable for occupation by the street cleansing services.**
- (2) The Chief Property Officer be given approval to seek and accept tenders for the project.**
- (3) Delegated authority is given to the Chief Property Officer to value engineer the project at award stage, if tenders are returned in excess of the 5% of the approved estimate.**
- (4) That delegated authority is given to the Chief Property Officer and Finance Director to accept a tender for these works as long as the tender sum can be contained within the budget.**

**40 SHORT BREAK SERVICE (RESPITE) FOR PEOPLE WITH  
LEARNING DISABILITIES**  
Report ACS11032

The Executive considered a report setting out proposals for a new integrated short break (respite) service for adults with learning disabilities to be located at 118 Widmore Road Bromley. This property had previously been used for residential learning disability services, but had been vacant for some time. The proposal involved the transfer of ownership of 118 Widmore Road from NHS Bromley to the Council and the allocation of funds from the learning disability re-provision capital programme for the purchase and refurbishment of 118 Widmore Road. Members questioned whether cheaper sites might have been looked at, and commented that ward members should have been kept more closely informed of the development of the proposals, not just through the planning application process.

The report referred to a proposed report on the part 2 agenda regarding tenders for the building works at 118 Widmore Road. This report had been withdrawn as further due diligence needed to be carried out, but in order to keep within the timetable for the project the Executive was asked to agree an additional resolution to delegate authority to award the contract.

The proposals had been scrutinised by the Adult and Community Services Policy Development and Scrutiny (PDS) Committee on 14<sup>th</sup> June and supported by both the PDS Committee and the Adult and Community Portfolio Holder

**RESOLVED that**

**(1) The proposals for the integrated short break service for people with learning disabilities be agreed.**

**(2) Subject to final agreement from NHS London, the transfer of ownership of 118 Widmore Road to London Borough of Bromley be agreed.**

**(3) The allocation of £1m from the learning disability capital fund towards the purchase and refurbishment of 118 Widmore Road be agreed and authority be given to enter into an agreement with NHS Bromley under s256 NHS Act 2006 in respect of the transfer of £885,000 as a contribution to the said costs.**

**(4) Authority be delegated in accordance with the Council's procurement rules to the Adult and Community Portfolio Holder in consultation with the Director of Resources and the Director of Adult and Community Services to award the building contract provided that the contract price for the work is within the agreed capital budget for the scheme (as approved by the Executive on 20<sup>th</sup> July 2011.)**

**41 GATEWAY REVIEW - PROCUREMENT STRATEGY FOR DOMICILIARY CARE SERVICES**  
Report ACS11033

Contracts for the current domiciliary care services expired in February 2012. In accordance with requirements for Gateway reviews, the Executive considered a report seeking approval for the recommended procurement strategy for the new contracts and for interim arrangements from February to August 2012. It was confirmed that there would be no minimum guaranteed hours, so the Council would only be paying for the services that were needed.

**RESOLVED that**

**(1) The proposal to waive competitive tender requirements to continue the existing contractual arrangements for a further six months until 27<sup>th</sup> August 2012 be approved.**



**(2) Approval be given to conduct an open tender for a framework for domiciliary care services - the framework would be let for 5 years from 28<sup>th</sup> August 2012 with an option to extend for up to 2 years, the options to be exercised by the Director of Adult and Community Services in consultation with the Adult and Community Portfolio Holder.**

**42 LIBRARIES - SHARED SERVICES**  
Report DRR11/048

At the meeting of the Renewal and Recreation PDS Committee on 15 February 2011 Members had considered the report of the PDS Libraries Working Group which put forward a number of options for the future shape, structure and composition of the borough's library service. The Working Group had identified four options, and the PDS Committee had agreed to pursue further work around Option 4, which included:

- a) exploring the concept of partnership working with the London Borough of Bexley;
- b) looking at the possibility of a Trust option for Libraries;
- c) consideration of the distribution of the library branch network.

The Executive considered the latest report, including an updated schedule of consultation responses tabled at the meeting, and the views of the PDS Committee. The Leader confirmed that a letter from the Mottingham Residents Association had been received and considered.

The Leader invited the Staff Side Secretary, Glenn Kelly, to address the meeting. Mr Kelly emphasised the stress on staff and the public of five months of uncertainty, and sought a clear decision on a positive way forward. He questioned how qualified librarians could be categorised as back office staff, and how back office staff could be reduced by 50% without having an impact on the service. He sought a guarantee that there would be no compulsory redundancies, reductions in hours or library closures. He also questioned why the option of forming a trust was still being pursued, as senior managers had previously advised that it would be unviable. He remarked that libraries had already been changing into community hubs for a decade or more, and pointed out that the success of the new Orpington Library had involved substantial investment.

The Director of Renewal and Recreation summarised the consideration of this issue by the Renewal and Recreation PDS Committee on three occasions (15<sup>th</sup> February, 12<sup>th</sup> April and 5<sup>th</sup> July 2011) and by the Executive and Resources PDS Committee (on 12<sup>th</sup> July 2011). He also confirmed that following the end of the staff consultation period a letter had now been sent to all staff setting out management's responses (a summary of issues raised and management responses was tabled.) As a result of the consultation, changes had been made to assist Bromley staff in applying for jobs in the new service.

The Council would seek to minimise compulsory redundancy and consider voluntary redundancy on a case by case basis. He clarified that the qualified librarians that Mr Kelly had referred to were in back office management posts. The Director also confirmed that Bexley Council had approved the shared service proposal (subject to call-in) on 8<sup>th</sup> July 2011.

Councillor John Getgood addressed the Executive. He considered that there were still gaps in the proposals that prevented decisions being taken, that the Trust option was not viable and that local knowledge and important community services would be lost. People wanted investment in a professional service in good premises, but the proposals would lead to reduced usage which in turn would lead to more cuts.

The Portfolio Holder for Renewal and Recreation proposed that the shared service proposals should be supported, the Trust option should continue to be pursued and that he would lead a study in the next few months into what services should be provided at each library. He would look at opportunities to make efficiencies, to maximise use of each site, to introduce other appropriate uses and to introduce volunteers to the service. He confirmed that he would be looking at statistics on how many visits were made at each site.

The Members of the Executive considered these proposals in the light of the Council's need to provide substantial savings across all budgets. They repeated that it was not the intention to just close eight libraries, but it was essential to examine the service and take difficult decisions. They considered that as establishing a Trust would secure hundreds of thousands of pounds in savings from business rates each year, this should be investigated further. However, they also considered that charging for use of the People's Network should not be introduced.

**RESOLVED that**

**(1) The proposal to enter into a shared services arrangement with the London Borough of Bexley for the provision of Library services be approved.**

**(2) Further work be carried out as a matter of urgency to develop the Library Trust option.**

**(3) The Renewal and Recreation Portfolio Holder examines the services provided at each library and reports back with further proposals.**

**43            NORMAN PARK MULTI-HUB SITE**  
Report DRR11/058

The Executive considered a report providing details on proposals for the development of a multisport hub site at Norman Park. The proposal was to seek a suitable and appropriately qualified leisure investment and management company to design, construct, manage, fund manage and operate a new multi sport hub site at Norman Park, which would look to

incorporate the current athletics track and playing pitches within the park. The operator would still remain under the control of the Council.

The report had previously been considered by the Renewal and Recreation PDS Committee on 5<sup>th</sup> July 2011 and the Environment PDS Committee on 19<sup>th</sup> July 2011 – both Committees had supported the proposals. Councillor Graham Arthur confirmed that although there had been concerns ward Councillors had been kept informed of the proposals.

**RESOLVED** that officers continue to develop proposals for a multi hub site at Norman Park in line with the project timetable detailed within the report, and that officers bring a further report back to the Renewal and Recreation PDS Committee and Portfolio Holder, the Environment PDS Committee and Portfolio Holder, and the Executive, updating Members on the outcome of the tender process and the details of the proposals received.

#### **44 OMBUDSMAN'S REPORT** Report RES11068

An adverse report had been published by the Local Government Ombudsman containing a finding of maladministration causing injustice. Section 31 of the Local Government Act 1974 required that the report be considered by Members, and the local authority was required to notify the Ombudsman within three months of the action taken or proposed to be taken.

The report related to Mr A and the care arrangements made by the Council in respect of his father, Mr B. The Executive considered a report summarising the history of the complaint and setting out the actions taken by the Council to remedy the maladministration. The Director of Adult and community Services explained why the Council had not accepted a local settlement and assured Members that the issues raised by the Ombudsman had been addressed. The following actions were agreed –

- (i) to pay the sum of £1,000 to Mr. B and confirm that the £2,000 outstanding in respect of care home fees owing has already been written off;
- (ii) to pay the sum of £1,000 to Mr. A in recognition of his separate injustice; and
- (iii) to report to the Ombudsman within three months.

**RESOLVED** that a response be sent to the Ombudsman in the form of the letter as attached to the report.

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

There were no other issues referred from the Executive and Resources PDS Committee.

**46 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**

**47 EXEMPT MINUTES OF THE MEETING HELD ON 22ND JUNE 2011**

The exempt minutes of the meeting held on 22<sup>nd</sup> June 2011 were confirmed.

**48 EXTENSION OF WASTE MANAGEMENT CONTRACT**  
Report ES11092

The Executive approved in principle the extension of the current Waste Management Contract with Veolia Environmental Services to March 2019.

**49 AWARD OF BUILDING CONTRACT - LEARNING AND DISABILITY RESPITE**

(This report was withdrawn.)

**50 BROMLEY MYTIME - CONTRACT OPTIONS**  
Report DRR11/049

The Executive received an update on negotiations in respect of the Council's financial contributions to Bromley Mytime and agreed variations to the agreement.

**51 CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2011/12 CAPITAL RECEIPTS**

The Executive considered a schedule of anticipated capital receipts.

Chairman

The Meeting ended at 9.09 pm.

## **EXECUTIVE**

Minutes of the meeting held on 8 August 2011 starting at 7.00 pm

### **Present:**

Councillor Stephen Carr (Chairman)  
Councillors Graham Arthur, Ernest Noad, Colin Smith and  
Tim Stevens

### **Also Present:**

Councillor Douglas Auld, Councillor Julian Benington,  
Councillor Ruth Bennett, Councillor Eric Bosshard,  
Councillor Roger Charsley, Councillor Simon Fawthrop,  
Councillor Peter Fookes, Councillor David McBride,  
Councillor Tony Owen, Councillor Richard Scoates,  
Councillor Harry Stranger and Councillor Stephen Wells

## **52 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Robert Evans and Peter Morgan.

## **53 DECLARATIONS OF INTEREST**

There were no declarations of interest reported.

## **54 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

Four written questions from Councillors and five from members of the public had been received, together with one oral question from a Councillor and seven from members of the public. Copies of the questions together with the answers are set out in the Appendix to these minutes.

## **55 BIGGIN HILL AIRPORT OLYMPIC PROPOSALS**

Report RES11073

Further to Minute 19 of the Executive meeting on 22 June 2011, consideration was given to a report on the outcome of the consultations concerning the second application received from Biggin Hill Airport Limited (BHAL) for a more limited extension of the flying hours during the Olympic period next year. The consultation period had run from 23rd June to 29<sup>th</sup> July 2011 and circulated with the agenda, published on 29<sup>th</sup> July 2011, were details of the results up to and including the 27<sup>th</sup> July which was followed by the final updated figures circulated on 2<sup>nd</sup> August 2011.

The report set out the revised application from BHAL and for ease of reference had appended the two previous reports setting out details of the first and this subsequent application. The current request was for alterations to the operating hours for the periods between 13<sup>th</sup> July – 19<sup>th</sup> August and 28<sup>th</sup> August – 12<sup>th</sup> September 2012 as follows:

Weekdays – that restrictions applied to the shoulder operating hours, would be eased to permit arrivals from 0630 in the mornings and departures until 2200 in the evening. BHAL had also guaranteed to restrict the number of movements between 0630 and 0700 to a maximum of 3.

Weekends and Bank Holidays – that the current opening hours be extended by 1 hour in the morning and 1 hour in the evening on Saturdays (i.e. altered to 0800 – 2100) and by one hour in the morning and two hours in the evening on Sundays and Bank Holidays (i.e. altered to 0800 – 2200).

The Chairman advised that all letters and communications received by the Council even after the closing date would be taken into consideration. He reported that Councillor Alexa Michael who was unable to be present at the meeting had submitted views opposing BHAL's request. A letter had also been received from Jo Johnson MP for Orpington reflecting residents' concerns. Several members had indicated they wished to speak and he proposed to take those first before opening the Executive debate. Some updates would also be given by officers.

Councillor Fookes reiterated the Labour Party's position in support of the application as it was for a temporary period only and would bring new jobs locally. He felt the Council should show its backing for the Airport.

Councillor Auld spoke in opposition to the request citing the lack of a Business Plan and the noise disturbance during early mornings to his ward and particularly the Princes Royal Hospital which were on the flight path. Whilst noting the comments about not setting a precedent he still had concerns.

Councillor Simon Fawthrop also speaking in opposition referred to the Atkins report and felt that it was primarily based on aircraft movements rather than business aviation. He thought it very important that the clause remained unchanged as it was there to protect businesses based at Biggin Hill Airport and could not see their rationale about increasing the number of jobs. Concerning the setting of a precedent he also had significant concerns regardless of any legal advice that might have been taken. Councillor Fawthrop suggested the setting up of an independent Committee (which he was willing to chair) open to the public to look at the lease which would take into account residents' views and those of BHAL. This would show that the Council was not unreasonable and was acting in an open and transparent manner.

Councillor Scoates commented on the consultation process and whilst accepting that it was not a referendum thought that residents who had

responded to the first consultations assumed that their views would automatically be carried over to this round. He questioned the position in respect of those people who had responded in favour who lived outside of the Borough and in some cases on the other side of the world who had little connection to local issues. He also had reservations concerning setting a precedent and refuted the suggestion that turning down the application was being unpatriotic. Nor did he see any evidence to support the claims for an increase in jobs or any financial benefit that there would be to local businesses as most people going to and from an Airport tended not to stop in the locality but wanted to get to their destinations as quickly as possible. There were also the environmental concerns about noise disturbance and for all these reasons he strongly opposed the application.

Councillor Owen was against the proposal and voiced the objections of residents in his ward particularly about what he viewed as the expansionism of the Airport. *(The Chairman stated that a full record of his comments would not be included as Councillor Owen had made certain disparaging remarks about BHAL's Managing Director and other comments that were not factually based).*

Councillor Benington, who was a Biggin Hill ward member and lived in Downe under the flight path, spoke in support of the application. He had changed his mind from previously objecting as he felt BHAL had made significant changes to accommodate residents' views. BHAL were a major employer in the area and should be supported. The only reservation he had was that if approval was given then a restriction on helicopter usage should be sought for the period.

Councillor Ruth Bennett referred to the difficulties in making a decision of this nature with Ward Councillors naturally wanting to voice their residents' views. However, she pointed out that this was not a political issue but a legal matter. Councillor Bennett felt that there was a lack of objective evidence available. For example noise pollution had been mentioned but no measurements had been produced and she thought there should be more noise monitors. She had considered the legal advice given in the previous report but still found the situation difficult to judge. One issue of concern was the very likely increase in helicopter usage and she felt that there should be restrictions on the number of movements. Having looked at all the factors Councillor Bennett felt BHAL had not proven their case and there was a lack of objective evidence therefore the application should be rejected.

The Chairman thanked members for their contributions to the debate and asked the Officers to report on the latest situation and clarify certain information. The Director of Renewal and Recreation briefly outlined the background to the current request as detailed in the report. He referred to the explanation concerning the estimated number of additional flights the change to the hours would bring in a worse case scenario situation (detailed in Paragraph 3.5 of the report). This would result in a maximum of 140 additional flights per week during the 8 week period requested. The consultations had resulted in a total of 1741 responses as opposed to 2193

*Executive*  
*8 August 2011*

previously. 40% of the current number supported BHAL and 60% had opposed any change.

The Director of Resources advised that as explained in the previous report to the Executive (21<sup>st</sup> March 2011) the view had been taken that agreeing to the changes to the lease as requested would not set a precedent. Since then the opinion of Queen's Counsel had been sought which fully confirmed this view and that any application should be dealt with entirely on its merits. On the issue of agreeing the change for the Olympic period only Counsel strongly advised that there would be no legal basis to argue a precedent had been set. The Director therefore cautioned members against using precedent as a ground for refusing this application.

For background information the financial implications were reported where under the terms of the lease payment was made to the Council of a return on a percentage of the Airport's turnover. Members were advised that if BHAL were to increase their profit then this would increase the Council's share. However, this percentage was only a modest figure and any increase in business would need to be quite substantial to be noticeable. The Finance Director reported that the return to the Council was about £160,000 in 2010/11. However, as no detailed information was available from BHAL no exact figures could be given.

The Executive went on to discuss the application and Councillor Colin Smith agreed with the views of Councillor Bennett on the need for objectivity. He emphasised the need to stick to the facts rather than being sidetracked by emotive opinions. It was plain that residents groups did not want to see the Airport expand but it could not be expected that there would be no changes with a lease of over 100 years. He also felt assured on the additional legal advice given on the setting of a precedent. However, for the following reasons he could not support the application, firstly despite a number of requests to BHAL to see the data backing up their statements on jobs and job creation this had not been forthcoming. Nor had any business case been made to show the benefits to Bromley residents. The other major issue was increased helicopter usage in the early mornings and late at night. There appeared to be a lack of trust between BHAL and local residents and until that was 'healed' this would continue. Councillor Smith invited BHAL to do more to allay people's concerns by agreeing not to fly helicopters during the shoulder hours.

Councillor Tim Stevens read out a brief statement from his colleague and fellow ward representative, Councillor Evans who was unable to attend, he felt that on balance there were no benefits to the area that outweighed the inconvenience to residents. He also took note of the consultations and for this reason objected to the application. Councillor Stevens also spoke against the application as there was no business case and nothing in it for local residents. He had concerns about the increased helicopter movements as the type of visitor who would be using the Airport at this time was very unlikely to use public transport. 27 Residents Associations were against the application and



only 6 were in favour and he had not been convinced to change his mind from his previous stance.

Councillor Noad referred to the Director of Renewal & Recreation's comment that there could be up to 140 extra flights per week and he suspected that many of these would be helicopter movements but no information was available from BHAL on this. Large parts of the Borough were already under the flight paths for Heathrow and Gatwick airports and with the added proposals by BHAL during the peak summer holiday period he felt the noise disturbance would be unacceptable and therefore objected to the application. He agreed with Councillor Smith on the issue of the lease but any change would have to be carefully managed.

The Chairman reiterated previous comments about the long term issues concerning BHAL and that it was completely unreasonable not to expect any future changes to the lease. However, in the light of questions raised and residents concerns about the environmental impact and noise issues etc the Council would look to work with the Airport to make improvements for the benefit of all. The Airport had an important role and the Council wanted to see a viable sustainable Airport which would generate growth in jobs and income. Councillor Carr had not been concerned about the issue of a precedent and like Councillor Smith felt there were areas that could be agreed on in the future. Concerning this application however, he still had issues and was not convinced there was a need for a variation to the lease. Councillor Carr was of the view that there was enough spare capacity within the present operating hours to accommodate the additional flights. He did not consider that a sufficient business case had been put forward as there would only be a marginal benefit in income. He hoped that that the Council and the Airport could work together proactively in the future regardless of the decision made that evening.

On a vote the Executive unanimously –

**RESOLVED that the revised application by Biggin Hill Airport Limited for a temporary variation of the operating hours during the 20112 Olympic and Paralympic Games be rejected.**

Chairman

The Meeting ended at 8.10 pm

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# Minute Annex

## EXECUTIVE MEETING

8<sup>TH</sup> AUGUST 2011

### ORAL QUESTION BY A MEMBER OF THE COUNCIL

**1. From Councillor Tony Owen of the Portfolio Holder for Children and Young People**

What are the short, medium and long term plans for the location of the Relate facility currently above Bromley Valley Gymnastics Centre in Chipperfield Road?

(If precise dates can be given for the short term this will be appreciated)

**Reply:**

The Portfolio Holder responded that the Councillor had used the term 'Relate facility' which should more appropriately be 'Respite service' which specifically catered for young people at risk of or who had been excluded from secondary school. The Respite provision forms part of the Borough's strategy to support schools in managing pupils with challenging behaviour. It makes provision for children at risk of exclusion from secondary school and those Looked-After Children who are temporarily without a school place. Placement is usually for 6 - 12 weeks during which there is assessment and a full educational programme delivered – following which the students should be ready to return to their mainstream schools, for those whose behaviour is too severe, assessment may lead to placement in the Pupil Referral Service or, if Statemented, to Burwood school. The Respite provision has capacity for up to 30 young people.

The setting up of respite provision was agreed by me as Portfolio Holder in June 2008 and was initially located in two Youth Centres. However, evaluation of the provision indicated that the accommodation was not conducive to ensuring an appropriate education. A location with classroom facilities to provide a more educational setting was required and Officers considered options to provide this.

In May 2009, a bid by Bromley for capital funding from DfE, to co-locate services was successful and was agreed by me as Portfolio Holder. It was anticipated that this funding would have enabled the Respite provision to be located on the Grovelands campus. However, the funding proved insufficient to make these buildings fit and a temporary solution was found in the former Walsingham School site on Chipperfield Road.

The risk assessment for this site took into account the fact that the Bromley Valley Gym Club does not use the site at the same time as the children, i.e. Respite students attend between 9.30 am and 2.30 pm and the Gymnastics Club runs from 3pm onwards.

However, the Respite Services current location is an interim arrangement. Officers are considering long-term alternative solutions. These include possible use of a suitably adapted Youth Centre or other Council properties suitably adapted for educational use; externalising the service to an outside provider or indeed ceasing to provide Respite services completely. The cost of this service is paid through the Dedicated Schools Grant and not the Council.

**Supplementary Question:**

Councillor Owen said that it was made clear that it was not just from 3pm as the facilities were used from 9am onward for 'Gym tots' and under 4 year olds.

He asked why it was thought sensible to locate children above Bromley Valley Gymnastics Club who have been excluded from school, have severe behavioural problems and are normally kept in a gated compound with high metal fencing such as the pupil referral unit?

Why were the children not moved the moment serious incidents started to occur including fence posts thrown from Gym 2 roof and furniture thrown from the second floor balcony with a severe risk of maiming parents and pre school gymnasts?

Why does Bromley Council seem incapable of sticking to leases it has signed, in this case promising Bromley Valley Gymnastics Club quiet enjoyment of the site?

Does the Council not realise that it could be causing the financial ruin of a gymnastics facility that has produced four gold medal winning world champions and has display teams that promote the Bromley name all around the world?

Can I ask the Portfolio Holder to remove the pupils from the site before it is due to reopen? The situation is totally intolerable.

**Reply:**

Councillor Noad replied that he had seen the list of incidents recorded by Bromley Valley Gym Club but he was told by the Officers that only a small number of these had been previously notified to the CYP Department or the Respite Centre. The CYP Behaviour Service was initially made aware of incidents on 11<sup>th</sup> May 2011 when the damage to windows in the Gym was registered (this damage was done on the Bank Holiday Royal Wedding Friday) and reported over the holiday weekend. However, less than 25% of the listed incidents have been reported to CYP officers and they can only deal with them if informed.

The Director and I will work with the site users to mitigate the situation and find an acceptable outcome for all concerned.

**EXECUTIVE MEETING  
8<sup>TH</sup> AUGUST 2011**

**ORAL QUESTIONS BY MEMBERS OF THE PUBLIC**

**1. From Mr Jonathan Wallace of the Chairman of the Executive**

As some Councillors have expressed doubts as to the need for extra capacity during the Olympics, has everyone involved in this decision making process familiarised themselves with the Atkins report, which details the large amount of forecast traffic levels for the event.

**Reply:**

Councillor Carr replied that Officers had met with the Department of Transport who commissioned the Atkins Report and he had also recently read the report. It is clear that the Atkins Report did not set policy but was helpful to the Department in understanding the potential scale of air traffic linked to the Olympics. The data included in their report was based on possible forecast growth and although Biggin Hill was referred to in the report it was purely informative and did not constitute Government policy advice. I should add that a summary of these forecasts and BHAL's capacity to handle extra movements was referred to in the report to the Executive on 21<sup>st</sup> March, page 3, para 3.3.

**Mr Wallace did not have a supplementary question.**

**2. From Mr Jonathan Wallace of the Chairman of the Executive**

Concerns have been raised regarding security from the possible increased movements, are the councillors aware of the DfT airspace restrictions which will be in place over all of Bromley for the event, which will create a much more secure and known traffic environment.

**Reply:**

Councillor Carr responded that Security was, of course, of paramount importance and he was advised of security-related developments, including the recent Airport/Allocation Regulation 2006 which requires all air movements in the London area to be authorised over this period.

**Supplementary Question:**

Mr Wallace commented that in the light of the tighter air space restrictions did the Chairman consider that the extra hours requested by BHAL for the Olympic period would result in an increased risk.

**Reply:**

Councillor Carr said that he was not technically qualified to answer the question but accepted that the more movements taking place increased the possibility of a problem. However, he noted the point being made by Mr Wallace.

**3. From Mr Jonathan Wallace of the Chairman of the Executive**

Doubt was raised at previous Executive meetings over the necessity of 8am opening on weekends, are the councillors aware that forecast peak demand between 0700-0900 exceeds current capacity at London airports. This was published at the CAA airports briefing and in the Atkins report.

**Reply:**

Councillor Carr replied that forecasts of demands were only forecasts and the DFT has advised us that adequate capacity should be available to accommodate demand over the Olympic period regardless of any decision taken on the BHAL proposals this evening.

**Mr Wallace did not have a supplementary question.**

**4. From Dr Harry Ivey of the Chairman of the Executive**

Will the Council be submitting comments to Government in response to:  
*'Developing a Sustainable Framework for UK Aviation: Scoping Document'*  
[published in March this year]  
- concerning revised national policies on limiting noise, pollution, climate change impact and many other areas of serious concern to local residents?

**Reply:**

Councillor Carr responded that the Council was currently carefully considering the contents and implications (if any) for the Borough of the Department of Transport publication: 'Developing a Sustainable Framework for UK Aviation: Scoping Document'. This is the first stage in replacing existing Government aviation policy originally published in 2003. The aim of the scoping document is to define the debate as the Government develops its long term policy for UK Aviation. It will be followed in due course by a draft policy framework, which will also be consulted upon, before any framework is finally adopted. The deadline for responding to this scoping document is 30<sup>th</sup> September 2011 and it was likely the Council would be submitting some kind of response.

**Supplementary Question:**

Dr Ivey commented that as the Borough contained an airport he thought it would be of importance for the Council to submit comments and he hoped

that there would be full consultation with local residents. He asked how the Council could consider any changes in the lease at this stage, even on a temporary basis, before the government deadline for introduction of a new Aviation Policy in March 2013.

**Reply:**

Councillor Carr replied that the current application under consideration was for temporary changes any changes to the lease can only be determined by the Council. Any applications beyond 2012 would be under different criteria.

**5. From Dr Harry Ivey of the Chairman of the Executive**

Should frequent helicopter flights be introduced between Biggin Hill Airport and Ebbsfleet (which is near the Olympics site) - would the Council notify all Bromley residents prior to the Olympics about the seriously increased and more widespread helicopter flights they would suffer?

**Reply:**

Councillor Carr considered this was an important issue and said the Council will ask BHAL to inform residents of any helicopter services between the airport and Ebbsfleet International Passenger Station, if they occur. The Council is seeking clarification from BHAL on what, if any, helicopter service is planned. We have been informed that BHAL itself would not be seeking to provide such a service.

**Supplementary Question:**

Dr Ivey thanked the Chairman for his reply and went on to say that because there would be more noisy helicopter traffic during the Olympic period – would the increased use of helicopters be brought to the attention of all Bromley residents.

**Reply:**

Councillor Carr responded that it was feasible that there could be an increase in helicopter flights but he felt this issue was a 'red herring' as the Airport currently had sufficient capacity within their existing agreed flying hours.

**6. From Dr Harry Ivey of the Chairman of the Executive**

The Officers' Report [RES 11073] states at page 7 that: '*a large number of those supporting the proposal have responded using the leaflet or other pro-forma letters*' [BHAL leaflet had a 'cut-off' section]. Will the Council state the number of respondents using the BHAL leaflet 'cut-off' section and, separately, the number using pro-forma letters?

**Reply:**

Councillor Carr advised that the Council had received 387 'cut off' responses and an additional 124 responses using pro-forma responses or letters.

**Supplementary Question:**

Dr Ivey asked why the officers' report had omitted the fact that the public consultation had included a number of responses from people living outside of the Borough with some even living outside of the Country. He stated that of those living in the Borough 72% were against the proposal and only 28% in favour – 3 to 1 against.

**Reply:**

Councillor Carr responded that the figures had not been broken down to show the percentages of those living inside or outside of the Borough in the earlier report and therefore had not been included in this latest report.

**7. From Jennifer Munro, Managing Director, BHAL of the Chairman of the Executive**

Following confirmation of our position on the question of precedent at the Council meeting on 21<sup>st</sup> March and in numerous forms since then, is the Leader satisfied that Biggin Hill Airport Ltd would have no intention of using permission granted in respect of this request, as a precedent for any future consideration of operating conditions?

**Reply:**

Councillor Carr stated that whilst I have no doubt that there maybe no intention on your part of using permission granted as a precedent, it is clearly impossible for me to know what may or may not transpire in the future. Just as I am sure you would understand that I would, indeed could not tie the hands of any successor, and I am sure the same applies to you.

**Supplementary Question:**

Ms Munro asked whether legal confirmation had been obtained on the question of setting a legal precedent and if this was now available?

**Reply:**

Councillor Carr advised that this would be discussed later in the formal debate.

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## EXECUTIVE MEETING

8<sup>TH</sup> AUGUST 2011

### WRITTEN QUESTIONS BY MEMBERS OF THE COUNCIL

#### **1. From Councillor John Getgood of the Chairman of the Executive**

Penge War Memorial has suffered its second attack of vandalism and theft. The first was reported in May 2011. What progress has been made in effecting repairs? What reassurance can the council give regarding the likely state of the War Memorial at the time of the Armistice Day service in November?

#### **Reply:**

Officers from the Council's Renewal team has visited the site and assessed the damaged. Quotes are currently being sought for the repair work with a view to having the works completed before the start of November 2011. Given the unfortunate proliferation of such thefts involving brass and copper items, we will be exploring the re-provision of alternative non metal options that have a similar patination to the original plaque.

#### **2. From Councillor John Getgood of the Chairman of the Executive**

Bromley residents, like those across London, are contributing a precept on their council tax to support the London Olympics of 2012. Last year we were asked to nominate landmarks for a Bromley specific 2012 Olympics pin badge. We were delighted that the BBC Television Tower in Penge was selected as the landmark to represent Bromley. People living in Penge, and across Bromley, are therefore dismayed to discover that they are unable to purchase the London 2012 - Bromley Borough Landmark Pin Badge. I understand that no outer London borough pin badges are available.

How many Bromley Landmark Olympic Pin Badges were produced? How many have been sold to members of the public and how many distributed to "dignitaries"? Will the Executive write to the Mayor of London and the appropriate Olympic authority expressing the dismay of residents at this apparent snub and requesting that further Bromley pin badges are produced for the general public?

#### **Reply:**

Officers have contacted the London 2012 shop, who stated that they had sold out of the Bromley Pin badges and that they are not proposing to produce any more. They stated that the Pin badges were a limited edition which is why they are not proposing to produce any more.

Officers have also contacted the manufacturer and distributor of the pin badges. Officers were informed by them that 3,000 badges were produced with 575 being sold meaning there are still 2425 left in stock. They are 'in stock' at the manufacturers who then sell them on to the retailers including the London 2012 Shop. The London 2012 Shop, according to the manufacturer, is no longer stocking them probably because they were on sale for 6 months and were not selling enough; no other retailers are holding them presumably for similar reasons.

Following discussion with Officers the manufacturers have now managed to get the pin badges back on sale at *Pins and Things*, based in Watford.

<http://www.pinsandthings.com/london-olympic-pins/470-london-2012-olympic-borough-series-bromley-pin-badge.html>

The manufacturers have also said that if any other local retailers wish to stock the pins they can be provided.

Members should note that the production and sale of the Pin badges is co-ordinated by London 2012, and the Council has no direct involvement in that process.

### **3. From Councillor Tom Papworth of the Portfolio Holder for the Environment**

- Who owns the toilets at the Crystal Palace bus station on Crystal Palace Parade near The Triangle?
- What arrangements existed until 2010 to manage and operate these toilets?
- Who took the decision to close the toilets to the public?
- When was that decision taken?
- What was the usage of the toilets by members of the public prior to their being closed?
- What alternative toilet provision is available to bus passengers and people in the area of the Triangle?

#### **Reply:**

- a) LBB. They were leased to TfL for 60 years commencing 25/12/1999
- b) The toilets were (and remain) managed and operated by TfL. Until 2010, LBB paid a contribution of £10,000 p.a. to TfL towards the cost of maintaining public use of the facility.

If it helps I have asked the obvious question following on from this myself previously, and have been advised that LBB were/are not able to insist on TfL taking this money in return for keeping them open to the general public.

Likewise that TfL have been clear that ASB and drug issues were leading them to consider closure anyway.

- c) TfL.

- d) I regret that I can only say 'a month or so ago' at this point in time. I am advised that LBB were neither consulted about nor advised in advance of precisely when TfL decided then proceeded to actually do so.
- e) In 2010, when concerns around this facility first came to the surface, TfL was unable to provide any empiric data as to its usage by Members of the general public. The best assessment LBB have been provided with still being:  
*"Both TfL (who have a controller on site between 7am and 10pm) and the Police have commented that the general public make very little use of the toilets".*

I would be the first to agree that does not represent a scientific case study.

- f) Nothing particularly acceptable at present. LBB is however continuing to explore options for a community toilet scheme in the area, both within our Borough itself, and with neighbouring Boroughs.

This search will clearly require the co-operation of others, if it is to prove successful.

#### **4. From Councillor Tom Papworth of the Portfolio Holder for the Environment**

When the results of the traffic survey of Selby Road, conducted in 2011, will be made available to Members and to the public?  
Why, when this was first discussed in 2010, has it not been conducted and published by August 2011?

#### **Reply:**

- a) August 2011
- b) A survey was initially earmarked for the early part of 2011.

As a review of each of the Borough's 20mph zones was planned within LIP priorities for 2011/12, the survey was subsequently rescheduled to fit within that programme, with Selby Road being prioritised within it.

The survey has now been completed, and the results will shortly be to hand.

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## EXECUTIVE MEETING

8<sup>TH</sup> AUGUST 2011

### WRITTEN QUESTIONS BY MEMBERS OF THE PUBLIC

#### 1. From Jennifer Munro, Managing Director, BHAL of the Chairman of the Executive

Are the Leader and Council Executive aware of the following Parliamentary questions, which were considered on 28<sup>th</sup> June 2011 and 5<sup>th</sup> July 2011 respectively?

#### **Aviation: Olympic Games 2012**

**Joseph Johnson:** To ask the Secretary of State for Transport if he will ensure that any grant by Bromley council of a time limited waiver to the terms of lease to Biggin Hill Airport Ltd to allow extended hours and additional flights during the period of the London 2012 Olympics does not set a precedent for future expansion of the airport. [62591]

**Mr Philip Hammond:** In view of the anticipated number of international visitors expected to come to London for the games, and the demands this may place on aviation operations during the peak periods, we would encourage local authorities and others to give due consideration to any requests for flexibility on an exceptional basis around airport operating conditions during this period. However, so far as Biggin Hill airport is concerned, this is a matter for the London borough of Bromley, as the landlord of the airport, to decide.

#### **Biggin Hill Airport: Olympic Games 2012**

**Joseph Johnson:** To ask the Secretary of State for Transport if he will assess the adequacy of the surface access strategy of Biggin Hill airport to handle traffic arising from any time-limited waiver to the terms of its lease with Bromley council during the period of the London 2012 Olympics. [62925]

**Mrs Villiers:** That would be a matter for agreement between the airport and the local authority.

**Joseph Johnson:** To ask the Secretary of State for Transport what contribution his Department expects Biggin Hill airport to make in meeting demand for air travel during the London 2012 Olympics. [62927]

**Mrs Villiers:** Studies commissioned by the Department of Transport suggest that large numbers of additional private aircraft flights can be expected during the Games period, and that both airport and airspace capacity across south-east England will be in high demand, especially during peak periods. Biggin Hill airport, along with a number of other airports across the south-east, is expected to play an important part in accommodating this additional demand."

**Reply:**

Thank you for bringing to my attention the parliamentary questions which were considered on 28<sup>th</sup> June and 5<sup>th</sup> July 2011. I was aware of these questions and the answers provided which serve to confirm that the proposals we are considering are a matter for London Borough of Bromley to consider and determine.

**2. From Jennifer Munro, Managing Director (BHAL) of the Chairman of the Executive**

Given the short term nature of the request; the changes that were made in response to concerns about the last request; and given that the material temporary extension of hours amounts to a total of 5 hours per week, is the Leader aware of any reasonable grounds on which permission should be withheld under the terms of the Lease?

**Reply:**

The decision is shortly to be made by the Executive and it would not be appropriate for me to prejudge that decision.

**3. From Mr Michael Latham on behalf of Farnborough Park Estate Limited**

Is the Council aware of the resentment shown by local residents at such a short public consultation period and that many residents were unaware of a second Olympics proposal and had they been made aware, would have written to the Council opposing it?

**Reply:**

The Council received over 1000 new responses from groups or individuals and received over 1700 responses in total and this indicates the level of public interest. This was a major consultation exercise which was advertised in local papers and online as well as elsewhere. For the first time, the Council proactively contacted over 2000 residents and groups on the mailing list for their responses and these individuals had time to respond if they chose to. This is the second consultation period within a few months and there has been much publicity about this whole issue. You can advise residents that if there are others who would want to be included in consultation, they should e-mail [airport.consultation@bromley.gov.uk](mailto:airport.consultation@bromley.gov.uk) and their names will be added to the register.

**4. From Mr Michael Latham on behalf of Farnborough Park Estate Limited**

Why has the Council omitted from Report No RES 11073 the significant statement by the Government's Department of Transport that the forecast

use of Biggin Hill Airport for the 2012 Olympics – along with other Airports – ‘did not assume or consider any extension of the existing operating hours at any individual airport’?

**Reply:**

As far as I am aware the Department of Transport has not forecast use of Biggin Hill Airport for the 2012 Olympics. Atkins, their consultants, undertook a study which put forward a number of forecasts which were designed to inform their own and others discussions/decisions. Having said this, I agree that neither the Atkins Report nor indeed the Department of Transport has requested or proposed that LBB consider an extension of their existing operating hours. If they had done so, this would have been reported to Members.

**5. From Mr Michael Latham on behalf of Farnborough Park Estate Limited**

Does the Council accept that 7 of the 8 grounds for refusing the first Olympics proposal at the Council meeting Resolution of 21<sup>st</sup> March 2011 continue to apply to this second Olympics application?

**Reply:**

I have already publicly stated that some of the points to be considered are the same as before but equally, some of the points are different from the previous application. We must and we will consider each and any application on its merits and I cannot comment further at this stage, suffice to say that the consultation responses are useful as is the information supplied by BHAL and we will look very carefully at the all information before us.

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**Decision Maker:** EXECUTIVE

**Date:** 7<sup>th</sup> September 2011

**Decision Type:**

**Title:** MATTERS ARISING FROM PREVIOUS MEETINGS

**Contact Officer:** Lynn Hill, Democratic Services Committee Co-ordinator  
Tel: 020 8462 7700 E-mail: lynn.hill@bromley.gov.uk

**Chief Officer:** Director of Resources

**Ward:** N/A

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1. Reason for report

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

Appendix 1 updates members on matters arising from previous meetings.

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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

<b><u>Minute Number/Title</u></b>	<b><u>Executive Decision</u></b>	<b><u>Update</u></b>	<b><u>Action by</u></b>	<b><u>Completion Date</u></b>
<b>16<sup>th</sup> June 2010</b>				
<b>40 Review of Service Proposals and procurement strategy – Transportation, Highways &amp; Engineering Consultancy Services Contract</b>	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
<b>8th December 2010</b>				
<b>123 Bromley Museum at The Priory Orpington</b>	Agreed 1 <sup>st</sup> stage application to the Heritage Lottery Fund – further report on outcome.		Colin Brand, Asst. Director Leisure & Culture	
<b>12<sup>th</sup> January 2011</b>				
<b>142 Carbon Management Programme – Progress report</b>	Agreed recommendations including those of the Env PDS Cttee.		Director of Environmental Services	Annual Progress Report 2011/12 January 2012
<b>143 Carbon Reduction Commitment</b>	Agreed recs including those of the Environment PDS Committee. Reps to be made to Government re responsibility for Academy Schools.	The Leader wrote to the Secretary's of State for Education and for Energy and Climate Change. Response received from Secretary of State, Dept of Energy & Climate Change.	Director of Environmental Services	Annual report January 2012
<b>2<sup>nd</sup> February 2011</b>				
<b>167 Consultation on Mayoral Community Infrastructure Levy – Draft Charging Schedule</b>	Deferred to meeting on 14.02.11. Agreed to write to the Mayor of London requesting an extension to the consultation deadline.	The Leader wrote to the Mayor raising initial concerns at the proposal and requesting an extension of the consultation period. Report also considered by Development Control Committee on 8.2.11	Chief Planner	Executive meeting on 14.02.11.

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
<b>14<sup>th</sup> February 2011</b>				
<b>178 Consultation on Mayoral Community Infrastructure Levy – Draft Charging Schedule</b>	Agreed the Council's formal response strongly objecting to the levy.	The Leader, together with the Chairman of the Development Control Committee wrote to the Mayor as requested.  The Development Control Committee on 30 <sup>th</sup> June 2011 was advised that the Mayor's second stage consultation on the Charging Schedule had been published with comments to be received by 8/7/11. It was agreed to continue to make objections to the proposals.	Chief Planner	
<b>25<sup>th</sup> May 2011</b>				
<b>8 Core Strategy Issues Document – Consultation Draft</b>	Subject to taking into consideration the amendments discussed, approval was given for the document to be released for consultation. Members to be kept informed of any significant issues.		Chief Planner	Consul-tation period ends 30 <sup>th</sup> September 2011
<b>22<sup>nd</sup> June 2011</b>				
<b>19 Biggin Hill Airport Olympic Proposals</b>	Consideration of the latest application by BHAL was deferred for consultation – deadline for comments by 29 <sup>th</sup> July 2011. Special meeting to be convened.	A special Meeting was held on 8 <sup>th</sup> August when the application was refused.	Director of Renewal and Recreation	
<b>20 Relocation of Street Cleansing facilities to former Chartwell Business Centre, Central Depot</b>	Report deferred to July meeting for further information.		Director of Renewal and Recreation	

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>															
<b>22 Report of the New Technology Working Group</b>	Working Party recommendations endorsed. Update report to the E& R PDS Committee in September 2011		Chief Executive/ Cllr William Harmer	12 <sup>th</sup> October 2011															
<b>28/1 Chislehurst Road Bridge Replacement – Contract Award</b>	Approval given to award the contract and Council recommended to include the scheme in the current Capital Programme.	The Council on 4 <sup>th</sup> July 2011 agreed to include the scheme for the replacement of Chislehurst Road Bridge in the Capital Programme.	Director of Resources																
<b>30/1 Former Leasons Centre, Chipperfield Road, St Paul's Cray</b>	Agree to market the property on a dual basis for housing redevelopment or for extra care housing for older people.		Director of Renewal and Recreation																
<b>20<sup>th</sup> July 2011</b>																			
<b>37 Budget Monitoring 2011/2012</b>	Recommendations agreed. Members requested real figures behind the percentages for temporary accommodation and B&B placements.	<table border="1"> <thead> <tr> <th></th> <th>Temporary Accommodation</th> <th>Bed &amp; Breakfast</th> </tr> </thead> <tbody> <tr> <td>Dec '10</td> <td>281</td> <td>105</td> </tr> <tr> <td>May '11</td> <td>325</td> <td>135</td> </tr> <tr> <td><b>Increase</b></td> <td><b>44</b></td> <td><b>30</b></td> </tr> <tr> <td></td> <td>16%</td> <td>29%</td> </tr> </tbody> </table> <p>The above figures have been provided.</p>		Temporary Accommodation	Bed & Breakfast	Dec '10	281	105	May '11	325	135	<b>Increase</b>	<b>44</b>	<b>30</b>		16%	29%	Finance Director	
	Temporary Accommodation	Bed & Breakfast																	
Dec '10	281	105																	
May '11	325	135																	
<b>Increase</b>	<b>44</b>	<b>30</b>																	
	16%	29%																	
<b>39 Relocation of Street Cleansing facilities to former Chartwell Business Centre, Central Depot</b>	Approval given to the capital funding on a spend to save basis.		Chief Property Officer																

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
<b>42 Libraries – Shared Services</b>	Approval given to enter into shared service arrangements with LB Bexley; further work to be done on the development of a Library Trust; and the R&R PH to examine services provided at each library and report back with further proposals.		Director of Renewal and Recreation	
<b>43 Norman Park Multi-Hub site</b>	Approval given to continue to develop proposals and a further updating report back to R&R PDS Cttee and PH; Environment PDS Cttee and PH and Executive.		Director of Renewal and Recreation	

# Agenda Item 5

Report No.  
RES11084

London Borough of Bromley

Agenda  
Item No.

## PART 1 - PUBLIC

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**Decision Maker:** Executive

**Date:** 7<sup>th</sup> September 2011

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

**Title:** BUDGET MONITORING 2011/12

**Contact Officer:** Tracey Pearson, Chief Accountant,  
Tel: 020 8313 4323 E-mail: tracey.pearson@bromley.gov.uk

**Chief Officer:** Director of Resources

**Ward:** Borough Wide

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### 1. Reason for report

- 1.1 This report provides the second budget monitoring position for 2011/12 based on expenditure and activity levels up to June 2011. 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.
- 

### 2. RECOMMENDATION(S)

#### 2.1 Executive are requested to:

- (a) consider the latest financial position;
- (b) note that a projected net underspend of £305k is forecast based on information as at June 2011. This consists of a £164k overspend on services offset by additional grant income of £319k and a projected underspend on the Central Contingency provision of £150k;
- (c) consider the comments from the Director of Children and Young People and the Director of Adult and Community Services detailed in sections 3.3, 3.4 and appendix 1;
- (d) Identify any issues that should be referred to individual Portfolio Holders for further action.

### Corporate Policy

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

### Financial

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

### Staff

1. Number of staff (current and additional): 6,845 (per 2011/12 Budget), which includes 4,425 for delegated budgets to schools.
  2. If from existing staff resources, number of staff hours: N/A
- 

### 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
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2011/12 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
- 

### Ward Councillor Views

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



### 3. COMMENTARY

3.1 The table below provides a breakdown of the 2011/12 budget and projected spend as at end of June 2011:-

	2011/12 Original Budget £'000	2011/12 Latest Budget £'000	2011/12 Projected Outturn £'000	2011/12 Variation £'000
Adult & Community Services	85,776	85,791	85,496	-295
Children & Young People	31,531	31,531	32,153	622
Environmental Services	36,199	36,169	36,139	-30
Public Protection	3,446	3,446	3,446	0
Renewal & Recreation	9,953	10,106	10,106	0
Resources	34,120	34,933	34,800	-133
<b>Total Controllable Budgets</b>	<b>201,025</b>	<b>201,976</b>	<b>202,140</b>	<b>164</b>
Capital Charges and Insurance	17,479	47,929	47,929	0
Non General Fund Recharges	-884	-884	-884	0
<b>Total Portfolio Budgets</b>	<b>217,620</b>	<b>249,021</b>	<b>249,185</b>	<b>164</b>
Contingency Provision	3,617	3,617	3,467	-150
Other Central Items	-17,697	-48,147	-48,147	0
General Government Grants	-71,374	-71,374	-71,693	-319
<b>Total Central Items</b>	<b>-85,454</b>	<b>-115,904</b>	<b>-116,373</b>	<b>-469</b>
<b>Total Variation</b>	<b>132,166</b>	<b>133,117</b>	<b>132,812</b>	<b>-305</b>

3.2 The above table highlights that the main cost pressure in year relates to the Children and Young People Portfolio. A detailed breakdown of the Latest Approved Budgets and Projected Outturn across each Portfolio, together with an analysis of variations, is shown in Appendix 3.

### 3.3 Chief Officer Comments - Director of Children and Young People

3.3.1 The £622k overspend position in the Non-Schools' Budget arises largely from:

- the continuing cost pressures from children's placements;
- SEN Transport costs;
- the use of locum staff within the Children's Social Care and Safeguarding teams.

The main volatile element of spend is children's placements and there are limited controls given the statutory obligations on the Council and often the limited range of placement provision available, particularly in the case of residential provision. However, rigorous management action will be taken to contain these additional costs within the overall budget envelope by identifying compensatory savings, where possible, and maintaining a strict regime across all areas of the Department's spend.

Detailed Chief Officer Comments from the Director of Children and Young People, including details of management action to contain these additional costs, are included at Appendix 1.

### **3.4 Chief Officer Comments – Director of Adult & Community Services**

- 3.4.1 The rollout of the Reablement Service is beginning to show positive trends around reducing the increasing demand for domiciliary care. Residential and nursing care costs are broadly on track with plans in place to reduce spend in this area over the coming year.
- 3.4.2 Pressure on temporary accommodation costs continue and options for temporary use of empty council owned properties are being explored to reduce costs going forward.

### **3.5 Central Contingency Sum**

- 3.5.1 Details of the variations in the 2011/12 Central Contingency sum are included in Appendix 4.
- 3.5.2 The original Contingency provision included £600k for further estimated increases in fuel costs. Latest projections indicate that £150k of this provision will not be required.
- 3.5.3 There are no requests for allocations from the Central Contingency requiring Executive approval this cycle.
- 3.5.4 The 2011/12 Central Contingency contains various provisions which reflect uncertainty around potential costs, grants and service pressures. If these provisions are not required, there will be a resulting underspend on the final Contingency position at year end.

### **3.6 Additional Grant Income and General Government Grants**

- 3.6.1 The Department for Communities and Local Government have issued the final allocations for the New Homes Bonus grant, a grant designed to address the disincentive within the Local Government finance system for local areas to welcome growth by providing funding to mitigate the strain on public services arising from increased housing in communities. Bromley's final allocation is £243k higher than anticipated in setting the 2011/12 budget.
- 3.6.2 The Local Services Support Grant determination for 2011/12 was issued on 1<sup>st</sup> April 2011 and Bromley's allocation is £56k higher than that assumed in the budget.
- 3.6.3 On 22<sup>nd</sup> June 2011, the Executive approved the setting aside of £884k in the Government Grant Earmarked Reserve to deal with technical accounting changes relating to non ring-fenced government grants. Following scrutiny of the carry forward requests, as detailed in section 3.8, £20k of this funding will not be required in 2011/12.

### **3.7 Severance Fund**

- 3.7.1 Executive on the 14<sup>th</sup> February 2011 and subsequently Council agreed a sum of £3.5m be set aside from balances in 2011/12, with further estimated requirements of £2m in 2012/13, to meet potential severance costs which will enable the achievement of revenue savings totalling £22m in 2011/12 and £33m in 2012/13.

### 3.8 Carry forwards from 2010/11 to 2011/12

3.8.1 A net total of £951k has been carried forward into 2011/12 funded from underspends in 2010/11. Details were reported to the Executive on 6<sup>th</sup> April 2011, 22<sup>nd</sup> June 2011 and 20<sup>th</sup> July 2011.

### 3.9 General Fund Balances

3.9.1 The level of general reserves is currently projected to decrease by £4,146k to £49,635k at 31<sup>st</sup> March 2012. Further details are provided below:

	2010/11 Projected Outturn £'000
General Fund Balance at 1 <sup>st</sup> April 2011	(53,781)
Total Variation (para. 3.1)	(305)
Adjustments to Balances:	
Severance Fund	3,500
Carry Forwards from 2010/11	951
Total Reduction in Balances	4,146
Projected General Fund Balance at 31 <sup>st</sup> March 2012	(49,635)

3.9.2 The 'Update on the Council's Financial Strategy 2012/13 to 2015/16' elsewhere on the agenda includes proposals to create 2 new earmarked reserves funded from general reserves. At this stage, no changes have been assumed in the projections contained within this report to reflect these proposals.

### 3.10 The Schools' Budget

3.10.1 There is a projected net underspend on the Schools' Budget of £10k. Overspends and underspends must be carried forward to the following year's Schools' Budget and have no impact on the Council's General Fund. Details of the 2011/12 monitoring for the Schools' Budget will be reported to the Children and Young Peoples Portfolio Holder.

### 3.11 Impact on Future Years

3.11.1 The report identifies expenditure pressures which could have an impact on future years. The main areas to be considered at this stage are summarised below:

	2011/12 Budget	2012/13 Impact
	£'000	£'000
<b>Adult &amp; Community Services Portfolio:</b>		
Residential & Domiciliary Care		
- Older People	20,571	556
- Learning Disabilities	24,890	74
- Mental Health	2,889	-215
Commissioning & Partnerships	2,435	151
		<b>566</b>
<b>Children &amp; Young People Portfolio:</b>		
SEN Children's Disability Team Placements	1,559	632
Children's Placement Projections	9,535	234
		<b>866</b>
<b>Environment Portfolio:</b>		
Shortfall of Off-Street Parking Income	-5,316	100
Waste Services – Reduction in Tonnage	16,843	-100
		<b>0</b>

3.11.2 The 2012/13 financial forecast includes £676k for Adults with Learning Disabilities and £500k for Children's Placements.

3.11.3 The Director of Children and Young People has indicated that management action should substantially reduce this overspend but that any remaining overspend in 2012/13 will be contained within the total CYP budget allocation to the extent that it has not been factored into the financial forecast.

3.11.4 The Director of Adult and Community Services has advised that forecasts based on the latest available activity show a full year overspend of £566k, after allowing for additional costs already reflected within the 2012/13 financial forecast. This primarily relates to domiciliary care for older people and it is anticipated that the budget will be brought into balance by successful management action, increased use of reablement and the rigorous application of eligibility criteria.

### 3.12 Early Warnings

3.12.1 A recent consultation paper has been issued considering changes to the arrangements for the top-slicing of funding for Academies. It is not clear, at this stage, whether there will be any retrospective adjustments for 2011/12 as well as further changes from 2012/13 onwards. Any changes could be significant given the scale of transfer of schools to become Academies.

3.12.2 On 12<sup>th</sup> July 2011, the Executive and Resources PDS Committee considered a report to the Portfolio Holder on the position of the Insurance Fund as at 31st March 2011 and statistics relating to insurance claims for the last two years. In 2010/11, the total Fund value reduced from £3.5m to £3.2m, mainly as a result of a one-off review of the potential value of all unsettled claims. The Committee noted that the Fund position would be reviewed at the end of 2011/12, with the possibility that a further top-up might be required.

#### 4. POLICY IMPLICATIONS

- 4.1 “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.
- 4.2 The “2011/12 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2011/12 to minimise the risk of compounding financial pressures in future years.

#### 5. FINANCIAL IMPLICATIONS

- 5.1 These are contained within the body of the report with additional information provided in the appendices.

<b>Non-Applicable Sections:</b>	Legal, Personnel
Background Documents: (Access via Contact Officer)	Update on Council’s Financial Strategy 2012/13 to 2015/16 – Executive 7 <sup>th</sup> September 2011. Budget Monitoring 2011/12 – Executive 20 <sup>th</sup> July 2011. Provisional Final Accounts 2010/11 – Executive 22 <sup>nd</sup> June 2011. 2011/12 Council Tax report – Executive 14 <sup>th</sup> February 2011. The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues – Executive 12 <sup>th</sup> January 2011. 2011/12 Budget Monitoring file - Technical and Control Finance Section.

**Chief Officer Comments - Director of Children and Young People**

- 1.1 The £622k overspend position in the Non-Schools' Budget arises largely from:
- the continuing cost pressures from the children's placements given the complexity and nature of their needs; the Council has statutory responsibility to make provision for these children.
  - SEN Transport costs are also projected to increase; further analysis of these potential costs will be undertaken once the data relating to 'starters' and 'leavers' are confirmed for the new academic year. This will enable a more robust forecast for the year.
  - The use of locum staff within the Children's Social Care and Safeguarding teams continues to create additional cost pressures and associated overspend. Whilst the recruitment and retention strategy approved by Executive in February 2010 is making a significant improvement to our target to reduce reliance on locum staff and establish a stable workforce, this strategy is phased over three years with a stepped reduction in the need for locums as permanent social care staff are secured.
- 1.2 It is to be noted that there is less flexibility within the CYP budget to offset in-year service pressures during 2011/12, such as Looked After Children and children's disability placements, given the significant reductions in DfE grant funding streams to the Council and CYP Services. In previous financial years, it has been possible to use the flexibilities in certain grant streams and redirect them to address some of the cost pressures within Children and Young People Department. The consequences of the grant reduction have been the subject of reports to the CYP PDS and Portfolio Holder during 2010/11.
- 1.3 Thresholds for Children's Social Care intervention are set by legislation and statutory regulation. The thresholds within Bromley Children's Social Care were confirmed as being consistently applied by the Ofsted's Unannounced Inspection of children's referral and assessment services completed in April 2011. The Director and Lead Member CYP have a statutory responsibility to ensure that requirements for Children's Social Care and Safeguarding are fulfilled.
- 1.4 There are two Executive Member Working Parties established to oversee and monitor service volumes, trends, and policy and strategy for two key areas of CYP services: Executive Working Party SEN established in 2003; Executive Member Working Party Children's Safeguarding and Corporate Parenting, established in 2010. The current cost pressures arising from Safeguarding and Social Care placements and SEN Transport will be given full consideration through these groups.
- 1.5 The forecast does not take into account any further net increases to in-year placements, and so there is a likelihood that the overspending may, without management action, increase as the year progresses. However, management action is being taken to drive down costs, meeting providers and realigning placements where appropriate. This will be the subject of further consideration to estimate the growth based on previous years trends. The full year effect of the placements overspending is estimated at £866k.

1.6 Action To Be Taken To Reduce Children's Disability Team placements (cause of the Non-Schools' Budget Overspending), and the call upon contingency in the Schools' Budget for SEN Placements

The main drivers contributing to the overspend position in both the Schools' Budget and the non-Schools' Budget are outlined in para 1.1 above. The main volatile element of spend is children's placements and there are limited controls given the statutory obligations on the Council and often the limited range of placement provision available particularly in the case of residential provision. However, rigorous management action will be taken by the Director CYP and the Assistant Directors (Access & Inclusion and Safeguarding & Social Care) to contain these additional costs within the overall CYP budget envelope by identifying compensatory savings, where possible, and maintaining a strict regime across all areas of the CYP Department's spend. This will include:

- Review children in high cost residential and independent fostering to assess any scope to reduce these commitments.
- Robustly re-examine the gatekeeping procedures in relation to children's placements but within the confines of statutory requirements. All placements are the subject of scrutiny, detailed consideration and examination of all placement options before approval. This process is conducted through a Placement Panel which is chaired by the Assistant Director for Children's Social Care and Safeguarding. Cases are reviewed quarterly. Tightly controlled purchasing of placements through negotiation, clear specifications, avoiding 'extras', achieving least expensive options where possible.
- Joint work with the Housing Department to divert potential homeless youngsters aged 16+ away from the care system to supported lodgings through the Housing Department.
- Complete the review of fostering provision and costs with support from the Organisation Improvement Team to achieve a revised foster carer payment policy, increase the number of LBB placements and reduce dependency on Independent Fostering Agencies. A work programme is currently under way to increase the number of LBB foster placements and reduce dependency on IFAs as well as develop packages of support to carers to enable more challenging children to be cared for within foster homes.
- Assess the percentage of costs in respect of placements that are health related within context of Department of Health funding, future commissioning health arrangements and CAHMS involvement where appropriate.
- Sustain aggressive social work recruitment activity; rolling three weekly interview panels, two day short-listing and invitation to interview turnaround time, update Children's Social Care micro-site on the Bromley website, use of Google, attract CWDC external funding for Grow Your Own trainee scheme, improve retention.
- Re-examine the charges for high cost placements with a view to reducing the cost of individuals' current provision.

1.7 In addition, the Director has introduced a general moratorium on all running costs and expenditure, other than those that are strictly essential. All vacancies will be frozen other than for essential posts, with a minimisation of those costs associated with interim arrangements and cover for vacancies, wherever possible.

1.8 In terms of the Schools' Budget position, following the detailed report to the PDS Committee and Portfolio Holder on 14 July 2011, it was noted that the final accounts for 2010/11 indicated that 10 primary and 3 secondary schools had deficits at 31 March 2011. The CYP Schools' Finance Team will work with those schools' governing bodies and head teachers to agree Deficit Recovery Plans which must be the subject of approval by the Director, CYP.

Portfolio	2011/12 Original Budget £'000	Budget Variations allocated in year # £'000	2011/12 Final Approved Budget £'000	2011/12 Provisional Final Outturn £'000	Variation £'000	Variation previously reported to Exec 20.07.11 £'000
Adult and Community Services	85,776	15	85,791	85,496	Cr 295	60
Children and Young People (incl. Schools' Budget)	31,531	0	31,531	32,153	622	400
Environment	36,199	Cr 30	36,169	36,139	Cr 30	0
Public Protection & Safety	3,446	0	3,446	3,446	0	0
Renewal and Recreation	9,953	153	10,106	10,106	0	0
Resources	34,120	813	34,933	34,800	Cr 133	11
<b>Total Controllable Budgets</b>	<b>201,025</b>	<b>951</b>	<b>201,976</b>	<b>202,140</b>	<b>164</b>	<b>471</b>
Capital and Insurances (see note 2)	17,479	30,450	47,929	47,929	0	4
Non General Fund Recharges	Cr 884	0	Cr 884	Cr 884	0	0
<b>Total Portfolios (see note 1)</b>	<b>217,620</b>	<b>31,401</b>	<b>249,021</b>	<b>249,185</b>	<b>164</b>	<b>475</b>
<b>Central Items:</b>						
<b>Interest on General Fund Balances</b>	Cr 2,691	0	Cr 2,691	Cr 2,691	0	0
<b>Contingency Provision (see Appendix 4)</b>	3,617	0	3,617	3,467	Cr 150	0
<b>Other central items</b>						
Reversal of Net Capital Charges (see note 2)	Cr 16,703	Cr 30,450	Cr 47,153	Cr 47,153	0	0
Additional Grant Income	0	0	0	Cr 76	Cr 76	0
Additional contribution to LPFA for residual liabilities	100	0	100	100	0	0
Levies	1,597	0	1,597	1,597	0	0
<b>Total other central items</b>	Cr 15,006	Cr 30,450	Cr 45,456	Cr 45,532	Cr 76	0
<b>Total All Central Items</b>	<b>Cr 14,080</b>	<b>Cr 30,450</b>	<b>Cr 44,530</b>	<b>Cr 44,756</b>	<b>Cr 226</b>	<b>0</b>
<b>Bromley's Requirement before balances</b>	203,540	951	204,491	204,429	Cr 62	475
Reserve for potential redundancy costs (Exec. 14th Feb'11)	0	0	0	3,500	3,500	3,500
Carry Forwards from 2010/11 (see note 3)	0	Cr 951	Cr 951	0	951	951
<b>Adjustment to Balances</b>	0	0	0	Cr 4,146	Cr 4,146	Cr 4,926
	203,540	0	203,540	203,783	243	0
Formula Grant (Revenue Support Grant / Business Rates)	Cr 67,320	0	Cr 67,320	Cr 67,320	0	0
Council Tax Grant	Cr 3,304	0	Cr 3,304	Cr 3,304	0	0
New Homes Bonus	Cr 750	0	Cr 750	Cr 993	Cr 243	0
<b>Bromley's Requirement</b>	<b>132,166</b>	<b>0</b>	<b>132,166</b>	<b>132,166</b>	<b>0</b>	<b>0</b>
GLA Precept	41,308	0	41,308	41,308	0	0
<b>Council Tax Requirement</b>	<b>173,474</b>	<b>0</b>	<b>173,474</b>	<b>173,474</b>	<b>0</b>	<b>0</b>

# Budget Variations allocated to portfolios in year consists of:	£'000
1) Allocations from the central contingency provision (see Appendix 4)	0
2) Plus Carry forwards of unspent budget provision from 2010/11 (see note 3)	951
3) Non Controllable Budget Variations (Capital Charges)	30,450
	<u>31,401</u>

1) **NOTES**

Portfolio Latest Approved Budgets analysed over Departments as follows:

	2011/12 Original Budget £'000	Budget Variations allocated in year # £'000	2011/12 Latest Approved Budget £'000	2010/11 Projected Outturn £'000	Variation £'000	Variation previously reported to Executive £'000
Adult and Community Services	96,371	5,565	101,936	101,602	Cr 334	60
Children and Young People	48,078	18,910	66,988	67,604	616	400
Environmental Services	41,576	5,593	47,169	47,139	Cr 30	0
Renewal and Recreation	16,469	1,268	17,737	17,788	51	15
Corporate Services	15,126	65	15,191	15,052	Cr 139	0
	<u>217,620</u>	<u>31,401</u>	<u>249,021</u>	<u>249,185</u>	<u>164</u>	<u>475</u>

2) **Reversal of Net Capital Charges**

This is to reflect the accounting requirements contained in the Code of Practice for Local Authority Accounting and reverses the allocation of capital charges to portfolio budgets, thereby ensuring there is no impact on the General Fund. The budget variation of £30,450k relates to technical accounting changes which require that capital grant income is no longer accounted for through Portfolio budgets.

3) **Carry Forwards from 2010/11**

Carry forwards from 2010/11 into 2011/12 totalling £951k were approved by the Executive and under the delegated authority of the Director of Resources. Full details were reported to the June meeting of the Executive in the "Provisional Final Accounts 2010/11" report and in the Budget Monitoring 2011/12 report to the Executive on 20th July 2011.



2010/11 Actuals £'000	Division Service Areas	2011/12 Original Budget £'000	2011/12 Latest Approved £'000	2011/12 Projection £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
-88	<b>Care Services</b> AIDS-HIV Grant	190	190	190	0		0	0
31,031	Assessment and Care Management	32,124	32,110	33,133	1,023	1	0	556
7,892	Direct Services	5,321	5,321	4,812	-509	2	0	0
2,056	Learning Disabilities Care Management	2,230	2,230	2,230	0		0	0
2,036	Learning Disabilities Day Services	2,030	2,030	2,030	0		0	0
1,412	Learning Disabilities Housing & Support	1,317	1,328	1,328	0		0	0
<b>44,339</b>		<b>43,212</b>	<b>43,209</b>	<b>43,723</b>	<b>514</b>		<b>0</b>	<b>556</b>
2,729	<b>Commissioning and Partnerships - ACS Portfolio</b> Commissioning and Partnerships	2,435	2,435	2,624	189	3	0	151
275	Drugs and Alcohol	256	256	256	0		0	0
14,841	Learning Disabilities Services	16,194	16,187	16,187	0		0	74
4,547	Mental Health Services	5,124	5,124	4,867	-257	4	0	-215
0	PCT Funding (Social Care & Health)	0	0	0	0		0	0
5,267	Procurement & Contracts Compliance	5,185	5,199	4,371	-828	5	0	0
<b>27,659</b>		<b>29,194</b>	<b>29,201</b>	<b>28,305</b>	<b>-896</b>		<b>0</b>	<b>10</b>
-5	<b>Housing and Residential Services</b> Enabling Activities	-18	-18	-5	13	6	0	0
-1,607	Housing Benefits	64	60	60	0		0	0
1,587	Housing Needs	1,173	1,468	1,528	60	7	60	0
111	Housing Strategy & Development	92	784	798	14	6	0	0
1,311	Residential Services	998	43	43	0		0	0
<b>1,397</b>		<b>2,309</b>	<b>2,337</b>	<b>2,424</b>	<b>87</b>		<b>60</b>	<b>0</b>
8,574	<b>Strategic Support Services</b> Concessionary Fares	8,777	8,777	8,777	0		0	0
728	Customer Services	542	542	542	0		0	0
1,300	Performance & Information	1,543	1,534	1,534	0		0	0
197	Quality Assurance	199	191	191	0		0	0
0	Transforming Social Care	0	0	0	0		0	0
<b>10,799</b>		<b>11,061</b>	<b>11,044</b>	<b>11,044</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>84,194</b>	<b>TOTAL CONTROLLABLE FOR ADULT AND COMMUNITY SERVICES</b>	<b>85,776</b>	<b>85,791</b>	<b>85,496</b>	<b>-295</b>		<b>60</b>	<b>566</b>
11,165	<b>TOTAL NON CONTROLLABLE</b>	1,381	6,931	6,892	-39		0	0
9,775	<b>TOTAL EXCLUDED RECHARGES</b>	9,214	9,214	9,214	0		0	0
<b>105,134</b>	<b>PORTFOLIO TOTAL</b>	<b>96,371</b>	<b>101,936</b>	<b>101,602</b>	<b>-334</b>		<b>60</b>	<b>566</b>

## **REASONS FOR VARIATIONS**

### **1. Assessment & Care Management - £1,023k**

The variation can be analysed as follows:-

	£'000
Domiciliary care & direct payments for older people	941
Residential/Nursing care and respite for older people	82
	<u>1,023</u>

- (a) Expenditure on domiciliary care has been increasing as more older people are maintained in their own homes rather than placed in residential care. This is a continuation of last year's trend and the projected overspend takes account of the anticipated savings of £300k from greater use of reablement.

The projections also include an assumption that the budget changes around charging income are fully realised (£191k). Income has been projected on April data, so the effects of the revised direct payment rates and the new charging policy effective from 16 May, are not yet known.

- (b) The budgets for residential, nursing and respite care for older people are anticipated to overspend by £82k based on activity to date.

### **2. Direct Services - Cr 509k**

The variation can be analysed across the different services as follows:-

	£'000
(a) In-house Home care	334
(a) Funded by care management	-334
Meals Service	7
(b) Reablement team	<u>(516)</u>
	<u>(509)</u>

- a) The In-House Homecare service closed in June and the overspend mainly relates to the fact that the fixed overheads of the service were not fully recovered through the hourly rate charged. The purchasing budget held by Care Management will be reduced to offset the overspend.

- b) The Reablement team is not yet up to the full capacity that the budget was set on, therefore an underspend of £516k is projected.

### **3. Commissioning & Partnerships - £189k**

The 2011/12 budget includes a savings target £350k for efficiencies. It is anticipated that only £174k will be achieved, resulting in a shortfall of £176k, however this is offset by additional savings on supporting people contracts in note 5.

There is also a minor overspend of £13k arising from the anticipated shortfall in savings from staff turnover which is assumed in the staffing budget.

### **4. Mental Health Services - Cr £257k**

The underspend arises partly from the full year effect of client moves during 2010/11 which resulted in more cost effective placements, from an increase in the use of flexible support rather than residential placements and from containing annual contract price increases due to providers.

### **5. Procurement & Contract Compliance - Cr £828k**

There is a projected underspend of £828k which is additional to the savings built into the 2011/12 budget for reduced Supporting People commissioning.

The underspend can be broadly attributed to:

	£'000
Savings from funding sheltered housing being higher than budgeted	(261)
Savings from SP commissioning higher than budgeted (including FYE of savings achieved in 2010/11)	(380)
Negotiated contract price increases lower than budgeted	<u>(187)</u>
	<u>(828)</u>

### **6. Enabling Activities £13k / Housing Strategy & Development £14k**

Interest rates and mortgage balances have been falling steadily over the last few years resulting in reduced income from interest on mortgage repayments. The anticipated shortfall in income this year is £27k and is offset by underspends in the Commissioning and Partnership division.

## **7. Bed & Breakfast Temporary Accommodation - £60k**

Budgets are currently forecast to overspend by £60K. Increased client numbers and unit costs during the first part of the financial year have been evident and the trend is forecast to continue throughout the year.

This increase has been noticeable across all London Boroughs and is the result of the pressures of rent and mortgage arrears coupled with a reduction in the numbers of properties available for temporary accommodation. There are high levels of competition and evidence of 'out bidding' between London boroughs to secure properties and this has contributed towards the high costs of nightly paid accommodation.

It is possible that the overspend could be as much as £150k this year so the budget is being closely monitored.

## **Waiver of Financial Regulations**

There were 14 contract waivers approved during the first quarter of the financial year for residential placements made as part of the Learning Disabilities PCT Campus Closure Programme. The individual costs range between £75k and £148k per annum and are wholly funded by the Learning Disabilities transfer grant.

There was also a waiver for a mental health client costing £64k per annum which is 50% part-funded with the PCT.

The Director approved 4 waivers for contract extensions of between two and six months that were over £50k. Affinity Sutton Sheltered housing £139k, Community Links £78k, ICES home loan equipment £79k and BAT support for clients at Winsford House £92k.

There was also 3 waivers approved for the extension of the following contracts for 12 months. Shaw Trust for the Bromley Local Involvement Network (LINK) £90k, Age Concern support planning and brokerage £115k and Kent Association for the Blind £115k.

## **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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, the following virement has been actioned:

- (a) £16k has been transferred from Strategic Development & Performance to Housing Needs to facilitate the implementation of the new Allocations scheme.

2010/11 Actuals £'000	Division Service Areas	2011/12 Original Budget £'000	2011/12 Latest Approved £'000	2011/12 Projection £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>Access and Inclusion Division</b>							
1,151	Access	829	829	833	4	1		0
313	Bromley Children and Family Project	6,477	6,477	6,392	-85	2		0
6,823	SEN and Inclusion	7,649	7,649	8,409	760	3	300	632
<b>8,287</b>		<b>14,955</b>	<b>14,955</b>	<b>15,634</b>	<b>679</b>		<b>300</b>	<b>632</b>
	<b>Learning and Achievement</b>							
0	Commissioning and Business Services	1,082	1,082	1,032	-50	4		0
2,762	Bromley Youth Support Programme	2,380	2,380	2,306	-74	5		0
124	Standards and Achievement Services	1,750	1,750	1,700	-50	6		0
<b>2,886</b>		<b>5,212</b>	<b>5,212</b>	<b>5,038</b>	<b>-174</b>		<b>0</b>	<b>0</b>
	<b>Safeguarding and Social Care</b>							
13,425	Care and Resources	12,936	12,899	13,008	109		87	234
536	Children in Care Education	555	555	535	-20		-20	0
2,109	Safeguarding and Quality Assurance	2,267	2,267	2,267	0		0	0
2,335	Safeguarding and Care Planning	2,565	2,505	2,525	20		20	0
2,661	Referral and Assessment	2,091	2,188	2,201	13		13	0
827	Youth Offending Team	944	944	924	-20		0	0
<b>21,893</b>		<b>21,358</b>	<b>21,358</b>	<b>21,460</b>	<b>102</b>	<b>7</b>	<b>100</b>	<b>234</b>
	<b>Strategy and Performance</b>							
580	Research and Statistics	580	580	580			0	0
450	Strategic Planning and Commissioning	425	425	440	15		0	0
<b>1,030</b>		<b>1,005</b>	<b>1,005</b>	<b>1,020</b>	<b>15</b>	<b>8</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>EARLY INTERVENTION GRANT</b>	<b>-10,999</b>	<b>-10,999</b>	<b>-10,999</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>34,096</b>	<b>TOTAL CONTROLLABLE BUDGETS</b>	<b>31,531</b>	<b>31,531</b>	<b>32,153</b>	<b>622</b>		<b>400</b>	<b>866</b>
40,835	<b>TOTAL NON CONTROLLABLE</b>	10,375	29,285	29,279	-6		0	0
7,334	<b>TOTAL EXCLUDED RECHARGES</b>	6,172	6,172	6,172	0		0	0
<b>82,265</b>	<b>TOTAL NON-SCHOOLS BUDGET</b>	<b>48,078</b>	<b>66,988</b>	<b>67,604</b>	<b>616</b>		<b>400</b>	<b>866</b>
459	<b>TOTAL SCHOOLS BUDGET</b>	0	0	0	0	9	0	0
<b>82,724</b>	<b>PORTFOLIO TOTAL</b>	<b>48,078</b>	<b>66,988</b>	<b>67,604</b>	<b>616</b>		<b>400</b>	<b>866</b>

## **REASONS FOR VARIATIONS**

### **1. Access - Dr £4k**

£'000

#### **Education Welfare Service - Dr £41k**

1. The budget was reduced on the assumption that a full year of savings would be yielded from managing the Education Welfare Officers and Behaviour Support services together. However, it is unlikely that this will be achieved in 2011/12.

70

2. Additional income from sold services and savings in supplies and services will help to offset the above  
- additional income/underspending

-29

41

#### **Awards, Transport and Pupil Benefits - Cr £40k**

This is a demand driven budget and therefore difficult to forecast, but the best estimate at present is that it will underspend by £40k.

-40

Other minor variances

3

4

### **2. Bromley Children and Family Project - Cr £85k**

Savings are being made by holding some posts vacant.

### **3. SEN and Inclusion - Dr £760k**

#### **SEN Transport Contracts - Dr £100k**

Pupil volumes have risen and the service has been given a challenging savings target on the basis of expected savings from the re-tendering of contracts. At this early stage in the year a £100k overspending is projected, but a more confident projection will be made in October once starters and leavers are known for the new academic year.

#### **Children with Disabilities - Dr £660k**

There have been four recent high cost placements required for looked after children.

Pupil placements are driving the overspending in both the Schools' Budget and the non-Schools' Budget. Rigorous management action will continue to be taken by the Director of Children and Young People and the Assistant Directors (Access & Inclusion and Safeguarding & Social Care) to contain and reduce costs:

- Review children in high cost residential and independent fostering.
- Further strengthened gate keeping. All placements must be agreed and approved at CSC Placement Panel and by the Assistant Director for Social Care. Cases are reviewed quarterly. Numbers of Looked After Children reduced from 299 in May 2010 to 269 in March 2011.
- Implementation of an Adolescent and parenting support team to focus on preventing teenagers coming in to care.
- Joint work with the Housing Department to divert potential 16 plus homeless youngsters away from care system to supported lodgings through Housing Department.
- A review of fostering provision and costs. A work programme is currently under way to increase the number of LBB foster placements and reduce dependency on Independent Foster Agencies as well as develop packages of support to carers to enable more challenging children to be cared for within foster homes.
- Introduction of rolling interview panels, a Children's Social Care micro-site on the Bromley website, and a two day short listing and invitation to interview turn around time for social work applications to support the recruitment and retention package.
- Tightly controlled purchasing of placements through negotiation, clear specifications, avoiding 'extras', achieving least expensive options where possible.

In addition, a general moratorium will be reduced on all running costs expenditure other than those that are strictly essential, and all vacancies will be frozen other than for essential posts, with a minimisation of cost of cover for vacant posts.

### **4. Education Commissioning & Business Services - Cr £50k**

Savings from delayed appointments to vacant posts.

### **5. Youth Support Programme - Cr £74k**

Savings from delayed appointments to vacant posts.

## **6. Standards & Achievement - Cr £50k**

Savings from delayed appointments to vacant posts.

## **7. Safeguarding and Social Care Division - Dr £102k**

£'000

### **Salaries overspending across the Division - Dr £100k**

100

Safeguarding and Social Care has exceeded the agreed target to reduce the numbers of locum social workers as identified in the Recruitment and Retention report to the Executive on the 3rd February 2010 and as a consequence the £100k overspend is lower than anticipated and planned.

Progress on using locum social workers is continuing and every effort will be made to further reduce spending in this area.

### **Care and Resources - Dr £49k (excluding salaries)**

49

The £49k overspend can be broken down as follows: £'000

Childrens' Placements	93 overspend
Housing Benefit for Care Leavers:	
Under 18s	-56 underspend
Over 18s - Under recovery of rent	12 overspend
	<u>49</u>

### **Referral and Assessment - Cr £7k (excluding salaries)**

-7

Clients with No Recourse to Public Funds rose steadily during 2010-11. The costs are to accommodate and provide for families who cannot work due to their legal status and who do not receive benefits. This was previously absorbed within S17 budgets but is now reported separately. A £19k overspend is projected.

One post has become vacant in the Teenage and Parent Support Service Team. This will be held vacant for the remainder of the year to contribute a £26k underspend to off-set other costs.

### **Children in Care Education - Cr £20k**

-20

Management action was identified to offset the overall overspend. The saving made during the recruitment of the new Children in Care Education teacher will be held rather than redirected to support overspends in other areas of this service.

### **Youth Offending Team - Cr £20k**

-20

Savings are being made on a mix of areas including grant income, salaries and running costs.

102

## **8. Strategy & Performance Division - Dr £15k**

Due to the unavoidable time delay before the redundancy consequence from the deletion of a post in setting the 2011/12 budget takes effect. The CYP Senior Management Team will endeavour to identify offsetting savings to cover this.

## **9. The Schools' Budget**

Expenditure on schools is funded by Dedicated Schools Grant (DSG) provided by the Department for Education. 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 £89k lower than anticipated due to reduced pupil numbers. The Schools' Budget is projected to be £10k underspent, but overspends and underspends must be carried forward to the following year's Schools' Budget and therefore the £10k underspending has no impact on the Council's General Fund.

## **EARLY WARNINGS**

### **Volatile Numbers-Driven Services**

CYP Department has several large demand-led budgets where spending varies with the number of children or young people.

Of these, SEN Placements, Payments to Private Nurseries and Pupil Referral are in the DSG funded Schools' Budget, and Social Care Placements, Disability Placements, Leaving Care, SEN transport, and YOT are funded within the General Fund. The Department monitors these budgets closely.

### **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, and it had been assumed that for the current financial year only the Schools' Budget would reduce, since Revenue Support Grant for all Councils was top sliced to take account of this

However, on 19 July notice was received of a consultation on the future funding of schools, and that "The Secretary of State for Education, in consultation with the Secretary of State for Communities and Local Government, has agreed to reconsider the appropriate reduction to local authority funding to be made to reflect the transfer of central services from local authorities to academies and Free Schools.

This consideration will apply to the transfers for both the 2011-12 and 2012-13 financial years."

It is therefore possible that further in-year reductions will be made to RSG funding.

### **Waiver of Financial Regulations**

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempted from the normal requirement to obtain competitive quotations, the Chief Officer has to obtain the agreement of the Director of Resources and the Finance Director and, where over £100k, of the Portfolio Holder and report the use of this exemption to Audit Sub Committee bi-annually. Since the previous occasion when exemptions were reported, there have been 14 contracts exceeding £50k but less than £100k and 20 exceeding £100k.

### **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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, no such virements have been approved as at the end of June 2011.

2010/11 Actuals £'000	Division Service Areas	2011/12 Original Budget £'000	2011/12 Latest Approved £'000	2011/12 Projection £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
(5,515)	<b>Customer &amp; Support Services</b>							
	Parking	(5,366)	(5,316)	(5,286)	30	1,2	0	100
1,599	Support Services	1,553	1,539	1,539	0		0	0
<b>(3,916)</b>		<b>(3,813)</b>	<b>(3,777)</b>	<b>(3,747)</b>	<b>30</b>		<b>0</b>	<b>100</b>
	<b>Public Protection - ES</b>							
112	Emergency Planning	114	114	114	0		0	0
<b>112</b>		<b>114</b>	<b>114</b>	<b>114</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>Street Scene &amp; Green Space</b>							
5,803	Area Management/Street Cleansing	5,975	5,975	5,975	0		0	0
2,165	Highways	0	1,812	1,812				
(65)	Markets	(47)	(47)	(47)	0		0	0
6,225	Parks and Green Space	6,153	6,137	6,180	43	3	0	0
567	Street Regulation	519	519	544	25	4	0	0
16,091	Waste Services	16,893	16,843	16,735	(108)	5	0	(100)
<b>30,786</b>		<b>29,493</b>	<b>31,239</b>	<b>31,199</b>	<b>(40)</b>		<b>0</b>	<b>(100)</b>
	<b>Transport &amp; Highways</b>							
7,860	Highways	9,523	7,811	7,811	0		0	0
147	Highways Planning	144	144	144	0		0	0
(583)	London Permit Scheme	(287)	(287)	(287)	0		0	0
843	Traffic & Road Safety	790	690	670	(20)	6	0	0
216	Transport Strategy	235	235	235	0		0	0
<b>8,483</b>		<b>10,405</b>	<b>8,593</b>	<b>8,573</b>	<b>(20)</b>		<b>0</b>	<b>0</b>
<b>35,465</b>	<b>TOTAL CONTROLLABLE</b>	<b>36,199</b>	<b>36,169</b>	<b>36,139</b>	<b>(30)</b>		<b>0</b>	<b>0</b>
7,136	<b>TOTAL NON CONTROLLABLE</b>	(692)	4,978	4,978	0		0	0
2,516	<b>TOTAL EXCLUDED RECHARGES</b>	2,348	2,301	2,301	0		0	0
<b>45,117</b>	<b>PORTFOLIO TOTAL</b>	<b>37,855</b>	<b>43,448</b>	<b>43,418</b>	<b>(30)</b>		<b>0</b>	<b>0</b>



## **REASONS FOR VARIATIONS**

### **1. Bus Lane Enforcement Dr £30k**

There is a projected shortfall of income of £50k, (full-year effect £100k) as a result of the suspension of bus lane restrictions in Cray Avenue, following the diversion of traffic as a result of the bridge replacement at Chislehurst Road. There is a surplus of £20k due to increased contraventions to partly offset this, giving a net deficit of £30k overall.

### **2. Off Street Car Parking £0k**

Off-street car parking income is projected to be £100k below budget expectation. This is mainly due to reduced demand and parking fees not having been increased to match inflation added to the budget as a result of the normal estimate process, nor the loss of income as a direct result of the increase in VAT.

This projected shortfall is from the four multi-storey car parks where income was £32k below budget for April-June, with the majority (£23k) occurring in April, probably due to the high number of bank holidays.

This projected shortfall in income is offset by £50k savings as a result of management action, and a balance from a provision of £50k no longer required for contract payments following successful negotiations with the parking contractor.

### **3. Parks & Green Space Dr £43k**

There is an overspend on staffing of £49k due to the 2011/12 budget savings of £156k not being fully met in year. This is partly offset by an underspend of £6k due to a reduction in grant to the Chislehurst Common Conservators.

### **4. Street Regulation Dr £25k**

There is an overspend on staffing of £25k due to the 2011/12 budget savings not being fully met in year.

### **5. Waste Management Cr £108k**

Prices for trade waste collections were increased by 15% in April 2011 and 13% in April 2010. For 2010/11 the fall-out of customers equated to 3.8%, however in 2011/12 this percentage has more than doubled, currently 9.75%. When setting the new fees and budgets an assumption was made that there would be reduction of a further 5% of customers and therefore the additional reduction of 4.75% has meant that income is currently projected to be £97k below budget.

It should be noted that this is partly offset by a corresponding reduction in contract collection costs of £20k and £50k for disposal costs due to a projected reduction of 700 tonnes from the decrease in customers.

There is an additional underspend of £128k disposal costs due to a projected reduction of 1,600 tonnes.

There is surplus income of £7k from the Schools recycling service.

This is summarised in the table below : -

<b>Summary of Variations:-</b>	<b>£'000</b>
Shortfall of trade waste collected income due to reduction in customers	97
Corresponding reduction in trade waste collection contract costs	-20
Reduction in disposal tonnages from trade waste collection customers	-50
Reduction in disposal tonnages (other than trade waste collected)	-128
Surplus in income from Schools recycling service	-7
<b>Total variation for waste management</b>	<b>-108</b>

#### **6. Traffic & Road Safety Cr £20k**

There is a projected underspend of £20k as a result of transferring staffing costs to Transport for London earlier than previously anticipated.

#### **Waiver of Financial Regulations**

There are no waivers to report as at the end of June 2011.

#### **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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, the following virement has been actioned:

- (a) £50k has been transferred between Parking and Waste, as agreed by the Departmental Management Team.

2010/11 Actuals £'000	Division Service Areas	2011/12 Original Budget £'000	2011/12 Latest Approved £'000	2011/12 Projection £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>Public Protection</b>							
755	Community Safety	516	516	516	0		0	0
336	Mortuary & Coroners Service	344	344	344	0		0	0
2,891	Public Protection	2,586	2,586	2,586	0		0	0
<b>3,982</b>		<b>3,446</b>	<b>3,446</b>	<b>3,446</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>3,982</b>	<b>TOTAL CONTROLLABLE FOR PUBLIC PROTECTION &amp; SAFETY</b>	<b>3,446</b>	<b>3,446</b>	<b>3,446</b>	<b>0</b>		<b>0</b>	<b>0</b>
381	<b>TOTAL NON CONTROLLABLE</b>	6	6	6	0		0	0
527	<b>TOTAL EXCLUDED RECHARGES</b>	269	269	269	0		0	0
<b>4,890</b>	<b>PORTFOLIO TOTAL</b>	<b>3,721</b>	<b>3,721</b>	<b>3,721</b>	<b>0</b>		<b>0</b>	<b>0</b>

**Waiver of Financial Regulations**

There are no waivers to report as at the end of June 2011.

**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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, no such virements have been approved as at the end of June 2011.

2010/11 Actuals £	Division Service Areas	2011/12 Original Budget £	2011/12 Latest Approved £	2011/12 Projection £	Variation £	Notes	Variation Last Reported £	Full Year Effect £
(291)	<b>Adult Education Centres</b> Adult Education Centres	(401)	(401)	(401)	0		0	0
(291)		(401)	(401)	(401)	0		0	0
(142)	<b>Planning</b> Building Control	(31)	(31)	(31)	0	1	0	0
(237)	Land Charges	(275)	(275)	(275)	0	2	0	0
1,208	Planning	979	964	1,004	40	3	0	0
1,401	Renewal	1,371	1,471	1,431	(40)	4	0	0
<b>2,230</b>		<b>2,044</b>	<b>2,129</b>	<b>2,129</b>	<b>0</b>		<b>0</b>	<b>0</b>
2,892	<b>Recreation</b> Culture	2,644	2,659	2,659	0		0	0
5,251	Libraries and Museums	5,327	5,327	5,327	0		0	0
373	Town Centre Management & Business Support	339	392	392	0		0	0
<b>8,516</b>		<b>8,310</b>	<b>8,378</b>	<b>8,378</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>10,455</b>	<b>TOTAL CONTROLLABLE FOR RENEWAL AND RECREATION</b>	<b>9,953</b>	<b>10,106</b>	<b>10,106</b>	<b>0</b>		<b>0</b>	<b>0</b>
5,310	<b>TOTAL NON CONTROLLABLE</b>	6,777	7,097	7,094	(3)		0	0
2,531	<b>TOTAL EXCLUDED RECHARGES</b>	2,357	2,357	2,357	0		0	0
<b>18,296</b>	<b>PORTFOLIO TOTAL</b>	<b>19,087</b>	<b>19,560</b>	<b>19,557</b>	<b>-3</b>		<b>0</b>	<b>0</b>

## **REASONS FOR VARIATIONS**

### **1. Building Control £0k**

A shortfall of income of £174k is projected due to the recession and is being offset by savings of £174k from management action to reduce costs, including holding 3.5fte vacant.

### **2. Land Charges £0k**

As a result of the Government withdrawing the statutory fee for personal searches in August 2010, the full year effect of the loss of income will be £101k. A request will be submitted to the Executive to draw down part of a contingency which was set aside for the likely event of the withdrawal of this statutory fee which currently has a balance of £162k.

### **3. Planning £40k**

Income from non-major planning applications seem to be decreasing compared to 2010/11, £153k has been received in the first quarter compared to £190k received for the same period in 2010/11. The income is therefore expected to be at least £200k lower than the budget, (an early warning is that this could be as high as £300k).

Income received from major applications for the first quarter is £79k compared to £37k received in the same period in 2010/11. Officers have given details of potential income totalling £136k for the remainder of the financial year, which would give total income of £215k against a budget of £300k.

For information, £393k was received for major applications during 2009/10 and £236k for 2010/11.

Other miscellaneous income looks likely to be £8k below budget for 2011/12

Management action taken includes holding 8 fte posts vacant and reducing spend on running expenses totalling Cr £253k.

<b>Summary of Planning variations</b>	<b>Variation £'000</b>
Effect of holding 8 FTE's vacant within Planning	(203)
Shortfall of income from planning fees	285
Miscellaneous income	8
Underspends on transport and supplies, services from Management action within Planning	(50)
<b>Total variation</b>	<b>40</b>

### **4. Renewal Cr£40k**

Underspend on staffing due to part year effect of early retirement.

### **Waiver of Financial Regulations**

There are no waivers to report as at the end of June 2011.

### **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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, no such virements have been approved as at the end of June 2011.

2010/11 Actuals £'000	Financial Summary	2011/12 Original Budget £'000	2011/12 Latest Approved £'000	2011/12 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>CHIEF EXECUTIVE'S DEPARTMENT</b>							
695	Audit	993	993	993	0		0	0
124	Comms	117	117	117	0		0	0
392	Organisation & Improvement	328	328	339	11		0	0
98	Policy & Partnership	85	85	85	0		0	0
	<b>Human Resources</b>							
272	Health & Safety	239	239	245	6		0	0
357	HR Management	322	322	327	5		0	0
561	HR Strategy and L & D	518	518	492	-26		0	0
703	Operational HR	723	758	734	-24		0	0
877	Management and Other (C.Exec)	734	734	734	0		0	0
4,079	Sub Total - Chief Executive's Department	4,059	4,094	4,066	-28		0	0
	<b>RESOURCES DEPARTMENT</b>							
	<b>Financial Services &amp; Procurement</b>							
1,401	Exchequer - Payments & Income	1,338	1,338	1,332	-6		0	0
6,067	Exchequer - Revenue & Benefits	5,558	5,558	5,541	-17		0	0
3,105	Financial Management	2,484	2,484	2,485	1		0	0
429	Procurement	412	412	412	0		0	0
6,305	Information Systems	4,883	4,883	4,883	0		0	0
	<b>Customer Services</b>							
169	Bromley Knowledge	224	224	222	-2		0	0
885	Contact Centre	868	884	885	1		0	0
	<b>Democratic, Electoral &amp; Registrar's</b>							
145	Customer Service Development	93	93	93	0		0	0
1,718	Democratic Services	1,656	1,656	1,675	19		0	0
883	Electoral	366	366	350	-16		0	0
-26	Registrars	-39	-39	-39	0		0	0
	<b>Legal Service &amp; Facilities Support</b>					1		
1,981	Admin. Buildings	1,968	1,926	1,906	-20		0	0
657	Facilities & Support	487	543	531	-12		0	0
1,807	Legal Services	1,672	1,672	1,670	-2		0	0
368	Management and Other	134	134	137	3		0	0
25,894	Sub Total - Resources Department	22,104	22,134	22,083	-51		0	0
	<b>RENEWAL &amp; RECREATION DEPARTMENT</b>							
2,328	Property Services (excl. Investment Property)	1,366	1,366	1,366	0		0	0
3,356	Repairs & Maintenance (All LBB)	3,967	4,715	4,715	0		0	0
-638	Other Rental Income	-648	-648	-653	-5		0	0
5,046	Sub Total	4,685	5,433	5,428	-5		0	0
-3,533	Investment & Non Operational Property Rental Income	-3,693	-3,693	-3,682	11		11	0
1,513	Sub Total Renewal & Recreation Department	992	1,740	1,746	6		11	0
31,486	Total Controllable Departmental Budgets	27,155	27,968	27,895	-73		11	0
-60,137	Total Non Controllable	1,984	1,984	1,984	0		0	0
-23,637	Total Excluded Recharges	-21,244	-21,197	-21,197	0		0	0
-1,775	Less: R&M allocated across other Depts	-2,999	-2,999	-2,999	0		0	0
634	Less: Rent allocated across other Depts	647	647	695	48		4	0
-53,429	Net Departmental Budgets	5,543	6,403	6,378	-25		15	0
	<b>CENTRAL ITEMS (Controllable Budgets)</b>							
9,509	CDC & Non Distributed Costs (Past Deficit etc.)	6,965	6,965	6,905	-60	2	0	0
-43,920	Total Corporate Services/Resources Portfolio	12,508	13,368	13,283	-85		15	0

## **REASONS FOR VARIATIONS**

### **1. Legal Services & Facilities Support (Cr £34k)**

This mainly relates to savings on salaries expected as a result of posts being held vacant to fund future efficiency savings.

### **2. CDC & NDC (inc Past Deficit) - (Cr £60K)**

An underspend of £60k is currently forecast for Compensation for Loss of Office based on a straight line projection. This is in line with previous years, and it has been assumed for now that the savings are ongoing, however this could be offset by any future benefits granted.

### **3. General Commentary including impact on future years**

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

### **Waiver of Financial Regulations**

There are no waivers to report as at the end of June 2011.

### **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 monthly financial monitoring reports to the Portfolio Holder. In 2011/12, no such virements have been approved as at the end of June 2011.

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	
	£	£	£	£	£	£
<b>General</b>						
Provision for risk/investment relating to volume and cost pressures	635,000			635,000	635,000	0
Further increases in fuel costs	600,000			450,000	450,000	(3) Cr 150,000
Provision for uncertainty relating to grant income	565,000			565,000	565,000	0
Provision for uncertain items	500,000			500,000	500,000	0
Carbon tax	386,000			386,000	386,000	0
Grants to voluntary organisations	275,000			275,000	275,000	0
Unallocated inflation provision	93,000			93,000	93,000	0
Net loss of income from proposed sale of car parks	297,000			297,000	297,000	0
Savings from negotiations of key contracts	Cr 250,000			Cr 250,000	Cr 250,000	0
Planning appeals - change in legislation	150,000			150,000	150,000	0
Potential loss of income re land charges and building control (change in regulations)	162,000			162,000	162,000	0
Provision for reduction of local democracy savings	120,000			120,000	120,000	0
Other items	84,000			84,000	84,000	0
<b>Total General Items</b>	<b>3,617,000</b>	<b>0</b>	<b>0</b>	<b>3,467,000</b>	<b>3,467,000</b>	<b>Cr 150,000</b>
<b>Grants included within Central Contingency Sum</b>						
NHS Funding to Support Social Care						
Grant related expenditure	2,176,000			2,176,000	2,176,000	0
Grant related income	Cr 2,176,000			Cr 2,176,000	Cr 2,176,000	0
Lead Local Flood Authorities						
Grant related expenditure	142,000	110,000		32,000	142,000	(1) 0
Grant related income	Cr 142,000	Cr 110,000		Cr 32,000	Cr 142,000	0
Additional Funding for Pothole Repairs (DfT)						
Grant related expenditure	0	419,000			419,000	(2) 419,000
Grant related income	0	Cr 419,000			Cr 419,000	Cr 419,000
Bromley Youth Music Trust (DfE)						
Grant related expenditure	0	362,240			362,240	(1) 362,240
Grant related income	0	Cr 362,240			Cr 362,240	Cr 362,240
<b>Total Grants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>3,617,000</b>	<b>0</b>	<b>0</b>	<b>3,467,000</b>	<b>3,467,000</b>	<b>Cr 150,000</b>

**Notes:**

(1) Approved by the Executive on 25th May 2011

(2) Approved by the Executive on 6th April 2011

(3) Latest projections for estimated increase in fuel costs is £150k lower than budgeted requirement



Decision Maker: **Executive**

Date: **7<sup>th</sup> September 2011**

Decision Type: Non-Urgent Executive Non-Key

**TITLE: UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2012/13 to 2015/16**

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

Chief Officer: Director of Resources

Ward: Borough wide

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## Reason for report

- 1.1 This report provides an update on the Council's financial strategy. The report outlines the issues that continue to shape the medium and longer term strategy for the Council.
  - 1.2 The report highlights that the Council will face ongoing reductions in funding over the medium to longer term given the current state of public finances whilst service and other cost pressures remain.
  - 1.3 The 2011/12 Council Tax report identified the significant changes that will impact on the Council's finances over the next few years. Savings of £22m were required over the period 2011/12 with further savings of £11m (cumulative total of £33m) identified for 2012/13 to address reductions in government funding and the need to meet inflation and service pressures. This report provides the latest forecast for 2012/13 to 2015/16 and identifies actions to address the ongoing "budget gap".
- 

## **2. RECOMMENDATIONS**

2.1 The Executive is requested to:

- (a) Agree continuation of the updated approach to the budget, as summarised in Section 9 of the report;
- (b) Note the latest financial forecast for 2012/13 to 2015/16 and that financial uncertainty remains;

- (c) Consider the “variables” which can impact on the Council’s overall financial position detailed in Section 6 of the report;
- (d) Refer this report to individual PDS Committees for their consideration and comments to be reported back to the Executive.

Recommend that Council:

- (e) Approve the creation of a Regeneration/Investment Fund (Earmarked Reserve) with £10m set aside from general reserves as detailed in Section 10.4 of the report;
- (f) Approve the creation of an Invest to Save Fund (Earmarked Reserve) with £14m set aside from general reserves as detailed in Section 10.5 of the report;

## Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council,

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## Financial

1. Cost of proposal: N/A
  2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 3
  3. Budget head/performance centre: Council wide
  4. Total budget for this head £132.2m, 2011/12 Budget (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 6,845 of which 4,425 are for delegated budgets to schools (per 2011/12 Budget)
  2. If from existing staff resources, number of staff hours – N/A
- 

## Legal

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

## Customer Impact

Estimated number of users/beneficiaries (current and projected) - The 2011/12 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

## Ward Councillors Views

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

### **3. Approach to Budgeting**

- 3.1 Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years but some caution is required in considering any projections for the 3<sup>rd</sup> and 4<sup>th</sup> year of the Comprehensive Spending Review period (2013/14 and 2014/15) as well as the year following the 4-year Comprehensive Spending Review period (2015/16). The report highlights the scale of the future budget gap which includes, for example, the impact of reductions in government funding, inflation and service pressures.
- 3.2 The Council will need to continue to retain the core strengths of Bromley's budget planning. These will need to be further refined to deal with this new unprecedented period of intense change facing local government. The previous recession (which has now evolved to a period of low economic growth) means that two of the measures that have helped balance the books and kept pressure off service spending (increasing commercial income and high interest earnings) are unlikely to be available in the future at least in the medium term.
- 3.3 The 2011/12 Council Tax report identified the significant changes that impact on the Council's finances over the next few years. Savings of £22m were required over the period 2011/12 with further savings of £11m (cumulative total of £33m) identified for 2012/13 to address reductions in government funding and the need to meet inflation and service pressures. This report provides the latest forecast for 2012/13 to 2015/16. The 2011/12 Financial Monitoring Report elsewhere on this agenda highlights the latest position for 2011/12. Full details on the approach to setting the 2011/12 Budget were reported to the Executive on 14 February 2011.
- 3.4 The Budget Strategy has to be set within the context of a reducing resource base – the need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, unprecedented in recent times, and the high expectation from the Government that services should be reformed and redesigned. There is also a need to consider “front loading” savings to ensure difficult decisions are taken early in the budgetary cycle and provide some investment in specific priorities. The report indicates a planned approach incorporating a combination of business cost reduction, income generation and service redesign including how services are delivered, by whom and at what level. The Council's strong finances give time to undertake a considered review and reform of services over the next 4 years. This programme is set within the overall framework of the Council's Corporate Operating Principles (COP) which includes the strategy to be a commissioning organisation, reduce need for customer contact (providing alternative self service channels), operating corporately with skilled staff, being Member led, supporting independence, being efficient and non bureaucratic and delivering value for money.

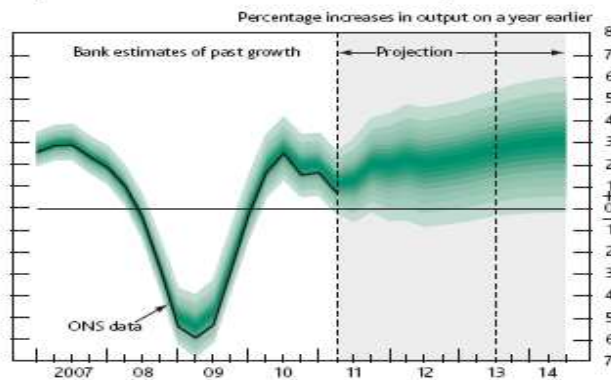
### **4. Economic situation which can impact on public finances**

- 4.1 National debt continues to rise with current levels of over £1 trillion expected to rise to £1.2 trillion by 2012. Changes to the calculation of national debt to reflect the cost of public sector pensions and Private Finance Initiatives will increase the reported national debt to over £2 trillion. This debt equates to £79,000 per household. A longer term perspective is provided by the Office for Budget Responsibility (OBR's) Fiscal Sustainability Report which suggests that keeping the Government's finances in a sustainable position in the longer term will require further uncomfortable decisions to be implemented in the medium term, on top of delivering the tax changes already planned for the next few years. In addition, demographic pressures,

particularly from the ageing of the population, will place upward pressure on public spending. The Institute of Fiscal Studies concludes that “significant further fiscal retrenchment (tax changes) will be required over the medium term to offset the estimated detrimental impact of changing demographics, and other factors, on public finances”.

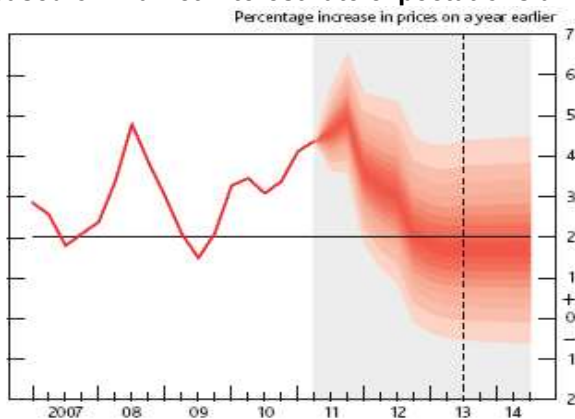
- 4.2 One key factor determining changes to public finances in the longer term relates to the level of economic growth measured by Gross Domestic Product (GDP). GDP fell by 0.1% in 2008 and 4.9% in 2009. Subsequently, it increased by 1.4% in 2010. In 2011 GDP growth was 0.5% (Jan to March) and 0.2% (April to June) which is 0.5% less than expected in the Government’s March 2011 Budget. The Bank of England inflation report (published 16<sup>th</sup> August 2011) advised that “following near-term weaknesses, GDP growth is likely to pick up gradually, so that by 2014, it is a little more likely to be above its historical average than below it”. This is illustrated in the chart below:

**GDP Projection - based on market interest rate expectations and £200 billion asset purchases**



- 4.3 Any global recovery is also at risk from the bank’s “wall of debt” (International Monetary Fund), particularly identified as part of the “Eurozone debt crisis”. There are many other factors such as the previous risk of the catastrophic default on the US debt of \$14.3 trillion which was recently averted. However, these factors contribute to an unprecedented period which creates economic uncertainty and could ultimately have an impact on funding available from the UK Government towards public finances. Two major structural changes in the economy are likely to limit the future growth potential of the economy: less revenues from North Sea Oil and a less expansionary banking system.
- 4.4 The latest quarterly Bank of England Inflation Report (August 2011) does not paint a positive picture for growth and inflation. Inflation, as measured by target Consumer Price Index (CPI) is likely to increase to 5% or more later this year before falling back through 2012 and 2013. The report indicates that the “timing and extent of the likely decline in inflation is highly uncertain”. The report also states that, on balance, the view of the Monetary Policy Committee is “that inflation is about as likely to be below as above target in the medium term”. This is illustrated in the following chart:

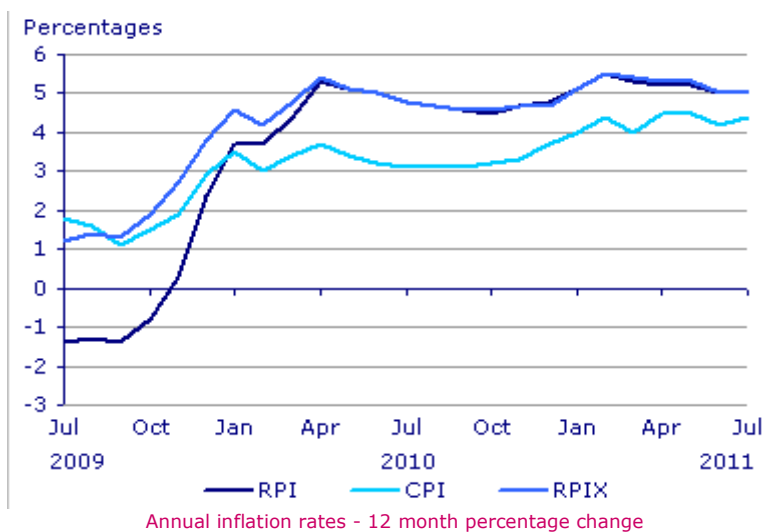
**CPI inflation projection based on market interest rate expectations and £200 billion asset purchases**



**Inflation CPI 4.4%, RPI 5.0%**

4.5 How fast inflation declines depends on many factors including international issues. A graph illustrating the volatility in inflation for the last two years is shown below:

**Inflation CPI 4.4%, RPI 5.0%**



CPI annual inflation – the Government’s target measure – was 4.4 per cent in July, up from 4.2 per cent in June.

4.6 All the factors identified above have an impact on the Government’s ability to change direction on planned reductions in public funding. At present, all these factors indicate that the planned reductions in funding over the next four years are likely to continue beyond that period. The key issues that impact on the Council arising from the above are:

- (a) Impact of “recession” factors likely to continue in the foreseeable future, now that the economy faces a period of low growth, uncertainty on the future etc. This includes, for example, losses of income, increased demands for services;
- (b) Inflation pressures remain for the medium term;

- (c) Interest rates will remain low in the medium term which results in lower investment income for the Council;
- (d) Government funding is likely to continue to fall beyond the four year Comprehensive Spending Review period (2011/12 to 2014/15).

## **5. Financial Context**

5.1 More background information on the Council's spend levels, type of spend, sources of income and comparative grant and council tax levels are provided in Appendix 1. Key messages from the Appendix include:

- (a) Two of the Council's main activities which are grant funded are schools and housing benefits. Both of these areas of spend continue to be ringfenced. However, there are potential significant financial implications arising from the impact of the Academies programme, particularly "top-slicing" of funding for non delegated education spending and the changes in Housing and Council Tax Benefit (phased replacement of housing benefit to universal credit and funding for council tax reduced by 10%);
- (b) A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures;
- (c) 69% of the Council's spend is on just 5 service areas;
- (d) The Council receives a low level of Formula Grant and has maintained the second lowest Council Tax levels (Band D equivalent) by having the lowest spend per head of population in London. One of the key issues in future year budgets will be the balance between spending, Council Tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

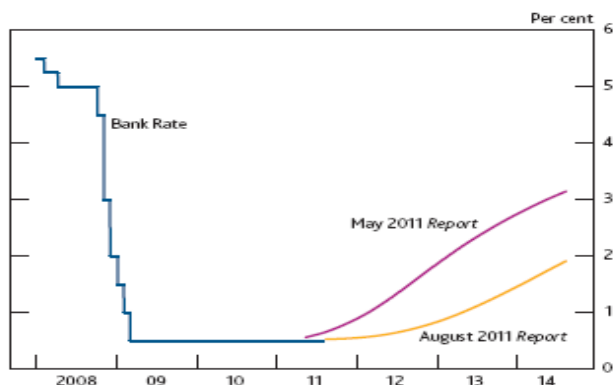
## **6. Changes that could impact on longer term financial projections**

6.1 In considering the next four years there remain many variables which will impact on any final outcome. The most significant variations to date are shown below with a summary in Appendix 2:

- (a) Uncertainty remains on inflation. Despite previous predictions inflation significantly exceeds the Bank of England target. Inflation of 3% has been assumed in the financial forecast from 2013/14 which compares to current levels of 5% (RPIX). Although, increasing inflation will result in additional costs to the Council it could potentially also result in interest rate rises which would generate some more income for the Council. Cash limiting has also been included in 2012/13 for non contractual running costs. A Council that is as outsourced as Bromley is particularly at risk from the volatility of inflation rates. The impact of changes in inflation rates will need to be closely monitored during the financial year;
- (b) The scale of schools transferring to Academies could result in further "top slicing" in formula grant funding to the Council of between £2 million to £5 million from 2013/14, which has not been assumed in the forecast at this stage. There could be also be implications for 2011/12 and 2012/13;

- (c) The “James Review” could result in procurement changes relating to funding capital works for schools. There are various proposals being considered by the Government which could impact on the Council;
- (d) Income from interest on balances included in the 2011/12 Council Tax report assumed that interest rates will increase to 4.25% by 2014/15. The latest forecast assumes a revised level of 2.5% by 2014/15. Recent indications are that interest rates will remain low in the medium term. Examples of the recent downward projections on interest rates is illustrated in the chart produced as part of the Bank of England Inflation Report (August 2011) below:

**Bank Rate and forward market interest rates (a)**



Sources: Bank of England and Bloomberg.

(a) The May 2011 and August 2011 curves are estimated using overnight index swap (OIS) rates in the fifteen working days to 4 May 2011 and 3 August 2011 respectively.

- (e) Employee pension contributions will increase and the final details are awaited. Any increases in employee contributions will reduce the contribution (saving) required by the Council. Indicative proposals would result in savings of £1.3m in 2014/15 (phased from 2012/13 to 2014/15). These savings may be offset by Government plans to phase out contracted out national insurance contributions and it is unclear whether the Government will claw back any savings;
- (f) There will be a review of local government finance and the initial proposals include the abolition of Formula Grant and allow local authorities to retain business rates. Although Bromley would be a net gainer, in reality there would be a business rate equalisation scheme to support low revenue raising authorities which may offset any gains. Other Government grants will still reduce in future years to reflect planned reductions in public spending. No changes to the financial forecast have been made at this stage. There are planned 10% reductions in Council Tax Benefit Subsidy from 2013/14 which the projections assume will be cost neutral (i.e. offset by a corresponding reduction in payments). Finally more detail of the options for “community budgets” will be produced from the local government finance review;
- (g) More income may be forthcoming from New Homes Bonus which will be dependent on the net increases in future years for occupied new housing within the borough and any financial benefits may be offset by the impact of “top-slicing” other government grants to fund this initiative;
- (h) The coalition Government will introduce many changes in its first term including changes to health (including transfer of funding for public health from 2013/14), welfare benefits, localism (including new powers of competence for Councils to act in the



interest of their communities), SEN and older people etc. which have been assumed as cost neutral in the projections at this stage;

- (i) Birmingham was successfully challenged on changes to eligibility criteria which could have wider implications for local authorities, reducing scope for longer term savings. More details will be reported to a future meeting of the Executive;
- (j) There will be many other variables as the forecast is based on predicting the next four years; the longer the timescale the greater the uncertainty.

## 7. 2011/12 Financial Monitoring

- 7.1 The latest 2011/12 Financial Monitoring report is shown elsewhere on this agenda. The main service pressures areas impacting on future years relate to Children's Social Care Placements (children with disabilities) and older people. Management action is being undertaken to reduce the financial impact in 2012/13 and future years. Further details are included in the monitoring report.

## 8. Latest Financial Forecast

- 8.1 A summary of the latest budget projections including further savings required to balance the budget for 2012/13 to 2014/15 are shown in Appendix 3 and summarised below:

### Variations Compared with 2011/12 Budget

	2012/13	2013/14	2014/15	1015/16
	£m	£m	£m	£m
<b>Cost Pressures</b>				
Inflation	9.3	17.0	24.8	32.6
Interest on balances	0.0	0.0	-0.5	-1.0
Grant loss	7.7	12.3	20.5	28.3
Real Changes (provision re 2015/16)	1.5	2.8	5.2	8.1
Total Additional Costs	18.5	32.1	50.0	68.0
<b>Income</b>				
Impact on 2.5% increase in Council tax	-3.3	-6.7	-10.2	-13.7
New Homes Bonus	-1.0	-1.2	-1.5	-1.7
Savings previously approved by Executive	-10.8	-9.8	-9.9	-9.9
	-15.1	-17.7	-21.6	-25.3
Further savings required	<b>3.4</b>	<b>14.4</b>	<b>28.4</b>	<b>42.7</b>

- 8.2 The key factors contributing to the ongoing budget gap are inflation, the ongoing loss of Government grants and service pressures (see Appendix 4). After allowing for the savings already approved by the Executive (see Appendix 3 and Appendix 5), there is a further budget gap of £3.4m in 2012/13 rising to £28.4m per annum by 2014/15. The budget gap for 2015/16 increases by a further £14m but this sum is purely speculative as this year falls outside the Comprehensive Spending Review 4 year period. The projections assume full implementation of the savings previously reported to Executive in February 2011 (see Appendix 5) and exclude any changes arising from the further reduction in government funding from Local Authority Central Services Equivalent Grant (see 6.1. (b) ). More details of the savings were included in the 2011/12 Budget report to Executive.

- 8.3 The Council has to plan for a very different future, i.e. several years of strong financial restraint. The future year's financial projections shown in Appendices 3 to 5, includes a planning assumption of ongoing reductions in Government funding in 2013/14 and 2014/15 with Formula Grant being reduced to its un-damped position over the period. Projections need to be treated with caution as there will be a new system of Local Government Finance introduced for 2013/14 and beyond from the localisation of business rates. It is important to recognize that the downside risks significantly exceed the opportunities for improvement and that the budget gap in future years could widen substantially.

## 9. Options being undertaken with a "One Council" approach

- 9.1 As stated above a planned approach is required to deal with this period of intense change. Areas of work currently being undertaken are detailed below:
- (a) Chief Officers are undertaking a revised "zero based approach" on their budgets and during the summer explored options for further savings which will be reported to Members for their consideration. This work will be coordinated to ensure that there is a "One Council" approach in determining any final proposals which will be reported to the Executive;
  - (b) Scope to review priorities. The financial envelope for the Council is reducing over the next four years and it is likely to continue beyond that period (for at least 10 years?). Realistically what will the Council be able to deliver to meet resident's priorities and our statutory obligations? The Organisational Improvement Team has developed a picture to help inform Members of the future priorities for the Council and identify scope for savings. This process has been reported to Improvement and Efficiency Sub Committee. This work should enable clarity on the position around service priorities in the context of the framework of legislation within which we work. It is clear from work that others have done that there is a substantially greater "grey zone" than often thought with less restriction on statutory requirements in core services. However, the legal case around Libraries in the Wirral suggests that conversely there are areas usually thought to be discretionary where significant changes will at best require very substantial consultation. This work is important to ensure that decision to move spending between services is based upon objective prioritisation, both legal and political. It is important that Member's service priorities are identified at an early stage;
  - (c) A review of charging is being undertaken exploring options to generate new areas of income as well as review of existing fees and charges;
  - (d) The Council raises significant income ranging from the collection of Council tax to charges for services. Work will continue to ensure that the Council maximises its income by promptly raising all monies due and minimising the level of arrears and debt write off;
  - (e) Given the current financial position, any growth pressures will require alternative savings to be identified. Growth pressures are currently being reviewed by Chief Officers. It remains important that options are identified to eliminate or finance these costs within the originating service or provide policy alternatives. The core of the budget strategy in previous years has been to contain service spending within the available budget, where possible. Given the level of losses in Government funding it is more critical that any service is considered with policy alternatives to reduce spend or service reductions elsewhere. It is also worth recognising that historically any growth predictions in the four year period have been optimistic and generally growth has increased by the end of that four year period compared with previous predictions. There

is a need to explore spend to save opportunities, e.g. use of NHS support to social care monies as well as consideration of balances (see section 10.5) if there is a robust business case. This may require updates on strategies and investments for alternative service options. The table in Section 8.1 above shows that real changes increase from £1.5m in 2012/13 to £5.2m by 2014/15. These are areas of significant upward spending pressure in future years. It is important that the options available to eliminate or finance these within the originating service are modeled and brought to Members early enough to allow clarity on the policy alternatives available. This will require very detailed scrutiny and option appraisal;

- (f) Continuation of the review of previous years underspends and overspends is part of an ongoing rolling programme to ensure that budgets are as realistic as possible but also to identify any early strategies that can be adopted to assist in future years e.g. impact of overspends. The first monitoring report is elsewhere on this agenda and it remains essential that there are no overspends in 2011/12 that carry forward into 2012/13 as a budget problem;
- (g) Contract renegotiation and review savings have been included in the four year forecast. The Procurement Group which consists of senior representatives from each department is currently identifying further opportunities for future procurement savings. The majority of new key contracts will have no inflation provision for the first three years with the option to negotiate future inflation levels from year 4 onwards. This should assist to reduce inflation pressures on contract prices but has to be balanced against the risk of contract prices being “front loaded”. However, given the current economic climate any front loading is expected to be minimal;
- (h) Savings may be identified from alternative methods of service delivery. Some of this work has already been undertaken as part of the savings options already identified but, linked to Corporate Operating Principles (previously reported to Improvement and Efficiency Sub Committee), opportunities remain for alternative service delivery models and potential savings to be progressed including using, for example, the voluntary sector, outsourcing and shared services. Bromley is a heavily outsourced organisation. There is some potential for further outsourcing but this will not be on the scale of the benefits taken in the late 1990s and early 2000’s. It is noticeable that in many core service areas large scale competitive activity has yet to develop. Recent shared services proposals for libraries have provided potential savings for the Council;
- (i) Savings from organisational redesign is currently being led by the Chief Executive which includes organisational restructuring and any consequential review of business support functions and processes. This work will include an analysis of key support functions, examination of key processes and opportunities short and longer term to provide alternative delivery models. This work will seek to determine structural realignment, with associated savings, in accordance with Corporate Operating Principles to ensure front line delivery based on Member priorities;
- (j) Savings from Strategic Asset Management Review (property). The Council has assets with a balance sheet value of £0.9 billion and although much work has already been done, further options could be explored to consider disposals, shared use of accommodation, attracting more rental income etc. The Council could also consider the option to invest in property as a means of diversifying the risk away from treasury management low interest earnings and seek a long term alternative to current income streams. This will also help meet the Council’s Area Action Plan ambitions. The Portfolio Holder for Renewal and Recreation along with his Director are leading on this work and options for funding (see also Section 10.4);

- (k) Further opportunities could be identified ranging from management and overhead reviews, value for money reviews by the Organisational Improvement Team and other cross cutting work – any impacts on reducing the budget gap would be reported back to the Executive;
- (l) It is essential that the process to identify savings remains sufficiently robust to avoid the risk of double counting of savings;

9.2 The work detailed above is currently being undertaken with the aim to report initial budget proposals for 2012/13 to 2015/16 to the Executive in November/December. In addition, there is a Members Finance Seminar in October 2011 which will also provide an update on progress as well as other updated issues relating to any further changes in Government funding.

9.3 The Chief Executive will also provide updates on the work programme at each meeting of the Improvement and Efficiency Sub Committee. This report will also be submitted to the PDS Committees for their consideration and comments and the outcome reported back to the Executive.

## **10. General and Earmarked Reserves**

10.1 An update on the Council's level of general reserves and earmarked reserves was reported to the Executive within the 2010/11 Final Accounts report in June.

10.2 The 2011/12 Council Tax report to the Executive referred to a target minimum level of £15m being set aside for reserves, with higher amounts being retained for specific purposes. The Finance Director has reviewed minimum level of general reserves required and recommends a sum of £25m to reflect the significant financial uncertainty facing the Council and the need to address a significant ongoing "budget gap". The current level of general reserves is £49m.

10.3 The 2010/11 Final Accounts report identified the one off release of £2m from the Council's Council tax collection fund in 2012/13. This report assumes that these monies will be utilised to meet the additional severance costs of £2m for 2012/13 approved by the Executive at its meeting on 14<sup>th</sup> February 2011.

### **10.4 Regeneration/Investment Fund**

10.4.1 As stated in 9.1(j) above, there is a review of key assets and this provides an opportunity to consider utilising part of the Council's general reserves to create earmarked reserve to identify key investment opportunities which will also assist in regeneration ambitions of the Council. The investment would result in the acquisition of assets to ensure the value of the monies is retained whilst seeking a long term alternative to current income streams. Effectively this should result in a level of income from investment which exceeds treasury management interest earnings. If these monies enable an increase in business activities in the borough, with a subsequent increase in business rates, then further income would be generated; further details of localisation of business rates are included in Appendix 2. Each investment decision will considered on a case by case basis which will include consideration of income stream, liquidity of asset, risks relating to asset depreciation/increase in value etc. Executive are asked to agree that a sum of £10m be set aside as an earmarked reserve funded from general balances. In addition, it is proposed that any receipts from future disposals of assets may be set aside to provide a separate regeneration/investment fund from capital resources. Any utilisation of these funds will require the approval of the Executive and the monitoring of the funds will be reported in the quarterly capital programme monitoring reports to the Executive.

## 10.5 Invest to Save

10.5.1 This report identifies the “budget gap” facing the Council which highlights the importance of ensuring there are sufficient resources for Invest to Save initiatives. It is proposed that a sum of £14m be set aside funded from general reserves, which will enable “loans” to be provided for Invest to Save initiatives with any savings taking into account an element for repaying the fund whilst generating further savings that can be factored in future years budgets. Any release of this fund, including any repayment arrangements will require the approval of the Executive. It remains essential that any business case for funding is robust and the following criteria reported to Executive in 2009 would apply:

- (a) Must provide net financial savings (significant savings with risk assessment to contribute towards reducing the budget gap);
- (b) Must provide additional progress towards meeting the Council’s top priorities;
- (c) Must have a reasonable pay back period;
- (d) No further or alternative external funding is available;
- (e) Clear identification of accountable officer, performance outcomes and monitoring arrangements to enable corrective action to be taken where required;
- (f) Contributes towards additional performance improvement for the Council or stabilises current problem areas (mitigates against additional costs).

10.5.2 Any proposal for utilising these monies will require the approval of the Executive

10.6 Subject to Members approval of 10.4 and 10.5 above the Council’s general reserves will reduce by £24m with a corresponding increase in earmarked reserves.

## 11. Management of Risks and an Evolving Financial Strategy

11.1 Details of the management of risks for 2011/12 Budget were reported to Executive as part of agreeing the 2011/12 Budget. A summary of key risk issues are provided in Appendix 6. Details of other documents to consider with the Council’s financial strategy are provided in Appendix 7.

11.2 A 4-year medium term financial planning model is the core of our financial strength and we must retain it. This is irrespective of the greater degree of uncertainty about inflation, interest rates, grant changes and new legislative changes. Continuing the approach of clear forward forecasting of income and expenditure is essential, even when accurate forecasting is not possible.

11.3 For 2012/13 to 2015/16 it remains crucial to set a multi-year budget. This means that longer term decisions and integration with policy choices are more feasible.

## 12 CONCLUSION

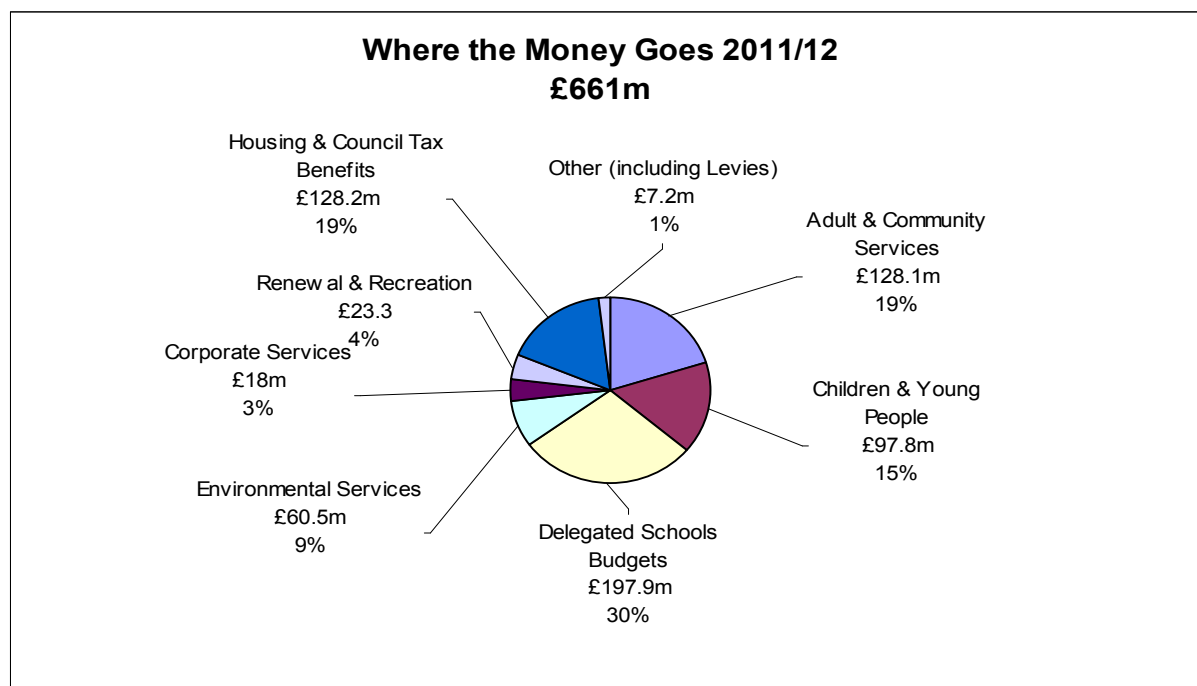
12.1 Local government faces several tight years financially and we need to plan accordingly. The savings required are likely to be a broad range of services but could focus in ways not widely anticipated at the moment. It is probable that the situation will be volatile requiring rapid change in our detailed approach but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction.

<b>Background documents</b>	2011/12 Council Tax Report, Executive, February 2011 2011/12 Financial Monitoring Report, Executive, September 2011
<b>Financial Considerations</b>	Covered within overall report
<b>Personnel Considerations</b>	None arising directly from this report
<b>Legal Considerations</b>	None arising directly from this report

## Background on the Council's Spend Levels

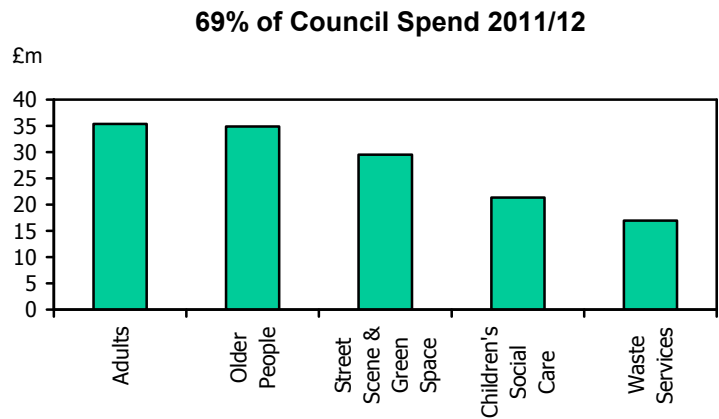
### 1. Cost and Funding of Services

1.1 The graph below shows the pattern of overall council spending.



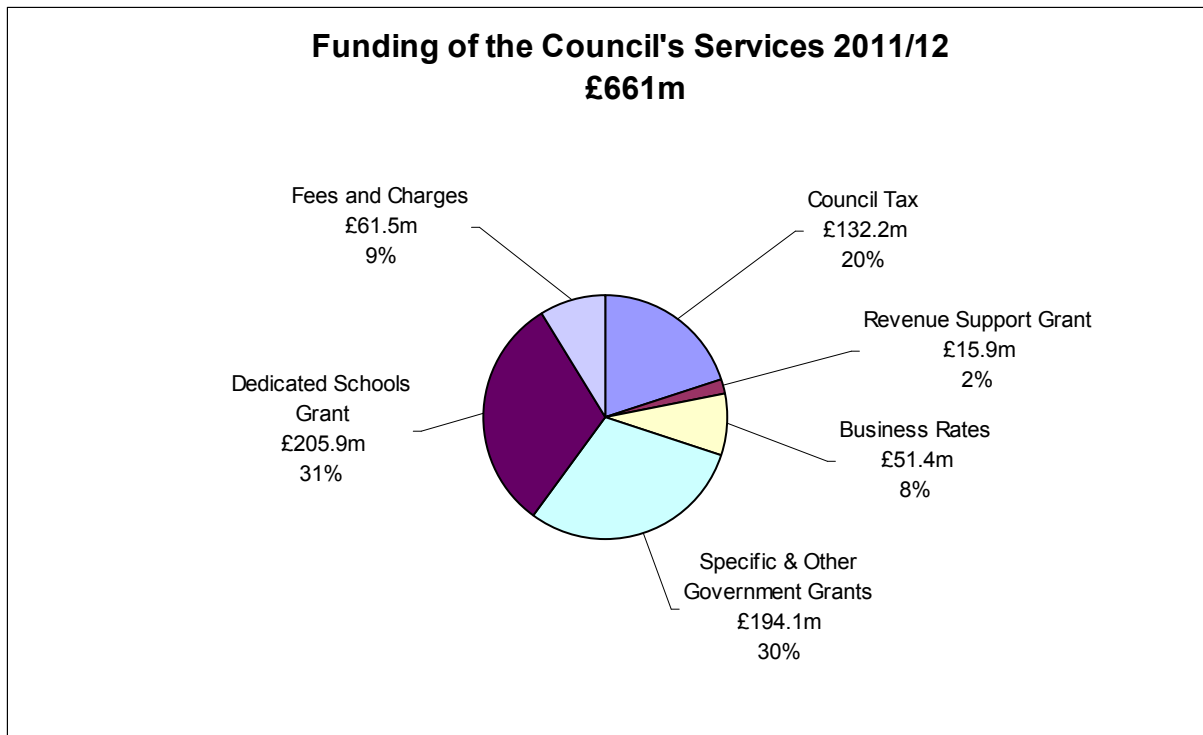
- 1.2 Two of our main activities: Schools and Housing Benefits accounting for 49% of spending are effectively funded by central Government. The future strategy for both of these services has been the subject of Government activity.
- 1.3 School spending will continue to be protected, although the level of funding through the Council will reduce as the number of Academies increase. The most significant immediate issue is the potential scale of the impact of the Academies programme on other aspects of Education spending particularly due to the “top slicing” of funding for non delegated education spending. The Government is currently consulting on changes to the level of Academies funding which could result in further grant losses to the Council (see Appendix 2). Funding Council Tax benefit will reduce by 10% from 2013/14 when local authorities will be required to have a localised scheme. Housing Benefit will be replaced within the new Universal Credit scheme announced by the Government and Housing Benefit will be phased out within three years from 2013/14. More details on the financial impact of changes in Council tax and housing benefit are awaited but there are financial risks associated with such changes.

1.4 Within the remaining services spending is very concentrated with c69% going on 5 areas.



1.5 Adults social care, children's social care and waste are the main areas where the Council has made some investment of its own resources to support cost pressures. This scale of spending combined with correlation with upward spending pressure heavily limits the options available.

1.6 The graph below shows the pattern of overall income sources for the Council.



1.7 The above table highlights the significant dependency remaining on government funding as a source of income. Also, a 10% increase, for example, in fees and charges would increase the Council's overall income levels by no more than 1%.



## 2. How does Bromley compare in outer London

### 2.1 Spend grant and taxation levels

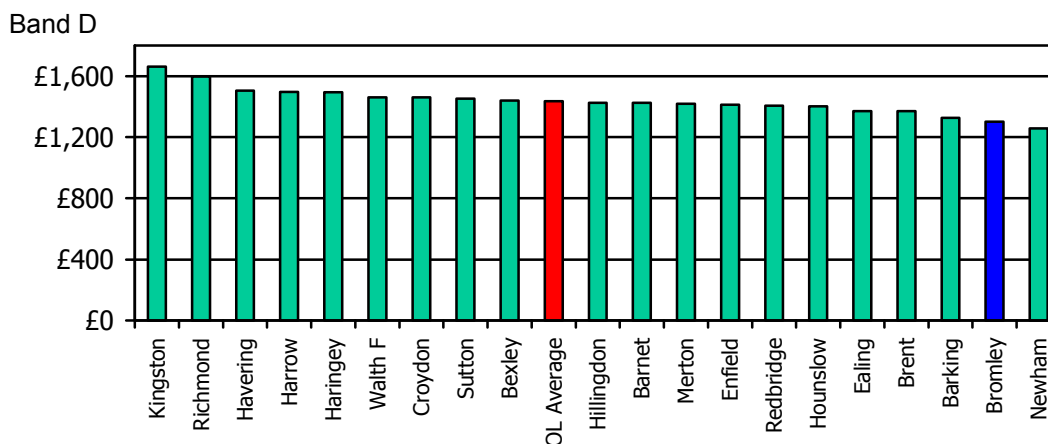
2.1.1 The other significant issue for the future budget strategy are the relative levels of spend, grant and taxation in Bromley. It is important to understand Bromley's historic starting position. Bromley receives a low level of Formula Grant, the second lowest per head in outer London.

Grant per head of population 2011/12					
	Bromley		London as a whole		
	£	Rank	Highest £	Average £	Lowest £
Formula grant	214	31 <sup>st</sup>	1,043	540	158
*Specific Grants	83	28 <sup>th</sup>	177	116	75
Total grants	297		1,220	656	233

\*Based on latest available data for Specific grants only data source CLG 10/1/11, and does not include other government grants

2.1.2 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London. It is £132 or 9.2% below the outer London Average. If the Council Tax was set at the outer London average then additional income of £17.6m would be achieved.

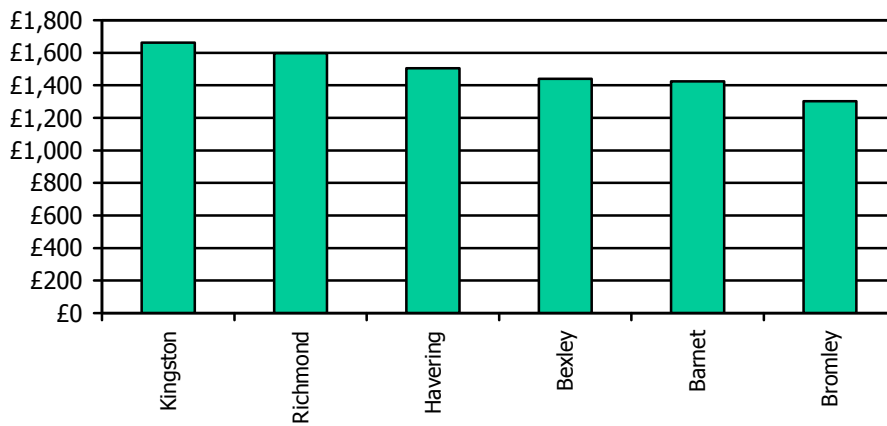
### Outer London Council Tax Levels 2011/12



2.1.3 Most other low Grant boroughs have responded to low Government funding by setting substantially higher Council tax levels than Bromley, in some cases amongst the highest in London. Further details are provided below:

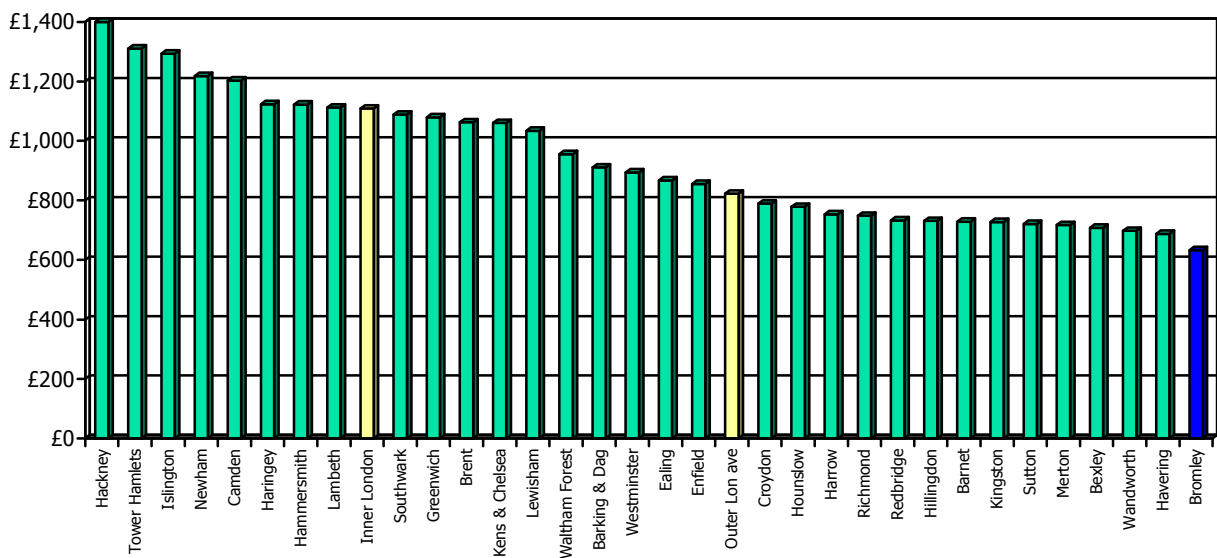
## Low Grant Boroughs 2011/12

Band D



2.1.4 If Bromley's Council tax level was the average for the 5 other boroughs identified above, the Council's income would increase by £30m.

## Whole of London Spend per Head 2011/12



2.1.5 Therefore, in conclusion, Bromley has retained a low council tax despite lower levels of grant funding. This has been achieved by maintaining a low spending base. It is important to recognise that the pattern of spending in Bromley both in level and pattern restricts the options facing Members. One of the key issues in future year budgets will be the balance between spending, taxation and charges and service reductions in an organisation starting from a low spending base.

**VARIOUS KEY CHANGES/PROPOSALS/ISSUES THAT COULD IMPACT ON THE COUNCILS FINANCES**

**APPENDIX 2**

<b>Schools Funding</b>		
Local Authority Central Services Education Grant (LACSEG)	Consultation paper issued for response by 16 August 2011	Top slice funding reduction of £0.8m in 2011/12 and a further £0.6m in 2012/13 (cumulative total of £1.4m) has been reflected in the Council’s budget. This sum is based on the impact of “average” transfers across local authorities. If the formula was based on actual transfers per individual local authority the reduction in funding would have increased to a total of £3.5m by 2012/13 – further potential loss of grant income of £2.1m. Consultation paper includes an option that would potentially increase loss of grant to Bromley by approx. £6m. Not clear whether any retrospective adjustments can be made to 2011/12 and 2012/13 funding – will require parliamentary approval. However, there will be a significant impact for 2013/14 and future years.
Review of School Funding	Consultation paper issued for response by 11 October 2011	Could impact on funding to Bromley schools depending on final option chosen. Detailed financial models awaited.
Review of Education Capital	Consultation paper issued for response by 11 October 2011	Revised future role of Local Authority to collect building condition and school data and provide DfE with an investment plan by 2012 (replaces Education Asset Management Plan). Also national procurement arrangements (through central body) may go ahead limiting the role of local authorities in procuring major works
<b>Local Government Resource Review</b>		
Proposals for retention of business rates	Consultation paper issued on 18 July 2011 with 8 technical papers to follow. Consultation closes on 24 October 2011	Bromley could benefit from this proposal on the basis that: (a) It will continue to see real growth in our business rate base; (b) The Council is presently receiving over £6m (2012/13) in Formula Grant damping which may be “protected” under the current proposal; (c) The Council could factor business rate retention monies, as part of a business case, in any future development proposal that would increase the business rates base. Technical papers which will provide more details of the implications of the proposals are awaited.
Council Tax Benefit Localisation	Consultation paper issued on 2 August 2011. Consultation closes on 14 October 2011	Local Authorities will receive an unringfenced grant reflecting a <u>10% reduction</u> (equates to approximately £1.9m based on 2011/12 Budget. No changes to current level of support for pensions (about one third of claimants). Potential reduction in entitlement of other claimants of 15% to match reduction in funding – the Government proposes some protection to other claimant groups. The Council has faced year on year increases in claimants and associated costs which is unlikely to be funded by government within the proposals representing a further cost risk.
Community Budgets	Details awaited	There are currently various community budget pilots and any proposals are awaited

Other Changes		
Inflation	CPI 4.2%, RPI 5% RPIX 5% June 2011	Overall 1% increase equates to £2m if all elements of costs are included e.g. pay awards, income etc.
Public Sector pensions	Government to fully respond to Hutton Commission and review current contribution rates by October 2011	Local Government Pension Scheme has been granted autonomy to formulate its own packages of reform on basis that savings of £0.9bn per annum will be found. Any package of reforms will need to be agreed by the Treasury and include a combination of increases in employee's contributions and changes to benefits of current scheme. The Government is seeking savings of £2.8bn per year for all public sector pension schemes equivalent to an average increase in member's contributions of 3.2%. Any savings to the Council could be offset by the possible phasing out of contracted out National Insurance to fund the future Universal State Pension.
Dilnot Review of Adult Social Care	Report produced by Dilnot on adult social care. Government will publish a white paper in spring 2012 which may reflect some of changes – implementation of any changes may be after next general election	<p>Recommendations include:</p> <ul style="list-style-type: none"> <li>(a) A £35k cap on care costs (age 65 years and above);</li> <li>(b) Free care to those who acquire needs before they turn 40 years;</li> <li>(c) An annual cap of between £7k and £10k on living costs in care home;</li> <li>(d) A national assessment and eligibility system;</li> <li>(e) Increasing means testing threshold to £100k and capping individual costs;</li> <li>(f) Councils can still set their own charges for non residential care services.</li> </ul> <p>The reforms would cost (initially) £1.7bn nationally to deliver and these costs will increase in future years. Government will publish a white paper in spring 2012 which may reflect some of changes – implementation of any changes may be after next general election. The cost implications for the Council will depend on the final implementation of any proposals and whether funding is provided by Government to meet the costs.</p>
Open Public Services	White Paper published and is subject to a "listening period" between July and September 2011	Proposals include offering personal budgets for SEN as well as disability budgets (adult social care by 2013 is already planned). Empower communities through community ownership schemes and the community right to challenge (including challenge to run local authority services). Also introduce an "open commissioning" policy to allow challenge by potential providers as to how services are shaped and delivered. Also includes exploring opportunities for local authorities to be the peoples champion for all public services in their area. Not possible to identify any cost implications at this stage.
Localism Bill		Over 140 regulation making powers, order making powers, guidance, statutory requirements and duties. Includes general power of competence, elected mayors, standards, pay accountability, EU fines, community empowerment, localisation of business rates, planning, housing and London (GLA)

New Burdens Doctrine	Guidance for Government Departments	This relates to guidance for Government departments which can be used by Bromley to seek justification/review of any changes that result in additional costs without adequate funding from Government. Government departments are required to ensure that the net additional cost of all new burdens placed on local authorities by government departments is assessed and “fully and properly funded”. This will ensure that the “pressure on Council Tax is kept down”.
New Homes Bonus	Introduced from 2011/12	Funding identified to 2014/15 with commitment from Government to fund beyond 2014/15 from top-slice of the national business rate pool.
Welfare Reform: Changes to housing benefit		Housing Benefit will be replaced with Universal Credit with housing benefit phased out from October 2013 and October 2017. Responsibility for crisis loans and community care grants will be transferred from DWP to local authorities. The Council receives grant funding of £111m for housing benefit and there are potential cost implications arising from the transfer period as well as potential one off costs that are required. It is not clear whether these costs will be fully grant funded.
Demographic and Population Changes		Data from recent census is awaited. London’s population is set to rise by 9% over the next ten years. The largest increase is expected to be those aged 85 years and over and by 2035, the number of people aged 85 and over is projected to be 2.5 times larger than in 2010 across London. The impact of longer life expectancy is also likely to have an impact on the demand for social care services and SEN.
Interest on Balances		Income of £2.7m is assumed in the 2011/12 Budget. The financial forecast assumes interest on new investments as follows: 1.5% in 2012/13, 2% in 2013/14, 2.5% in 2014/15 and 3% in 2015/16 A variation of 0.25% in these assumptions would result in an increase/decrease in the interest forecast of around £100k in 11/12, £360k in 12/13 and around £430k pa thereafter.
2011/12 Financial Monitoring	Report to Executive September 2011	The most significant cost pressure which could have an impact on the 2012/13 and future years budgets is residential care for children with disabilities. There is a projected overspend of £0.6m to date. There are also cost pressures relating to older people. Further details are included in the 2011/12 Financial Monitoring report elsewhere on this agenda. No additional costs in 2012/13 have been assumed in the financial forecast at this stage.
Comprehensive Spending Review		The financial forecast includes assumptions about future reductions in Government funding. The Council has a two year financial settlement for 2011/12 and 2012/13. General assumptions have been made about further reductions in 2013/14 and 2014/15 which is the final 2 years of the current Comprehensive Spending Review period (2011/12 to 2014/15). “Speculative” assumptions have been made about funding in 2015/16 on the basis that reductions in government funding will continue beyond 2014/15.

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	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Bromley's Budget Requirement in 2011/12 (before funding from Formula Grant)</b>	199,486	199,486	199,486	199,486	199,486
Increased costs (general inflation 4.5% to 2012/13 and 3% thereafter, pay awards 3% in 2012/13) Formula Grant	-67,320	9,267 -67,320	17,038 -67,320	24,812 -67,320	32,590 -67,320
Draft "standstill" Budget	132,166	141,433	149,204	156,978	164,756
Variations in interest earnings		0	0	-500	-1,000
Total grant loss as reported to Executive in January 2011(2012/13 to 2014/15)		7,660	12,262	20,500	28,302
Real Changes and other Variations (see Appendix 4)					
Adults and Community Services		234	795	1,685	1,685
Environment		-153	371	895	895
Children and Young People		650	650	650	650
Other (mainly council wide)		771	1,027	1,962	1,409
Further real changes 2015/16 (provisional at this stage)					3,500
Sub total - real changes and variations		1,502	2,843	5,192	8,139
<b>Sub total</b>		<b>150,595</b>	<b>164,309</b>	<b>182,170</b>	<b>200,197</b>
Various savings approved by Executive during 2010/11		29	-69	-158	-158
NHS funding towards social care pressures (fall out of monies for ongoing commitments)		0	1,000	1,000	1,000
London Boroughs Grant Cttee		-183	-183	-183	-183
Cash limiting of non contractual costs		-1,000	-1,000	-1,000	-1,000
Potential savings from review of key contracts in Environmental Services		-750	-750	-750	-750
Review of corporate services		-350	-350	-350	-350
Additional savings approved by Executive as part of 2011/12 Budget (see Appendix 5)		-8,455	-8,455	-8,455	-8,455
Total savings		-10,738	-10,738	-10,738	-10,738
		-10,709	-9,807	-9,896	-9,896
	132,166	139,886	154,502	172,274	190,301
New Homes Bonus	0	-1,000	-1,250	-1,500	-1,750
<b>Remaining Sum to be met from Council Tax/Budget Options</b>	132,166	138,886	153,252	170,774	188,551
<b>To achieve a 2.5% increase in 2012/13 and future years would require further savings of (£'000):</b>					
<b>Cumulative</b>	132,166	-3,416	-14,395	-28,446	-42,665
<b>Annual</b>		-3,416	-10,978	-14,051	-14,219





APPENDIX 4

SUMMARY OF REAL CHANGES (2012/13 TO 2015/16)

	2011/12 Budget	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>ADULT AND COMMUNITY SERVICES</b>					
- Adults with learning difficulties					
Learning Disabilities - new placements	24,151	676	1,679	2,569	2,569
Savings from Extra Care Housing	-91	-442	-884	-884	-884
<b>Total real changes ACS</b>		<b>234</b>	<b>795</b>	<b>1,685</b>	<b>1,685</b>
<b>ENVIRONMENT</b>					
Absorption of inflation increases for PCNs	-4,060	95	193	293	293
		95	193	293	293
<b>Other cost pressures/ growth</b>					
- Waste					
Landfill tax increases	3,506	-1,364	-945	-528	-528
Increase in waste contract prices and contract disposal targets		1,084	1,059	1,034	1,034
Increase in refuse/recycling collection to reflect additional units and leap year addt costs	7,203	32	64	96	96
Sub total (waste)		-248	178	602	602
<b>Total real changes (E)</b>		<b>-153</b>	<b>371</b>	<b>895</b>	<b>895</b>
<b>Children and Young People (CYP)</b>					
Children's Placements/additional referrals	10,934	500	500	500	500
Additional pressures (SEN transport - Exec Jan. 2011)	3,405	150	150	150	150
<b>Total real changes (CYP)</b>		<b>650</b>	<b>650</b>	<b>650</b>	<b>650</b>
<b>OTHER VARIATIONS (MAINLY COUNCIL WIDE)</b>					
<b>Other net cost pressures/ growth</b>					
Additional allowance for increased fuel costs	2,663	300	600	900	900
Local elections	0	0	0	500	0
Net loss of income from proposed sale of car park sites	-500	296	296	296	296
<i>Freedom passes</i>					
- additional cost of reissue of Freedom passes every five years	19	0	110	0	0
Carbon Reduction Commitment (CRC)	386	130	261	393	393
Reduction in funding of operational costs (Bromley Mytime)	705	-95	-520	-527	-580
Housing and council tax benefit - real reduction in admin subsidy	-1,872	140	280	400	400
<b>Total real changes (mainly council wide)</b>		<b>771</b>	<b>1,027</b>	<b>1,962</b>	<b>1,409</b>
<b>Assumed growth pressures (2015/16)</b>					<b>3,500</b>
<b>TOTAL OF REAL CHANGES</b>		<b>1,502</b>	<b>2,843</b>	<b>5,192</b>	<b>8,139</b>

## Overall Savings across all Departments for 2012/13

Department	Budget 2011/12 £'000	Budget Option Identified	Savings 2012/13 £'000
<b>Human Resources</b>			
	398	Delete L& D Consultant 1 fte, delete Health and Safety Advisor 0.5 fte	-59
			<b>-59</b>
<b>Resources Department</b>			
	1,258	Exchequer Services - Reorganisation of team(s) and option to outsource	-65
	2,100	Restructure of Financial Management	-22
	283	Salaries LBBexley	-45
	442	Staff reductions linked to shared service with LBG	-27
	442	Staff reductions linked to shared service with LBG	-18
	336	Contract adjustment	0
	0	Bexley shared services - £25k expected for 2010/11	-40
	301	Increase in housing benefits overpayments collection	-90
	1,170	Redundancy/Retirements once new contracts bedded in	-87
	6,290	Closure of cashiers service	-30
	0	Responsible Officer role academies plus internal audit work	-15
	0	Reductions in bad debt provision due to improved cash collection	-200
	1,505	Running expenses, cheque production, external audit, Training etc	-130
	1,288	Shared Services LB Bexley & Consolidation of teams	-52
	740	Reductions in Porters/Refreshment/Mayor's Office/Post	-80
	0	Shared services with Bexley	-40
	855	Customer Service - Channel Shift	-20
	0	Customer Service - Shared Service	-20
	0	Use of Portfolio Holders Room/Chairman's Office for Weddings	-5
	0	External use of committee rooms	-5
	0	Academies	-5
	30	Use of telephone, internet and text messaging registration	-2
		Amalgamation of receptions	-35
		Accommodation Review linked to item above	-100
		Charges for staff car parking	-75
			<b>-1,208</b>
<b>Children &amp; Young People Services</b>			
Awards Transport and Pupil Benefits	200	Cease funding Pupil Clothing and Footwear Grants	-100
Bromley c and f project	2,814	Children & Families Centres	-2,200
Standards and Achievement	413	BYMT - contract reduction	-40
Strategy and Performance	490	Strategy & Performance	-100
Integrated Youth Service	1,986	Universal and Targeted (Connexions) Youth Support	0
Access and Inclusion	473	Align the Behaviour Support Service with the Education Welfare Service	-50
Access	100	Bromley Transition Service	-50
			<b>-2,540</b>
<b>Adult &amp; Community Services</b>			
Strategy Division	1,566	Back office efficiencies - strategy division	-25
Housing & Residential Services	619	Housing Division Rationalisation	-50
Strategy Division	525	Learning & Development Savings	-25
Strategy Division	138	Discontinue/reduce social care front counter & imprest service	-100
Care Services	1,992	Cease In-house homecare provision	-200
Care Services	-4,160	Charging	-100
Care Services	-35	Increased savings from Extra Care	-10
Care Services	0	Reablement	-200
Care Services	4,948	Staff savings - Care Services	-100
Commissioning & Partnership	2,998	Reduce commissioning of supporting people services	-300
Care Services	526	Reduce funding to Sheltered Housing	-300
Commissioning & Partnership	66,533	Efficiency targets for all suppliers	-350
Care Services	0	None eligible day care users paying full cost	-50
			<b>-1,810</b>

Department	Budget 2011/12 £'000	Budget Option Identified	Savings 2012/13 £'000
<b>Environmental Services</b>			
Street Scene & Green Space	-111	Legislative change will allow disposal costs to be fully recovered through charges (currently discounted)	-58
Street Scene & Green Space	100	Introduce automated weighing system and payment facility	0
Street Scene & Green Space	212	Phased closure of Public Conveniences - retain provision within Primary Town Centres	-100
Street Scene & Green Space	897	Reduction in services provided by the Area Inspectors, leading to reduction of 3 ftes	-102
Street Scene & Green Space	2,595	Reduce Ranger Service and reduce park security contract	-135
Street Scene & Green Space	-1,603	Increase prices above inflation for Trade Waste resulting in extra income	-32
Street Scene and Green Space	400	Diminishing playground repairs and equipment replacement. No new seats/bins in parks and reduce repairs to paths/fencing	-31
Public Protection	15	Terminate service relating to subsidised Pest Control treatment on income support. No renewal of contract/introduce a preferred supplier contract if possible.	-15
Customer and Support Services	305	Reduction in support services, running costs and promotional projects	-21
Transport/Highways	129	Reduced frequency of highway/footway condition surveys and use of bureaux service for data analysis and a deletion of 1fte in 2013/14	-15
Transport/Highways	233	Phased deletion of School Crossing Patrols	-233
Transport/Highways	583	Reduction in Traffic Posts or transfer costs to TfL budgets	-126
Transport/Highways	161	Reduced number of surface water drainage schemes	-14
Transport/Highways	88	Reduced levels of service for inspections and minor repairs of highway structures	-13
Transport/Highways	323	Reduced levels of service for non-routine maintenance of street lights & signs	-38
Transport/Highways	342	Delete Highway Development Team Leader post	-52
Transport/Highways	129	Reduced levels of service - minor street lighting improvements	-10
Street Scene and Green Space	0	Caddy Bags no longer funded	-295
Street Scene and Green Space	20	Withdraw additional recycling collection during Xmas fortnight	-20
Street Scene and Green Space	42	Reduce grant to Chislehurst Conservators	-6
Street Scene and Green Space	647	Stop Parks Strategy, close park toilets, reduce sports grants, reduce allotment rents, stop events and campaigns, reduce support to Park Friends	-43
Transport/Highways	606	Change lamp column replacement policy from schemes two one for one	-117
			<b>-1,476</b>
<b>Renewal &amp; Recreation</b>			
Property	369	Reduce budget. Make provision in future planned maintenance programmes for replacement of elements with non maintenance/non decoration items. E.G. PVCu windows, etc.	-79
Property	208	Reduce budget. Many of the DDA works have been carried out. Further works should be incorporated into planned refurbishments/alteration where possible.	-100
Property	836	Reduce budget. Surveys and risk assessment on all properties have been completed. Asbestos is removed where necessary and a full management programme is in place. The decay curve has meant that reduced spending will occur in this activity.	-100
Property	211	Reduce budget. Works and Control measures put in place to reduce cyclical activity e.g. replacement of A/C water chiller units with gas chillers negating the need for water treatment.	-100
Property	66	Reduction in MG5 post in Maintenance	-66
Property	66	Reduction of MG5 post- CYP Strategic Property Manager associated with reduction in capital programmes and transfer of schools to academy status	0
Recreation	705	Delete Bromley Mytime Management Fee	-583
Recreation	705	Amendment to savings relating to deletion of management fee payable to Bromley Mytime as agreed by Executive	278
Recreation	32	Revised proposal to withdraw Bromley Arts Council funding over 3 years as agreed with R & R PH	-14
Renewal	101	Council as agreed with the R & R PH	-21
Recreation	39	Remove subsidy to Norman Park Track	0
Recreation	5,211	Tender caretaking/security services at libraries	-50
Recreation	180	Amalgamate Penge and Anerley Libraries	-90
Recreation	180	Amalgamate Penge and Anerley Libraries (delay in savings as no suitable building has been identified to date)	90
Recreation	5,161	Reconfiguration of Library Service relating to savings brought forward relating to shared back office with LB Bexley as agreed by Executive	-370
Planning	316	Transfer of planning inquiry counter to CSC. Reduction of 1 post (£22k)	-22
Planning	931	The Core strategy is a key part of the LDF. Because of the age profile, it is likely that there will be scope for budget savings. This will be further informed by ongoing work in respect of development control and planning administration.	-132
Planning	316	Potential additional savings from planning administration	0
BAEC	149	Reduce general budgets e.g. advertising, travelling etc	-3
Planning	845	Deletion of 2 career graded posts within development control	0
			<b>-1,362</b>
	<b>TOTAL</b>		<b>-8,455</b>

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MANAGEMENT OF RISKS

Ref.	Risks	Commentary and risk mitigation
	Treatment of inflation	General allowance of 4.5% built into forecast for 2012/13 and future years. Cash limiting of non contractual running expenses assumed in 2012/13. Actual increases in inflation exceeding budget assumptions would result in further costs.
2	Partners	The reduction in Government funding will also have a negative financial impact on the Council's health, voluntary sector and other partners. This position will be closely monitored.
3	Containing Growth Pressures within Portfolio Budgets	The real changes included within this report relate to key growth pressures impacting on Portfolios. This excludes many costs pressures contained within departmental budgets which provides increasing difficulties in maintaining key service provision.
4	General reserves	General reserves risk reducing in longer term for supporting capital programme which would also result in reduced investment income for the Council.
5	Formula Grant/Localisation of Business Rates	The Council remains at the grant floor with floor damping of £9.6m in 2011/12 reducing to £6.3m in 2012/13. No future allowance for statutory growth, demographic changes and future capital financing costs are reflected in the future grant levels. Funding will deteriorate beyond 2012/13 but not clear level of further reductions at this stage. The final position will depend on the outcome of the localisation of business rates. Formula Grant is likely to be included in "baseline" for determining net income received by the Council.
8	Limiting council tax increases	Council Tax (Band D equivalent) remains one of lowest in outer London. Secretary of State's assessment of excessive Council tax increases may continue for 2012/13 (capping) limiting flexibility to fund pressures on key services through Council tax increases. Any deemed "excessive" increase, as determined by the Secretary of State will require a referendum in future years to determine if proposed increase is acceptable to residents. Significant costs from rebilling Council tax may be incurred.
9	Savings	Significant savings were identified for 2011/12 with further savings of £11m in 2012/13. There are risks of not achieving potential savings. It is important to mitigate risk by close monitoring and more active management of implementing savings. Also consideration of outcome of consultation could impact on savings achieved.
11	Fuel costs increases	Additional provision of £600k in 2011/12 (included in 2011/12 Central Contingency Sum) rising by £300k per annum but may be additional pressures, increasing costs further.
12	Future schemes in capital programme	Any additional schemes could have an impact on the revenue budget as well as potentially reducing revenue reserves.
13	Pension Fund Deficit	Outcome of recent actuarial valuation was reflected in 2011/12 Budget. Next valuation will be implemented from 2014/15 which could result in further cost pressures.
15	Departmental Risk Analysis	A detailed departmental risk analysis was reported to Executive in February 2011 as part of the 2011/12 Council Tax report.
16	Strength of financial information and reporting	Previous score of 4 for Use of Resources gave assurances of strong financial information and reporting arrangements. Latest Use of Resources assessment would have resulted in ongoing assessment score of 4 (but now ceased).

<b>Ref.</b>	<b>Risks</b>	<b>Commentary and risk mitigation</b>
17	Impact of previous years overspends /under spends	In most cases, the 2011/12 Budget takes into account projected savings/under spends from previous financial year. Further details of cost pressures which may impact in 2012/13 are included in the 2011/12 Financial Monitoring report elsewhere on this agenda.
18	Robustness of medium term plans	The 4 year budget strategy include prudent estimates of spending pressures but uncertainty remains in any longer term financial projections
19	Financial risks of new partnerships and outsourcing	Always a risk of cost pressures through re-tendering to “catch up” with historical higher than general inflation increases in staff costs, and various new statutory obligations. Recent re-tendering has, in general, resulted in cost savings.
20	Flexibility to divert resources	May be opportunity to review utilisation of resources (although may be limited scope) relating to new core grants e.g. NHS funding to support social care.
21	Partnerships/pooling of budgets	The forecast assumes the existing four year plans continue. Pooled budgets include, for example, adults with learning difficulties and joint OT stores. There remains a risk of withdrawal of funding from partners, which could impact on Council’s financial position, particularly where the Council’s services are dependent on part funding from partners (see also 2. above).
22	Collection of Income	The Council collects significant amounts of income. Any variation on current collections levels can have a significant impact on the budget. The state of the national economy impacting on the local economy is likely to continue to have a negative impact on income levels. Close monitoring of overall income levels required to ensure, where needed, early corrective action is required and new improved methods of collection are implemented.
23	Financial Projections over 4 years	<p>The projections are subject to change and should be treated with caution as they reflect estimates of costs for the next four years. Costs tend to move upwards closer to finalising budgets for the following reasons:</p> <ul style="list-style-type: none"> <li>(a) Impact of new Government legislation not known at early stages;</li> <li>(b) Various items remaining uncertain/not quantified which can be quantified once final details are known;</li> <li>(c) Impact of potential further real reductions in government funding given current level of national public debt.</li> </ul> <p>Current Government changes which could have an impact on the Council’s finances are shown in Appendix 2. These changes as well as future changes will need to be regularly monitored and assessed to consider the financial impact on the Council.</p>

## Appendix 7

### Key Documents to consider with Council's Financial Strategy

Document	Examples of information relevant to Council's financial strategy
The Prudential Indicators 2011/12	Reported in the "Capital Review 2010" report to Executive which considers the "affordability" of the capital programme in line with financial strategy.
Local Government Finance Settlement 2011/12	Reported to January 2011 meeting of Executive and represents a two year financial settlement. The report highlighted the ongoing reduction in funding in future years.
Statement of Accounts 2010/11	<p>Pre audit statement of accounts available on One Bromley and examples of information relevant to financial strategy includes:</p> <ul style="list-style-type: none"> <li>(a) Pension Fund solvency level at 84% and the 2010 actuarial valuation set the level of employers contributions required to achieve 100% solvency within 12 years. 2011/12 Budget includes impact of the 2010 actuarial valuation;</li> <li>(b) Details of financial contributions of partnerships which includes, for example, learning disabilities and integrated community equipment with shared gross expenditure of £10.8 million. The Council's contribution to the pooled budget for mental health functions was £1.4m in 2010/11;</li> <li>(c) Details of earmarked reserves of £12.7m as at 31/3/11.</li> </ul>
London Borough of Bromley Financial Profile	Gives some historical context and additional background information on formulating the Council's financial strategy. Available in "One Bromley".
Building Maintenance Budgets 2011/12	Reported to Executive in March 2011 with details of planned programme.
Council Tax Report 2011/12	As part of the requirement of the Local Government Act 2003, the Director of Resources set out his view that the Council's process for setting the 2011/12 Budget has been robust and also provides his views on the level and use of reserves. Details of projected level of earmarked reserves are included in the report as well as details of levies (including GLA precept), central contingency sum, council tax base and collection fund.
Financial Regulations	Key document included seeking assurances about competitive tendering of contracts etc. Revisions reported to Council in May 2011.

<b>Document</b>	<b>Examples of information relevant to Council's financial strategy</b>
Risk Management Strategy	Identifies key risks and action to mitigate these risks. Details were reported previously to Executive.
Procurement Strategy	Details were reported previously to Executive and identify a procurement strategy which helps secure value for money for the Council in procurement decisions.
Corporate Asset Management Plan 2007-2012	Reported to Resources Portfolio Holder and includes details of asset disposals and targets for future years.
London Borough of Bromley Capital Strategy	Details the approach to the capital programme and is available in "One Bromley".
Annual Audit and Inspection	Bromley previously achieved a score of 4 (out of 4 – performing strongly) in its annual use of resources assessment (organisational assessment).
Housing and council tax benefit and revenue & exchequer services half yearly monitoring reports to Resources Portfolio Holder	Reports highlight targets and action being taken. The service performance has a direct financial impact on the Council and the strategy adopted is included within these reports.
Treasury Management Strategy 2011/12	Reported to Resources Portfolio Holder and identifies the strategy for managing the significant funds held by the Council.



# Agenda Item 7

Report No.  
ACS11043

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** Executive

**Date:** 7<sup>th</sup> September 2011

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

**Title:** **GATEWAY REVIEW - PROCUREMENT STRATEGY FOR LEARNING DISABILITY SUPPORT SERVICES**

**Contact Officer:** Andrew Royle, Interim Strategic Commissioner, Learning Disabilities  
Tel: 020 8461 7601 E-mail: andrew.royle@bromley.gov.uk

**Chief Officer:** Terry Rich, Director of Adult and Community Services

**Ward:** All

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1. Reason for report

In accordance with requirements for Gateway reviews, this report seeks approval from the Executive for the recommended procurement strategy for new framework contracts for care and support services for people with learning disabilities.

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2. **RECOMMENDATION(S)**

The Executive is asked to:

Agree to conduct an open tender for a framework for supported living services, live in care and domiciliary care to be let for 5 years from May 2012 with an option to extend for up to 2 years, the option to be exercised by the Director of Adult and Community Services in consultation with the Adult and Community Portfolio Holder.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
- 

### Financial

1. Cost of proposal: Estimated cost Approximately
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: 819 110 3614; 819 111 3614 and 819 110 3618
  4. Total current budget for this head: £896,480 and £9,040,360
  5. Source of funding: ACS Domiciliary Care Budgets (Learning Disabilities) and Supported Living Budget (Learning Disabilities)
- 

### Staff

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

### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 146 clients currently
- 

### Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The Council currently procures community based care and support services to support its intention to reduce reliance on residential care for people with a learning disability. These services comprise live in care, domiciliary care and on site support to people living in designated learning disability schemes.
- 3.2 The Council commissions a number of supported living schemes in partnership with Registered Social Landlords in order to provide high quality, specially adapted accommodation across the Borough. The clients living within these schemes do so under their own tenancy agreements supported by on site care providers who deliver both core activities (e.g. day and night staff cover) alongside 1:1 personal support.
- 3.3 There are currently 18 designated supported living schemes in which 100 clients live as tenants with 10 external providers delivering these services. In addition there are a number of in house supported living schemes.
- 3.4 Currently the Council procures these services through individual tender exercises which are lengthy, time consuming and costly activities for all parties involved. A further 4 supported living schemes are due to open between 2012 and 2014 which will require care and support contracts.
- 3.5 Live in care is currently purchased from one provider on a spot contract basis as required. Domiciliary care is delivered by 17 providers to 62 people living in their own homes within the community with the services purchased on a spot contract basis.

#### **Procurement Framework**

- 3.6 Use of the joint borough framework for supported living services for other client groups has delivered savings through the application of a more consistent commissioning and procurement approach both in respect of provider costs and the cost of tendering. For example the recent tender of three services through the supporting people framework realised savings of £245k per annum against an original spend of £730k.
- 3.7 it is therefore proposed that a framework agreement be set up for services for people with learning disabilities which would cover supported living schemes, domiciliary care and live in care. The establishment of a framework will ensure consistent and uniform quality controls and service specifications alongside the delivery of competitive market rates.
- 3.8 It will also allow for a more streamlined approach to the tendering for each individual scheme as well as allowing the Council to be responsive to the short notice notification of new properties, for example through the Empty Properties Scheme.
- 3.9 Tendering for the framework would commence in October 2011 with a contract start date in May 2012 and would create a 5 year agreement. Providers would be asked to submit price and quality responses (weighted 60% price and 40% quality) with the top 6 (maximum) being approved for live in care, the top 20 (maximum) for domiciliary care and the top 6 (maximum) for supported living.
- 3.10 New work would be called off the framework following a mini-competition and awarded to the most cost effective provider. Providers are able to reduce their prices at any time during the lifetime of the framework and the Council is not bound to use the framework if for any reason it would be more appropriate to procure services in another way.

- 3.11 If existing supported living service providers are not successful in being awarded a place on the framework, it is not proposed at this stage to transfer services to an approved provider until the end of current contracts. For domiciliary and live in care services existing care packages would be transferred to approved providers if the tender process has identified issues of quality or significant cost discrepancy. Any financial implications of this will form part of the evaluation process.
- 3.12 The framework will be tendered using the Due North electronic tendering system. The Due North system allows companies to submit expressions of interest and tenders online giving the Council greater visibility of market interest, reducing the administrative burden of the tendering process for all parties and gives the Council access to a potentially wider market of suppliers through on line advertising thereby increasing the potential for value for money from the procurement process.
- 3.13 As part of the procurement process, officers will be seeking efficiencies in the delivery of services whilst maintaining quality and reliability. The results of the tender will be reported to the Executive to agree the final award of contracts.
- 3.14 The framework would also provide an opportunity to test the costs of the in house supported living services against market provision should the Council wish to do so.

### **Market Considerations**

- 3.15 As this will be a new model for the commissioning and procurement of these services consultation with the provider market will be conducted prior to the start of the tendering process.
- 3.16 It anticipated that a number of local voluntary and community sector organisations will tender for these services so additional time has been built into the tendering timeline to ensure that they are not disadvantaged during the preparation of their tender in line with the principles of the 'Bromley Compact'.
- 3.17 The framework itself will be advertised so that other Local Authorities may access it if and when required. This in itself may generate further efficiencies through the lifetime of the framework and through the utilisation of the Due North e-tendering system opens up the possibility of shared service activity on behalf of other Local Authorities.
- 3.18 Commissioners in Children and Young Peoples' services will be offered the opportunity to use the framework for services for young people with learning disabilities.

## **4. POLICY IMPLICATIONS**

- 4.1 The local and national strategic direction for social care is to support more people in their own homes rather than in residential care. This approach, together with increasing number of young people coming through from Children services with an increasing level of need and a higher level of aspiration for living in their own homes indicates that the demand for the services delivered under this framework will increase over the next few years.
- 4.2 The implementation of this framework is in line with the 'Valuing People Now' national strategy and the National Autism Strategy in that it will support more people with learning disabilities to be able to commission their own services to live independently and have choice about the way they live their lives.

- 4.3 The proposed framework is also in line with the recent White Paper - ‘Open Public Services’ in that it will actively support the implementation of Direct Payments allowing individuals to choose services in the way that suits their lives best whilst being assured that the providers are reliable.
- 4.4 Support services to people with a learning disability are monitored through a robust quality assurance programme. The majority of service users are satisfied with the service they receive and there are no significant quality concerns. Where concerns have been identified the contracts monitoring team has taken effective action to address them.

## 5. FINANCIAL IMPLICATIONS

- 5.1 Current budgets for these services are as follows:

Domiciliary care (inc live in care)	£ 896,480
Supported living	£9,040,360

As the focus of learning disability services has increasingly been on providing the most appropriate type of support in the community, budget allocations no longer accurately reflect the actual spend on services. Budgets for residential care, domiciliary care and supported living will be realigned to more closely reflect the spending position.

- 5.2 The majority of costs associated with the services to be delivered through this framework are contained within direct staff costs and pay. The framework arrangement will ensure that provider on costs are priced reasonably within a market context and that economies of scale efficiencies through more efficient commissioning and procurement are achieved.

## 6. LEGAL IMPLICATIONS

- 6.1 As the services to be provided fall within Part B of Schedule 3 to the Public Contract Regulations 2006 the usual restriction of 4 years on the length of a framework agreement need not apply. The use of a mini competition where awarding specific contracts will be in accordance with the Council’s financial regulations and contract procurement rules. Dependent upon the estimated value of the award it will be appropriate for the award to either be approved by the Director of Adult and Community Services, the Adult and Community Portfolio Holder or the Executive, as appropriate.
- 6.2 It is possible that in some cases it will be necessary to consider the implications of TUPE if any services are transferred to new provider(s). These will be dealt with as part of the establishment of the framework agreement and in any mini competition exercise.

<b>Non-Applicable Sections:</b>	Personnel implications
Background Documents: (Access via Contact Officer)	[Title of document and date]

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Report No.  
ACS11042

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** 7<sup>th</sup> September 2011

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

**Title:** NHS FUNDS FOR SOCIAL CARE 2011/12 AND 2012/13:  
INVESTMENT PLAN FOR SERVICES FOR PEOPLE WITH  
DEMENTIA

**Contact Officer:** Rebecca Jarvis, Joint Strategic Commissioning Manager  
Tel: 020 8313 4198 E-mail: rebecca.jarvis@bromley.gov.uk

**Chief Officer:** Terry Rich

**Ward:** Borough-wide

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1. Reason for report

This report concerns the funding allocation to the PCT identified in the NHS Operating Framework for 2011/12 and 2012/13 for social care services which also support the NHS. The report sets out the investment plan and accompanying business cases for how the funds will be used to alleviate future budget pressures in Older People's services.

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2. **RECOMMENDATION(S)**

**For the Executive to:**

- a) Agree the focus of the investment plan as identified in para 3.13.
- b) Agree to the drawing down of NHS funds for Social Care from the Council's central contingency of £250,280 in 2011/12 and £184,280 in 2012/13.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
- 

### Financial

1. Cost of proposal: Estimated cost £250,280 in 2011/12 and £184,280 in 2012/13
  2. Ongoing costs: Non-recurring cost.
  3. Budget head/performance centre: NHS Funds for Social Care
  4. Total current budget for this head: £3.176 million in 2011/12 and £3.042 million in 2012/13
  5. Source of funding: Funds transferred from NHS
- 

### Staff

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

### Legal

1. Legal Requirement: Statutory requirement. Under S21 of the National Assistance Act 1948 the local authority has a duty to provide accommodation for people with disabilities who because of this need care and attention not otherwise available to them. Under S29 the local authority to make arrangements to promote the welfare of people suffering from mental disorders of any description. Similarly under the NHS and Community Care Act 1990 the local authority has to assess individuals' care needs and provide for these if they meet the Council's eligibility criteria.
  2. Call-in: Call-in is applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are over 4000 people living in Bromley with dementia. Approximately 45% of these people are estimated to have moderate/severe needs (1,800). The prevalence of dementia in Bromley is expected to increase by 21% from 2005-2021 which equates to an additional 300 people over the next four years.
- 

### Ward Councillor Views

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



### 3. COMMENTARY

- 3.1 The NHS Operating Framework for 2011/12 identifies allocations of funds from the Department of Health for social care services which also support the NHS. This funding has been transferred to the Local Authority and amounts to £3.176 million in 2011/12 and £3.042 million in 2012/13. The NHS Operating Framework for 2011/12 sets out how this allocation of funding should be managed.
- 3.2 At the Executive on 14<sup>th</sup> February 2011 it was agreed to fund projected cost pressures in the next two years due to demographic changes in Older People's, Physical Disabilities and Sensory Impairment and Children's Social Care services. This short-term targeted use of the funds (£1 million for each year) will help to manage in-year demand pressures whilst longer-term sustainable alternatives are developed.
- 3.3 The Shadow Health and Well-being Board endorsed a number of priority areas for investment using the remaining funds (£2.176m in 2011/12 and £2.042m in 2012/13). The investment plans for these priority areas adhere to the following principles, agreed at the Health and Wellbeing Board:
- Investments will be short-term (e.g. pump-priming) to reconfigure services to mitigate against future growth pressures
  - Investments will be approved on the basis of robust business cases which can demonstrate benefits to both health and social care
  - All investments proposals will demonstrate an exit strategy to ensure non-dependency on this funding in the longer term
- 3.4 Oversight of the use of these funds and the outcomes sought and delivered will be the subject of six monthly reports to the Health and Wellbeing Board which will be asked to endorse or amend objectives and aims for the following period.
- 3.5 This paper outlines the investment plans for phase one of the dementia programme. Further investment plans for Physical Disabilities and Learning Disabilities will be submitted to the Executive in October 2011. The investment plan for phase two of the dementia programme will be submitted to the Executive later in the year.

#### **Dementia in Bromley**

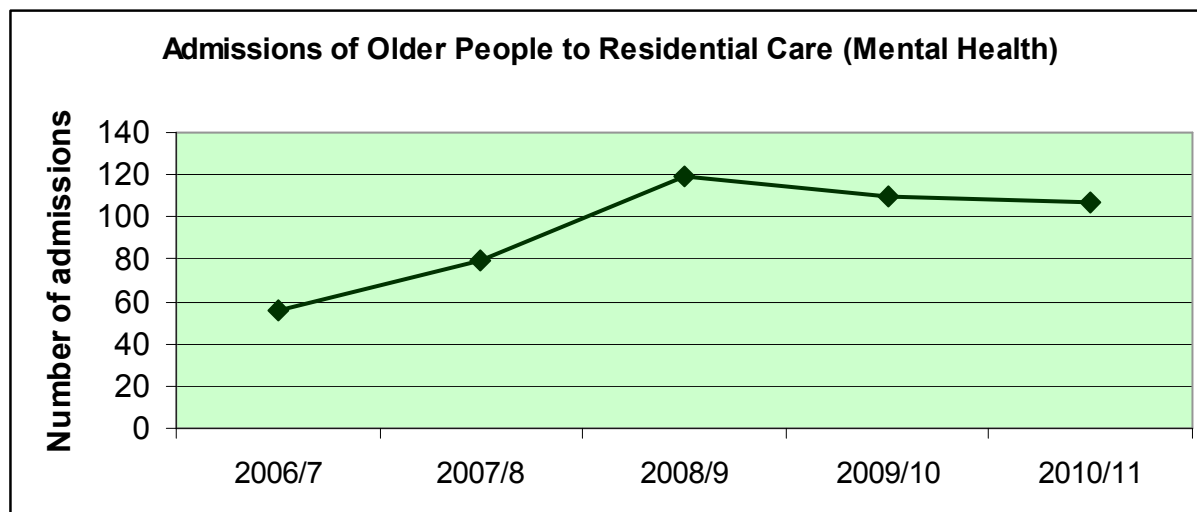
- 3.6 There are currently over 4000 people living in Bromley with dementia. Approximately 45% of these people are estimated to have moderate/severe needs. According to NICE guidelines, dementia is associated with complex needs and, especially in the later stages, high levels of dependency and morbidity. The associated social care needs often challenge the skills and capacity of carers and services. As the condition progresses, people with dementia can present carers and health and social care staff with complex problems including aggressive behaviour, restlessness and wandering, eating problems, incontinence, delusions and hallucinations, and mobility difficulties that can lead to falls and fractures.
- 3.7 As the population is ageing, the prevalence of dementia in Bromley is expected to increase by 21% from 2005-2021 which is higher than most of the other Boroughs in London.<sup>1</sup> This equates to at least an additional 300 people with dementia in Bromley over the next 4 years.
- 3.8 The pressures are already being seen in existing services. Referrals to the Oxleas Memory Service have been steadily increasing and the pressure on social care is mainly in residential

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<sup>1</sup> Healthcare for London Dementia Services Guide (2009)

and nursing care. Whereas the overall number of older people being placed in care homes is reducing, this trend is not seen for people with dementia, and admissions to specialist dementia residential care have doubled since 2006/7 (see fig 1).

Figure 1



- 3.9 The strategic approach in Adult and Community Services is to develop Extra Care Housing as a more cost effective alternative to residential care. Crown Meadow Court opened in April 2011 and two new schemes will be opening in 2012.
- 3.10 The gross budget for Older People's services is £35.3 million in 2011/12, of which £23.2 million is for residential and nursing care. The residential and nursing care budget will be reduced by £351,000 in 2012/13 and £793,000 in 2013/14 as it is assumed that new demand will be met by lower cost Extra Care Housing rather than residential care.
- 3.11 Laing and Buisson estimate that 25 per cent of over 85s will need a care home. If 25 per cent of the additional 300 people with dementia in Bromley over the next four years require residential care, this will result in a £1.9m pressure on the residential and nursing care budget per year from 2015 (75 people @ £510 per week).
- 3.12 The challenge for Adult and Community Services is to ensure that with a reduced budget, there is enough capacity in Extra Care Housing to meet the increasing demand for care as the population ages, but also to ensure that the Extra Care Housing schemes are equipped to meet the needs of people with dementia as this is the likely profile of a significant proportion of the people requiring Extra Care Housing in the future.
- 3.13 The various models of support on offer can be considered part of a hierarchy of care (see Table 1), with more costly forms of support at one end of the spectrum in institutional settings, and lower cost forms of support closer to home in community settings at the other end of the spectrum. The proposed focus of the investment plan for dementia is on ensuring that people are supported by the most cost-effective model of care, thus avoiding escalation to a more costly form of support.

Table 1: Hierarchy of care

	Level of support	Average cost of care per week
	Own home either alone or with family carers. Receives a care package which can include domiciliary care, day care, support to carers etc.	£202*
	Extra Care Housing with 10 hours of support per week.	£220
	Specialist dementia residential care (NB in exceptional cases only)	£510
	Specialist dementia nursing care (NB includes £105 contribution from the NHS)	£696**

\* Based on the current average cost of a domiciliary care package (£166) plus average attendance at an enhanced dementia day service place (1.65 days per week @ £22 per day). Excludes support to carers.

\*\* Based on current average weekly cost of nursing home placements.

3.14 Four initiatives are being proposed. These are:

3.15 1) Pilot new models of support in people's homes to avoid or delay the need for high cost models such as Extra Care Housing, residential or nursing care. Two approaches are to be piloted:

3.16 1a) Community Service Volunteers (CSV) Dementia Project.

Community Service Volunteers is a national organisation, providing volunteering opportunities to over 150,000 volunteers a year. CSV full-time volunteers are a flexible and dynamic resource. They volunteer for up to 35 hours a week for between 4 and 12 months each. They can be carers, mentors, role models, companions and friends. CSV mainly recruit volunteers to work in social care settings, education, youth offending and with people who are homeless. They can add value to and complement the services offered by professionals and offer extra care and support to individual service users. CSV volunteers can be any age and come from all walks of life, but quite often they are students, or on a gap year, sometimes from overseas, looking to pursue a career in health or social care. The 'host' organisation is required to provide accommodation for the volunteer for the duration of the placement. The administration fee paid to CSV covers a basic living allowance, in addition to volunteer recruitment and selection.

3.17 It is proposed to recruit two CSV volunteers to 'live-in' with two people with dementia where there are concerns about their safety in remaining at home, especially at night, and where the family/ care management teams are starting to consider alternatives such as Extra Care Housing. The CSV volunteers would not deliver personal care (if this is required, this would be purchased from domiciliary care agencies), but may reduce the total number of domiciliary care visits by prompting medication, providing support during mealtimes etc. It is anticipated that each volunteer would provide approximately 7 hours of support to their 'host' per week, plus the security of being there overnight.

3.18 With the remaining hours it is proposed that the CSV volunteers provide sitting services to other people with dementia who live with family carers, in order to give the carer a break during the day. The volunteers would also work together to provide alternatives to day services for up to 8 people during the week.

3.19 1b) Care2Stay Homeshare pilot

Homeshare provides housing in exchange for help in the home. A householder offers free or low-cost accommodation in exchange for up to 10 hours of support per week. The home-sharer (i.e. person moving in to the property) is unlikely to have any specific interest or training in health or social care, but will be willing to exchange a few hours a week helping someone at home in exchange for rent free lodging.

- 3.20 It is also proposed to work with the organisation Care2Stay to pilot homeshare opportunities for a similar cohort of people with dementia as identified above (four people). As with CSV volunteers, it is not appropriate for homeshares to provide personal care, but they can provide the reassurance needed by some people to give them the confidence to remain in their own home for longer, thus delaying or avoiding the need for Extra Care Housing or residential care. There may also be potential to reduce the number of domiciliary care visits required, as above. The Care2Stay pilot is being offered to Bromley free of charge.
- 3.21 The budget implications are set out in section 5. It is anticipated that savings can be made in the cost of community support packages. The potential for savings from the pilot are relatively small (approx £2,000 per person per year), but if the pilot is successful and can be rolled out to a larger number of people, the potential for financial savings are much greater. For example, 50 people benefitting from the schemes would deliver a saving of £100,000 per annum.
- 3.22 2) Enhancing the capacity and capability of Extra Care Housing staff to support people with more advanced forms of dementia.
- 3.23 Ensuring that staff in Extra Care Housing have the skills and capabilities to support increasing numbers of people with dementia with more advanced forms of the disease is crucial in avoiding unnecessary hospital admissions and escalation to higher cost residential or nursing care.
- 3.24 During 2010, Bromley Mind worked in partnership with in-house Extra Care Housing teams to provide training and on-going consultancy support and coaching in working with people with dementia. Feedback from staff has been positive, with 87% of participants reporting that they felt more confident about their ability to work with people with dementia.
- 3.25 Although placements to Dementia residential care have levelled off in 2010/11 (see fig 1), the numbers of people with dementia are increasing and further work needs to be done to ensure there are viable alternatives available. Two in-house Extra Care Housing schemes have been decommissioned in the past year, Crown Meadow Court opened in April 2011 and two further new schemes are scheduled to open in 2012. It is essential to ensure that these staff groups have the skill and competencies to support people with dementia right from the start. In addition, anecdotal evidence indicates that Extra Care Housing staff lack confidence in using the full range of Assistive Technology and that the benefits of Assistive Technology are not being fully realised.
- 3.26 Therefore it is proposed to continue to invest in specialist dementia support to these staff groups over the next two years. The focus of the project will be on working with staff:
- To identify effective and targeted interventions for individuals which ultimately result in lower-intensity care packages
  - In supporting staff in developing robust care plans with appropriate levels of care
  - To identify opportunities for using Assistive Technology to reduce the number of support hours needed.
- 3.27 Negotiations will take place with specialist dementia voluntary organisations to deliver this project.

- 3.28 The budget implications are set out in section 5. It is anticipated that savings can be made by delaying or avoiding the need for nursing care, and by reducing the weekly cost of the care package in Extra Care Housing.
- 3.29 3) Enhancing the capacity and coordination of community-based services to support people with more advanced forms of dementia in their own homes.
- 3.30 As more people with dementia are supported in their own homes (including Extra Care Housing), community services such as district nursing, re-ablement, mental health, carer services and intermediate care are likely to need enhanced capacity in terms of staff competencies and potentially additional capacity to work with larger caseloads. The current configuration of community services for people with dementia have been developed in recent years by different statutory organisations in parallel, and therefore it is possible that there may be duplication, overlap and gaps in provision.
- 3.31 It is proposed to commission some further scoping to test out what kind of community support is most effective in supporting people to remain in their own homes, thus preventing or delaying the need for residential care and avoiding admissions to secondary care.
- 3.32 The project will initially take the form of a 'virtual' multi-disciplinary team, led by a senior care manager. The care manager will case-find people who are living in the community who are at risk of requiring more costly models of care. The team will meet regularly to review cases to identify the most appropriate pathway for each person, and any potential barriers to accessing those pathways. The team will consist (as a minimum) of representatives from Bromley Healthcare (District Nursing), Oxleas Community Mental Health Teams, LBB Re-ablement, Occupational Therapy and voluntary organisations such as Carers Bromley and/or Bromley Mind.
- 3.33 At the end of the pilot phase (maximum 6 months), the team will report on:
- Most appropriate care pathways for the cohort of cases identified
  - Pressure points in those pathways where additional capacity is required
  - What kind of additional capacity is needed (e.g. competency development or more staff)
  - What potential benefits could be realised through the commissioning of a joint intervention team for dementia.
- 3.34 This will help inform the business cases for commissioning intentions for the future, and it is likely that further funding will be required from the NHS funds for Social Care to implement these initiatives later in the year.
- 3.35 4) Enhancing the capacity and capability of residential care staff to support people with more advanced forms of dementia.
- 3.36 Oxleas are currently funded by the PCT to deliver a project in four targeted residential and nursing care homes with the aims of:
- reducing admissions to the acute dementia inpatient unit
  - supporting the discharge of patients from acute care back to their residential care home, thus reducing the length of stay in hospital and avoiding the need for the patients to be moved to nursing care.
  - Supporting the reduction of the usage of antipsychotic medications in the care homes.
- 3.37 The four care homes have been targeted as they were making higher number of referrals to specialist mental health services regarding 'challenging behaviour'. The first set of workshops has now been delivered in one care home, and preliminary evaluation of the project is underway.

- 3.38 It is proposed to commission an expansion of the project in 2011/12 and 2012/13 to an additional 4 care homes per year, focussing particularly on the training and interventions required in residential care homes (rather than nursing) which have been demonstrated to be effective in enabling people to remain in residential care settings, avoiding or delaying the need for more costly nursing care. Additional benefits may include reducing admissions to acute and secondary mental health services and reducing hospital length of stay.
- 3.39 The budget implications are set out in section 5. It is anticipated that savings can be made by delaying or avoiding the need for nursing care and by reducing the number of bed days in acute settings.

#### One-off costs

- 3.40 It is proposed to fund a Senior Care Manager to provide project support and coordination. This will include:
- Case-finding service-users to take part in the CSV and Homeshare pilots
  - Reducing and adjusting care packages as alternative forms of support are identified
  - Providing professional support to volunteers
  - Leading and coordinating the virtual multidisciplinary community team as described in 3.32
- 3.41 It is anticipated that these functions will be embedded in mainstream care management practice in future years.
- 3.42 Delivery of the investment plan will require strong project management and evaluation. Therefore it is proposed to include funding for project management, evaluation and benefits realisation.
- 3.43 The project management, evaluation and Senior Care Manager posts will either be offered as a secondment opportunity or a fixed term contract.

#### Timescales

- 3.44 All initiatives in phase one will start from 1<sup>st</sup> October 2011 and will last for up to two years. Funding can be carried forward from one financial year to the next to ensure that the initiatives can be completed.
- 3.45 Phase two of the investment plan for dementia will be submitted to the Executive later in the year for phase two. This will include firmed up business cases for proposals 1 (New models of support in people's homes) and 3 (Enhancing capacity and coordination of community based services) following the evaluation of the pilots in phase one. It will also include proposals for short term investment to develop dementia day services, respite services and other preventative services following reviews which are currently underway.

## **4. POLICY IMPLICATIONS**

- 4.1 This proposal contributes to the Building a Better Bromley objective of Supporting Independence.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The financial implications of the proposals outlined in the paragraphs above are summarised in the table below:

	Yr1 *	Yr2 (FYE)
<b><u>Proposal 1:</u></b>		
Costs	29,280	29,280
Savings	10,390	47,174
Net cost/ -savings	18,890	-17,894
<b><u>Proposal 2:</u></b>		
Costs	30,000	30,000
Savings	80,171	320,684 **
Net cost/ -savings	-50,171	-290,684
<b><u>Proposal 3:</u></b>		
Costs	10,000	tba
Savings		tba
Net cost/ -savings	10,000	tba
<b><u>Proposal 4:</u></b>		
Costs	50,000	50,000
Savings	36,827	147,306 ***
Net cost/ -savings	13,174	-97,306
<b><u>One-off costs</u></b>		
<b>Senior Care Manager</b>	56,000	0
<b>Project Management and Evaluation</b>	75,000	75,000
<b>TOTAL Cost</b>	<b>250,280</b>	<b>184,280</b>
<b>TOTAL Saving</b>	<b>127,387</b>	<b>515,164</b>
<b>TOTAL Net cost/ -savings</b>	<b>122,893</b>	<b>-330,884</b>

\* Assumes 25 per cent of full year effect savings achieved in year 1 due to lead in time.

\*\* Includes £38,220 savings in PCT budgets

\*\*\* Includes £72,930 savings in PCT budgets

\*\*\*\* The costs of the Senior Care Manager are split between the 4 project proposals as follows : Proposal 1- 40%, Proposal 2- 10%, Proposal 3- 40%, Proposal 4- 10%. The costs of Project Management and Support are split as follows : Proposal 1- 25%, Proposal 2- 25%, Proposal 3- 25%, Proposal 4- 25%. Should any of the proposals not go ahead, there would be a consequential reduction in staff costs.

- 5.2 The four proposals above require an investment of £250,280 in 2011/12 and £184,280 in 2012/13. This will result a net saving of £219,734 to the Council and £111,150 to the PCT in 2012/13.
- 5.3 The funding of the above initiatives will be met from the NHS funds for Social Care held in the Council's central contingency in order to deliver ongoing revenue savings.
- 5.4 A full evaluation will be carried out in Year 2 to determine the ongoing net revenue savings that could be realised from these initiatives.

## 6. LEGAL IMPLICATIONS

6.1 The funding transfer from the Primary Care Trust to the Local Authority is the subject of an agreement under Section 256 of the National Health Service Act 2006.

## 7. PERSONNEL IMPLICATIONS

7.1 As indicated in paragraph 3.43 the time limited posts referred to in this report will be offered, in the first instance, to existing staff either as a secondment opportunity or as a fixed term contract. This may provide suitable redeployment opportunities for staff, who may otherwise have been made redundant, following recent reductions to Government and grant funding for local authorities.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	



# Agenda Item 9

Report No.  
ACS11044

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** 7<sup>th</sup> September 2011

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

**Title:** CONTRACTUAL ARRANGEMENTS FOR SERVICES FOR PEOPLE WITH LEARNING DISABILITIES

**Contact Officer:** Carol Fletcher, Procurement Officer  
Tel: 020 8461 7681 E-mail: carol.fletcher@bromley.gov.uk

**Chief Officer:** Terry Rich, Director of Adult and Community Services

**Ward:** Bromley Common and Beckenham Wards

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1. Reason for report

In April 2008 the ACS Portfolio Holder approved the setting up of a framework agreement for the provision of support services to people with a learning disability. The care contract for residents at Kings Hall Road (now transferred to Brosse Way) and The Elms was awarded to Avenues Trust under the framework from 1<sup>st</sup> October 2008. The contract was for a period of 3 years with the option to extend for a further period not exceeding 2 years. This report seeks approval to extend the said care contract with Avenues Trust for 2 years under the terms of the contract, expiring on 30<sup>th</sup> September 2013.

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2. **RECOMMENDATION(S)**

The Executive is requested to agree to extend the care contract with Avenues Trust for services to people with a learning disability at The Elms and Brosse Way for 2 years until 30<sup>th</sup> September 2013 in line with the option in the contract.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
- 

### Financial

1. Cost of proposal: Estimated cost £169,640 per annum for The Elms and £251,680 per annum for Brosse Way
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: 819 201 3618
  4. Total current budget for this head: £4,913,120 for 2011/12 (includes other service users not resident at these two schemes)
  5. Source of funding: The Learning Disabilities and Health Reform Grant of £8.37m transferred to the Council from the Primary Care Trust in 2010/11
- 

### Staff

1. Number of staff (current and additional): N/A - all staff are employed by Avenues Trust
  2. If from existing staff resources, number of staff hours: Approximately 20 hours per annum of Contract Compliance Officer time to monitor the Contract.
- 

### Legal

1. Legal Requirement: Statutory requirement. Services originally provided under Section 75 of the National Health Service Act 2006
  2. Call-in: Call-in is applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 10
- 

### Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 This contract arose from the requirements set out by the Department of Health to enable people with a learning disability who lived within Bromley Primary Care Trust (PCT) residential accommodation to move into their own homes within the community with individualised support packages tailored to meet their needs.
- 3.2 A consortium arrangement was tendered in August 2007 to identify providers to create a framework agreement to supply care support services for the PCT Re-provision Programme. A report was presented to ACS Portfolio Holder in April 2008 (ACS08063) detailing the providers selected for the consortium. The contract to support clients with learning disabilities resident at Kings Hall Road and the Elms was awarded to Avenues Trust, who were members of the consortium panel of approved providers, from 1<sup>st</sup> October 2009. The contract price was based on the assessed need of each individual service user using a mix of core and one to one support hours and included a variation clause to cover any amendments in price resulting from changes in service users and/or their assessed need. The Executive later endorsed the contract period of 3 years with the Council having the option to extend the service for an additional 2 years (ACS09028).
- 3.3 The property at Kings Hall Road was assessed for long term use within the PCT Re-Provision programme but did not meet the needs of the residents. Refurbishment costs were prohibitively expensive and alternative accommodation for residents was sought. As a result the service at Kings Hall Road moved to 15 Brosse Way in July 2010. This was a new build property on the Bromley Common site. A variation to the care contract with Avenues Trust was put in place to cover the change of service from Kings Hall Road to Brosse Way.
- 3.4 Avenues Trust is currently providing the care and support services to a satisfactory standard within both The Elms and Brosse Way. It is proposed to invoke the extension to the contract with Avenues Trust for two years from 1<sup>st</sup> October 2011 to 30<sup>th</sup> September 2013, which will align the end date of this agreement with other supported living contracts awarded under the Re-provision programme.

### **4 POLICY IMPLICATIONS**

The services are consistent with the objective in Building a Better Bromley to support vulnerable people to live independently and in accordance with national policy as set out in Valuing People Now, and to ensure compliance with the requirement by the Department of Health to re-provide services for everyone with a learning disability living in NHS Campus accommodation.

### **5 FINANCIAL IMPLICATIONS**

- 5.1 Funding for Learning Disabilities and Health Reform Grant of £8.37m transferred to the Council from the Bromley Primary Care Trust in April 2011/12. The £8.37m transfer figure was based on 2010/11 prices and no provision was made for inflationary increases.
- 5.2 The £8.37m funding included services at Brosse Way and The Elms totalling £251,680 and £190,640 respectively. The budget for The Elms covered 6 service users but at present there are only 5 service users living there resulting in an under spend of £21,000 at The Elms for 2011/12 .
- 5.3 The budget of £21,000 at The Elms is being used to fund a service user at an alternative placement and therefore the 2011/12 budget for The Elms has now been reduced to £169,640.
- 5.4 Extending the contracts for 2 years has no additional financial implications as cost can be contained within the overall budget available.

## 6 LEGAL IMPLICATIONS

- 6.1 Contract Procedure Rule 23.7.3 states that subject to any requirements of Financial Regulations, statutory restrictions and compliance with any provisions of the EU Procurement Regulations, a Chief Officer may authorise the exercise of a contractual option to extend an existing contract provided the contractor has performed satisfactorily.
- 6.2 Whilst the value of this contract extension would normally fall to be dealt with by the Portfolio Holder, in view of the need to finalise the extension by the end of September and the fact that the matter has previously been considered by the Executive, it was considered appropriate to report the matter to it again. It should be noted that the value for formal reporting to the Executive would normally be in excess of £1M and although it is unlikely the extension would reach this it will nevertheless be around £0.8M.
- 6.3 Officers can confirm in accordance with Contract Procedure Rules that the contractor has met the required contract performance standards.

## 7 PERSONNEL IMPLICATIONS

- 7.1 As staff transferred from the Primary Care Trust to Avenues Trust under TUPE arrangements when the contract was awarded, there are no direct personnel implications for the Council.

<b>Non-Applicable Sections:</b>	N/A
Background Documents: (Access via Contact Officer)	Report to ACS Portfolio Holder April 2008. ACS08063.  Report to Executive 30 <sup>th</sup> March 2011. ACS 09028. Contractual Arrangements for the Re-provision of Bromley Primary Care Trust Residential Services for People with a Learning Disability.

Report No.  
DRR11/086

## London Borough of Bromley

### PART 1 - PUBLIC

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**Decision Maker:** Executive

**Date:** 7 September 2011

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

**Title:** **IMPACT OF THE RECENT DISORDER ON THE BOROUGH'S TOWN CENTRES AND THE COUNCIL'S RESPONSE**

**Contact Officer:** Martin Pinnell, Head of Town Centre Management and Business Support (Acting)  
Tel: 020 8313 4457 E-mail: martin.pinnell@bromley.gov.uk

**Chief Officer:** Marc Hume, Director of Renewal and Recreation

**Ward:** Borough-wide

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#### 1. Reason for report

- 1.1 This report provides an assessment of the impact of the rioting and public disorder which took place in the borough on Monday 8 August and a description of the Council's responses to the disorder. Details of schemes announced by the Government and the Mayor of London designed to assist with the recovery process are also provided.
- 1.2 The report also seeks Executive approval for delegated authority to be provided to the Director of Renewal and Recreation in agreement with the Leader and other members of the Executive to decide on details of the Council's support to assist businesses recover from these events. The report also seeks financial provision to be made to assist businesses within the scope of the outlined recovery schemes.

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#### 2. **RECOMMENDATION(S)**

##### **Executive members are asked to:**

- 2.1 Note the impact of the recent disorder on the borough's town centres and the arrangements put in place by Government and locally to assist with recovery.
- 2.2 Given the need to act urgently, agree delegated authority for the Director of Renewal and Recreation, in agreement with the Leader and the Portfolio Holders for Resources and Renewal and Recreation to decide on the final form of the Council's package of support for local businesses affected by the disorder.
- 2.3 Set aside £142,500 in the Central Contingency to fund these potential costs, which will be funded from the DGLG.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Vibrant Thriving Town Centres.
- 

### Financial

1. Cost of proposal: Estimated cost £142,500 reclaimable from Government scheme
  2. Ongoing costs: Non-recurring cost.
  3. Budget head/performance centre: Central Contingency
  4. Total current budget for this head: £
  5. Source of funding: Joint Communities and Local Government and Business Innovation & Skills funding schemes
- 

### Staff

1. Number of staff (current and additional): 4
  2. If from existing staff resources, number of staff hours:
- 

### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 57 businesses (maximum)
- 

### Ward Councillor Views

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

### 3. COMMENTARY

3.1 Following serious disturbances in Tottenham and other parts of London over the weekend of the 6/7 August, an outbreak of violent disorder was experienced in many places across the UK, including in the borough of Bromley on Monday 8 August. Rioting and looting took place in Bromley, Beckenham, Orpington, and the impact of the disorder was felt to a lesser extent in wards such as Biggin Hill, Penge and Cator, Hayes and Coney Hall, Petts Wood and Knoll and Plaistow and Sundridge.

#### IMPACT OF DISORDER

3.2 For a number of businesses in the affected areas the impact has ranged from low level of damage to frontages, up to serious loss of stock and equipment due to looting. To withstand this kind of loss at what is already a difficult economic climate must be disheartening for business owners and managers, particularly in the case of smaller independent traders. Thankfully there were no instances of properties being damaged or destroyed by fire as a result of the disorder, but the cost to the local business community is likely to run into several tens of thousands of pounds.

3.3 The Council has been provided by the Metropolitan Police a list of 57 businesses across the borough which have been affected by crimes related to the disorder in some way. In some cases this may have not been directly by rioting, but by criminals taking advantage of the concentration of Police resources in the main centres. The table below summarises the number of businesses potentially impacted, shown by ward:

Ward	Number of businesses reporting related crime
Bromley Town	20
Cray Valley East (Nugent / Sevenoaks Way)	9
Orpington	8
Copers Cope	6
Biggin Hill	3
Chislehurst	2
Clock House	2
Penge & Cator	2
Petts Wood & Knoll	2
Plaistow & Sundridge	2
Hayes & Coney Hall	1
<b>TOTAL</b>	<b>57</b>

- 3.4 At time of writing, information on the exact nature and value of the business losses is still being collated through a series of visits to the affected businesses – and the results of this will be reported verbally to the Executive on 7 Sept.
- 3.5 In terms of other impacts there were no instances of residents needing to be re-housed as a result of the disorder, nor are there any reports of significant damage to residential properties.
- 3.6 The Council suffered no damage or loss to property or assets as a result of the disturbances.

### **THE COUNCIL'S RESPONSE**

- 3.7 The Council's immediate response on the evening of 8 Aug and the following day was to clear up any resulting mess from the streets and pavements, which was done quickly and within the Council's usual street cleansing contract. At the behest of the Council, Ward Security supported the police by having 'high visibility' patrols with dogs on Bromley High St over 3 days following the disturbances and liaising with the police regarding any potential threats. In addition precautionary measures were taken to remove any plastic cones, barriers, litter bins and materials in recycling bins which could be used as weapons in any further disorder. Contractors in the higher risk areas were asked to remove skips and loose building materials and secure site fencing. It is understood that most of the activities undertaken by Environmental Services in the aftermath of the disorder were met within the usual contracts.
- 3.8 The Council has also assisted with the Police in terms of apprehending the perpetrators of the violence by providing all necessary recordings from the Council's own CCTV system. The provision of this imagery is proving effective in helping to provide valuable evidence for the Police in their work and we understand that scores of people have already been arrested in connection with the disturbances in the borough.
- 3.9 The final way in which the Council is responding to the disorder is through liaising with the businesses affected, and with the business community more generally. The Town Centre Managers have been taking the lead on this initiative, which is to disseminate a message of reassurance - that the Council is working with the Police and that the borough is still a safe place in which to do business. The aim has also been to provide information on sources of help and advice, to quantify the level of loss and disruption experienced, and to understand the needs of businesses in the recovery period. This process started on the day after the riots, when several thousand advice letters from the Police were hand delivered to businesses in the worst hit areas by the Town Centre Management team. In addition Town Centre Managers are visiting each of the affected businesses, accompanied by colleagues in the local Safer Neighbourhood Teams. The results of this exercise will be reported to members verbally at the 7 September meeting.

### **DESCRIPTION OF SCHEMES**

- 3.10 Both Central Government and the London Mayor have announced funding schemes specifically to help local authorities support the re-building of communities in the wake of the disturbances. These can be summarised as follows:

**A £10m Recovery Fund** from the Department for Communities and Local Government (DCLG) to assist with the costs of making areas clear, clean and safe again in the wake of the disturbances. This fund can also be used to fund Council Tax discounts or reliefs to those whose homes have been damaged but still habitable.

**A £20m High Street Support Scheme** launched jointly between DCLG and Department for Business Innovation and Skills (BIS). The money is intended to finance those measures that will get businesses trading again and meet short term costs,



including reimbursing local authorities for reducing business rates, financing building repairs and encouraging customers back to the affected areas.

A **re-housing fund** from the DCLG to assist with the immediate cost of temporary accommodation for families who have had to be re-housed due to the disturbances.

A **£50 million regeneration fund** announced by the Mayor of London to help make major long term improvements to the capital's town centres and high streets damaged by the recent disturbances. The announcement states that this funding is in addition to the Mayor's £50 million Outer London Fund. The new regeneration fund will invest in larger scale proposals and will build on the momentum created as repair and rebuilding work begins and will ensure the affected areas are not only restored but enhanced. The full details of this scheme are in preparation by the Mayor and his team, and are expected to be announced in the next few weeks.

Finally a **£20m enterprise and growth fund** announced by the DCLG and Mayor of London jointly, specifically to assist with regeneration for Tottenham and Croydon – the worst hit areas in London in the recent disorder.

- 3.11 In the light of what we know about the impact of the disturbances in the borough the Council is not expected to make any claims under the re-housing fund. However, it is possible the Council may wish to make a claim under the Recovery Fund, or under the existing Bellwin Scheme (which provides funding to local authorities to help with expenses related to disaster recovery) – to assist with any additional costs incurred in the immediate aftermath of the disturbances (as described in 3.7). The Government says it will make available these funds to enable the Council to ensure the affected areas are safe, clear and clean. Therefore it is anticipated that the Council should be able to claim for its additional costs in meeting any additional cleaning costs. However, as with all elements of Government funding there must be a question mark over how far their support will be capped given the fact that many areas suffered far more damage and disturbance than Bromley.
- 3.12 We may also wish to offer assistance to businesses directly affected by the events and reclaim these expenses under the High Street Support Scheme. Paragraphs 3.14 – 3.24 describe how this assistance may be implemented.
- 3.13 With regards to the longer term schemes described above, officers will liaise with colleagues at the Mayor's Office during the coming weeks to understand the emerging shape of the £50m regeneration fund. Once further details are announced, officers will look for opportunities to apply for funding to assist in improving the economic viability of the town centres most affected by the disorder. It should be noted that the Council has already been successful in attracting over £460,000 of investment to 3 of our town centres through round 1 of the existing Outer London Fund and bids are in preparation for the round 2 and 3 of this scheme (for submission in mid October). A separate report on progress to date and future proposals for the Outer London Fund is to be submitted to the Renewal & Recreation PDS meeting on 11 October.

## **SUGGESTED SCHEME IMPLEMENTATION**

- 3.14 Full guidance from the DCLG on The High Street Support Scheme is contained in Appendix 1, but a summary of the scheme follows.
- 3.15 The Scheme provides funding to allow Local Authorities to support businesses through providing direct grants to businesses affected to assist in three different ways:

Help fund the costs to Council in providing business rate hardship relief

Help businesses get on their feet more quickly, including with cash flow problems whilst they wait for insurance claims to be met

Help businesses with non-refundable exceptional business expenses and to help rebuild business confidence in the area affected

- 3.16 With regards to Business Rates the purpose is to adapt an existing scheme which has been designed to provide relief for businesses suffering from longer term business failure, to direct this to those who are suffering hardship due to the riots. A procedure is already in place and applications can be handled through existing channels, however unlike the existing hardship relief scheme, where the Government pays for 75% of the cost of the relief and the Local Authority pays the remaining 25%, the High Street Support Scheme can be used to make up the 25% so that all of the cost of the scheme is covered by central Government.
- 3.17 The business rates scheme is applicable to businesses of all sizes, not just independent Small and Medium Enterprises (SMEs). Further analysis, based on the ongoing visits to affected businesses, is required to understand the possible demand for this scheme, however specific criteria to be applied are that: a) the ratepayer, as a result of the public disorder, would sustain hardship if the billing authority did not provide relief from business rates and b) the relief granted covers the period from 6 Aug 2011 and 31 March 2012. Given that the scheme is primarily designed for businesses forced into closure for long periods, very low demand is expected.
- 3.18 The second and third types of assistance outlined above are applicable only to independents or franchises which are SMEs (i.e. fewer than 250 employees, and with a turnover below £11.2m).
- 3.19 In order to provide support to businesses from the scheme the Council needs to create a local procedure which will allow businesses to claim a grant to:
- Cover the cash flow problems arising out of insured losses where there is a wait for a pay out from the insurance company. The scheme will need to include arrangements to claw back the grant – effectively a short term loan - once the business is paid.
  - Cover uninsured losses, including those arising out of excesses. The guidance note provides a full list of the examples of expenses which would be allowable under the scheme – and include things like temporary accommodation, replacement of essential assets and stock, repairs to buildings, clean up costs etc. The guidance also provides a list of the items which would not be allowable under the scheme and this would include routine business expenses which would have occurred regardless, loss of earnings, costs that will be met by other grants or similar financial assistance, and costs for which the business has received reimbursement from its insurers.
- 3.20 Once all business claims, including for Business Rates relief, are agreed and disbursed, the Council will need to make a claim to DCLG (by not later than 7 November) to cover any funds spent by the Council. There is therefore a requirement on the Council to commit money (ensuring it meets the DCLG guidelines and is fully auditable) in advance of any reimbursement by the DCLG.
- 3.21 To the extent that the Council is unable to recover any financial support it pays out, effectively, by way of a short term loan, it would seek to recover these losses from the Government funding. It has already indicated its anticipated financial exposure to the Government who have given assurances that such funding would be supported. Members will be aware that whilst these assurances are helpful the Government may subsequently seek to cap or in some way limit its support in the event that claims from local authorities exceed its expectations. There is therefore some degree of financial risk to the Council should Members agree to support the establishment of such a scheme locally.

- 3.22 The Government is not setting an upper limit for payments to individual businesses in the interests of giving local authorities maximum flexibility to respond to the needs of businesses in each area. However, it is suggested that local authorities may wish to set an upper limit to payments within an area to ensure that available funds can be used to support all businesses in needs. Other recent business recovery schemes, for example those provided in the wake of the 2007 floods, have limited individual claims to £2500 per business. It could be that the Bromley scheme could apply this figure as an upper limit, which may only be set aside in exceptional circumstances.
- 3.23 Based on this suggested upper limit and the number of businesses we know to be affected there would need to a maximum of £142,500 set aside to provide assistance through this element of the High Street Support Scheme. However, it is likely that the actual amount would be lower than £100,000, since at least 20 of those affected are branches of national chains, which would not be eligible under the terms of the scheme.
- 3.24 This is still a fast moving situation, with additional information coming in from both Central Government and from businesses themselves. The final details of any scheme and our application to the DCLG will be dependant upon the level of need amongst the businesses, and the likely level of applications. It is therefore requested that authority be delegated to the Director of Renewal and Recreation, in agreement with the Leader of the Council and the Portfolio Holders for Resources and Renewal & Recreation, to liaise and agree the final shape of the Bromley support scheme, including the authorisation of any funds set aside to finance the scheme.

#### **4. POLICY IMPLICATIONS**

- 4.1 Working in partnership with local Police the Council's response has been aimed at restoring a quality environment, supporting businesses and restoring confidence in town centres across the borough which were affected by the disturbances. The actions contribute to the Building a Better Bromley key priority of Vibrant, Thriving Town Centres.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The fund is specifically being provided to

Help fund the cost to local authorities of providing Business Rates Hardship Relief

Help businesses get back on their feet more quickly including cash flow problems whilst they wait for insurance claims or other claims

Help businesses with non-refundable exceptional business expenses and help rebuild business confidence in the area affected.

- 5.2 Local authorities have responsibility of ensuring full propriety in all payments and value for money for local support that is provided
- 5.3 Financial contribution to the grant scheme – maximum of £142,500, which is reclaimable from the DCLG. Again exact level of expenditure will be dependent upon actual applications received from the businesses.

#### **6. LEGAL CONSIDERATIONS**

- 6.1 Section 138 of the Local Government Act 1972 gives the Council (either alone or acting jointly with others) the power, where there is an emergency or disaster involving destruction of property, to incur expenditure to alleviate the effects of the event. The section also allows grants or loans to be made to other persons or bodies in respect of any action taken by that person or

body. The section is primarily targeted at natural disasters but is considered wide enough to include mitigating the impact of the events described in this report.

- 6.2 In addition Section 2 of the Local Government Act 2000 includes the power to provide financial and other assistance where that is likely to facilitate or be conducive to the economic, social or environmental well being of the area.

<b>Non-Applicable Sections:</b>	Personnel
Background Documents: (Access via Contact Officer)	

## **APPENDIX 1: HIGH STREET SUPPORT SCHEME: GUIDANCE FOR LOCAL AUTHORITIES**

### **A. Introduction**

This guidance sets out the objectives for which support is being made available by Government to local authorities under the High Street Support Scheme announced by the Prime Minister on 11 August.

The overall aim of the scheme is to alleviate the impact of the recent widespread public disorder between 6 and 11 August on affected businesses, enabling them to recover more quickly than otherwise would be the case. Additional funding of £20 million is being made available to affected local authorities under the Scheme, for use in the ways set out in this guidance. Grants will be paid to affected local authorities in England under Section 31 of the Local Government Finance Act 2003.

Specifically, the fund is being provided to:

- help fund the costs to local authorities of providing Business Rate Hardship Relief;
- help businesses get back on their feet more quickly, including with cash flow problems whilst they wait for insurance or other claims to be met; and
- help businesses with non-refundable exceptional business expenses and to help rebuild business confidence in the area affected.

Local authorities will have responsibility for ensuring that the grants received are paid to businesses with all the proper assurances in place to ensure full propriety in all payments and value for money from local support that is provided.

Local authorities may wish to discuss with their Local Enterprise Partnership how the scheme will best meet business needs and contribute to longer term economic recovery of the locality.

Local Authorities may wish to advise affected businesses that they may claim for damages under the Riot Damages Act via a claim form to their Police Authority.  
[https://online.businesslink.gov.uk/Horizontal\\_Services\\_files/Riot\\_Damages\\_Act\\_Claim\\_Form\\_WEB\\_ACCESSIBLE.PDF](https://online.businesslink.gov.uk/Horizontal_Services_files/Riot_Damages_Act_Claim_Form_WEB_ACCESSIBLE.PDF)

### **B. Eligible authorities**

Local authorities who have businesses that have been affected by the public disorder incidents between 6 and 11 August 2011 in their area can claim for assistance under this scheme. Eligible local authorities under this scheme:

District Councils  
County Councils  
London Boroughs  
City of London

Local authorities are requested to notify the Department for Communities and Local Government **by 5pm on Monday 5<sup>th</sup> September** of an intention to apply for funding under this scheme (address at Section F below).

### **C. Business Rate Hardship Relief**

Under Section 49 of the Local Government Finance Act 1988 billing authorities may reduce or remit a business rates bill if it can be demonstrated that:

- a) The liable ratepayer would sustain hardship if the billing authority did not grant relief; and
- b) It is reasonable for the authority to do so, having regard to the interests of council tax payers in its area.

The costs of providing hardship relief are met 75 per cent by central government and 25 per cent by the relevant billing authority. Central government meets its share of the costs by allowing the billing authority to reduce its business rates contributions to the central rates pool accordingly.

#### **Scope of the support**

The High Street Support Scheme enables billing authorities to apply for resources to fund their own 25 per cent share of providing hardship relief, where the relief is granted to businesses that were directly affected as a result of the recent public disorder.

The specific criteria are:

- a) That the ratepayer, as a result of the public disorder which occurred between 6 and 11 August 2011, would sustain hardship if the billing authority did not provide relief from business rates.
- b) The relief granted covers a period within 6 August 2011 and 31 March 2012.

This element of the scheme is open to all ratepayers in the billing authority area meeting the above criteria.

#### **Application information**

Local authorities should provide the anticipated total cost of granting relief in the above circumstances when they apply for the scheme. Authorities should also provide details of the number and the total rateable value of the properties expected to receive relief.

## **D. Support for Affected Businesses**

### **Scheme overview**

The objective of this element of the High Street Recovery Scheme is to enable affected small and medium-sized businesses and commercial districts recover from the impact of the recent disorder more swiftly than they would be able to do so without additional assistance. The precise mechanism for the disbursement of funds in pursuit of this objective is left to local authorities to determine provided that the requirements below are fulfilled, but it is expected that the majority of assistance will take the form of small grants to affected individual businesses groups of businesses or business representative organisations, or funding for other activity that will directly assist the recovery of an affected commercial district. The government considers it essential that local authorities begin to provide assistance to affected businesses as swiftly as possible.

### **Eligibility**

To be eligible for assistance provided by any local authority funded under the Scheme, individual businesses or groups of businesses should meet all of the following criteria:

- Be operating in an area affected by recent disorder;
- Have suffered losses as a direct result of that disorder; and
- Be small or medium sized enterprises (SMEs). In order to qualify as a SME, the business must be independent (or a franchise) and meet the following size criteria:
  - a. Fewer than 250 employees worldwide
  - b. Turnover below £ 11.2 million per annum

The expectation is that most of the financial support claimed under the scheme will be to provide direct support to SMEs. However, expenditure other than grants may be eligible. To be eligible it must be of a nature that will assist the recovery of commercial districts affected by the disorder, but it is not a requirement that all businesses in that district should meet the second and third criteria above.

### **Eligible costs**

Grant payments to individual businesses or groups of businesses should only be made in respect of costs that are a direct consequence of the recent disorder and in respect of loss of bona fide business assets and exceptional business expenses.

It is for local authorities to determine the precise scope of costs meeting this requirement and the overall objective set out above. It may include costs in respect of which a business may subsequently claim reimbursement from its insurers in order to help businesses with cash flow where there is a delay before insurance payment will be received. In such circumstances, local authorities will, however, wish to make clawback arrangements in order to ensure value for money (See Value for Money, State Aids and Data protection section below).

Business costs that are eligible for grant aid are likely to include the following:

- Temporary accommodation
- Non-recoverable insurance excesses relating to motor vehicles, buildings, fixtures and fittings, plant and equipment, office equipment including computers and stock
- Replacement of essential assets similar to those listed above that are not covered by insurance
- Removal of debris and similar clean-up costs
- Emergency repairs to motor vehicles, plant, machinery, equipment, buildings etc that are necessary to make these items safe and/or restore them to business use
- Additional staff costs incurred as a result of clean-up or other emergency response activity
- Reinstatement of business records including computerised data
- Structural surveys, engineering reports and similar professional costs which arise as a direct result of the impacts of civil disorder
- Security measures
- Marketing material and business recovery activity to publicise “Open for Business”

This list is not comprehensive, but intended to provide guidance to local authorities.

### **Ineligible costs and limits**

Grants made to businesses or groups of businesses using funds provided to local authorities under the Scheme should not be used to cover the following:

- routine business expenses that would have been incurred regardless of the recent disturbances, eg ongoing staff or other operational costs;
- loss of earnings;
- costs that will be met by other grants or similar financial assistance;
- costs in respect of which the business has received reimbursement from its insurers. This exclusion does not necessarily apply to costs in respect of which a business may subsequently claim reimbursement from its insurers in, for instance, a delay before insurance payment will be received would place a business in difficulty. In such circumstances, Local authorities will, however, wish to make clawback arrangements (see para below) in order to ensure value for money; and



- recoverable VAT.

Beyond these exclusions, local authorities will more generally wish to take into account the importance of ensuring that grants made under the Scheme do not serve the purpose of rewarding businesses for poor business practice - for instance – if a business has not put any insurance arrangements in place.

The Government is not setting an upper limit for payments to individual businesses in the interests of giving each local authority maximum flexibility to respond to the needs of affected businesses in its area. Local authorities may, however, clearly wish to set an upper limit for payments in their area so as to ensure that available funds can be used to support all businesses in need. It may be helpful to make local authorities aware that other recent business recovery schemes (eg those provided by Regional Development Agencies following the 2007 floods) have limited individual claims to £2,500 per business.

Local authorities may wish to specify additional exclusions for types of expenditure that they do not wish to consider for support under the Scheme.

### **Applications and evidence from businesses to local authorities**

Local authorities should put in place such arrangements as they see fit for processing applications from businesses, though local authorities will wish to put a premium on minimising bureaucracy. A suggested form that could be issued to impacted businesses is attached for assistance at annex A.

Local authorities should satisfy themselves in each case that appropriate evidence has been provided by the business or businesses concerned before a grant payment is made under the Scheme. Evidence that may be required could include copies of invoices or receipts for costs or evidence of insurance excesses being paid.

Whilst the Government would expect that each applicant for assistance should provide as much evidence as possible, it is appreciated that some evidence may not be available at the time of application due to damage or lack of accessibility to premises. Local authorities may therefore wish to accept claims with reduced levels of evidence, although in such circumstances they should of course consider other precautions to ensure value for money, for instance reserving the right to request sight of documents in future to substantiate such claims.

To minimise risk of fraud, local authorities should also put in place appropriate arrangements to demonstrate the existence of businesses to be assisted. Applicants might be asked to provide one of the following:

- Company registration number (if a limited company incorporated in England and Wales)
- Copy of a valid VAT Registration Certificate or other official confirmation of their VAT number (eg most recent VAT return)

- Copy of a current PAYE payment booklet
- Copy of a valid Employer's Liability Insurance certificate or policy
- Copy of other valid business insurance certificate or policy.

### **Payment**

To ensure swift payment and minimise transactional costs, local authorities are encouraged to transfer payments to successful applicants directly into their bank account by BACS. Applicants should therefore be asked to provide business bank account details to the local authority on any application form.

### **Clawback of Grants**

Local authorities are responsible for ensuring probity in the payment of grants to businesses. As part of these responsibilities, local authorities should reserve the right to reclaim part or all of any grant paid to a business in any of the following circumstances:

- Where the business does not meet the eligibility criteria
- Where the costs claimed have also been recovered from another party, for example an insurer or under the Riot Damages Act
- Where the costs claimed are demonstrated not to be genuine business expenses arising as a direct consequence of recent civil disorder
- Where there is evidence of fraud or other unlawful action in respect of the claim

Local authorities may of course also reserve the right to audit any claim under this scheme to ensure the protection and proper use of public funds.

### **Value for Money, State Aids and Data protection**

Local authorities providing support to businesses under the Scheme should of course be mindful of their obligations in these areas.

### **E. Payment to Local Authorities and Indicative Allocations**

The scheme has an overall limit of £20 million. All payments will be paid to cover costs in this financial year, 2011-12. Subject to actual claims submitted, it is expected that the largest payments will be made to local authorities with the most businesses most affected by the public disorder between 6 and 11 August 2011.

Based on the information collated during the period of public disorder above and subsequently, we might expect that:

- The largest allocation – of up to around £2 million – would be paid to Croydon, Birmingham, Haringey and Greenwich
- Support of up to around £1 million would be paid to Wandsworth and Westminster
- Smaller allocations would be paid to all other eligible authorities

Please let us know straightaway if you think your eligible costs will place you in a higher band than indicated.

## **F. Claims information**

Claims should be clear and easy for the Department of Communities and Local Government to interpret. The claim should clearly set out how much financial assistance is being claimed under each of the three elements of the claim and the numbers of businesses supported by the SME grants must include the information set out in the relevant sections above.

The claim should be signed by the authority's Chief Financial Officer and sent to SRC Division, Department for Communities and Local Government, Zone 5/E1, Eland House, Bressenden Place, LONDON SW1E 5DU, to arrive no later than **5pm on 7 November 2011**.

A final claim received after this deadline will be disregarded unless an extension to the deadline is agreed as a result of exceptional circumstances beyond an authority's control.

The figure included in the claim must relate to actual expenditure of the authority and must be precise. Where there is any doubt whether expenditure is eligible under the scheme that expenditure should be included and clearly identified so that the Department of Communities and Local Government can take a view.

The claim form must be certified by the Chief Financial Officer to the effect that it complies in all respects with the terms of this scheme.

As this scheme will not be subject to a separate grant audit, supporting documentation for all expenditure must be supplied.

The Department of Communities and Local Government will check the claim form on receipt, and may ask the authority for clarification if necessary. When a claim has been accepted, the Department for Communities and Local Government will notify the local authority and where appropriate confirm that payment of the claimed amount can be made. If the department considers that less (or more) than the amount claimed is eligible, it will write separately giving details.

The Department will consider allowing interim payments against expenditure actually incurred.

**Department for Communities and Local Government and Department of Business Innovation and Skills  
August 2011**

## ANNEX A

# RECOVERY SCHEME FOR BUSINESSES – APPLICATION FORM

Company Reference	Contact Reference	
<b>YOUR CONTACT DETAILS</b>		
Contact Name		
Business/Company Name		
Business address		
Postcode		
Contact Telephone number	Financial Y/E	
Annual Turnover (from last annual accounts)	Net Profit	
Number of Employees	Payroll Costs	Depreciation Costs
Do you anticipate your turnover increasing or reducing in the current year		
Affected business address (if different from address above)		
Postcode		
<b>Payment Details</b>		
Payment will be made by BACS. Please complete the following:-		
Bank name		
Sort code		
Account Number		
Account Name		
Branch Address	Postcode	

**ELIGIBLE BUSINESS**  
To be eligible, a business must be in a recognised civil disorder area and must fit the SME criteria.  
Please provide **one** of the following as evidence that your business is operational. Please tick as appropriate.

§ Company registration number

§ VAT registration number   
Please also provide a copy of evidence to support the VAT number, eg copy of VAT registration certificate or a letter from HMRC.

§ PAYE number   
Please also provide a copy of your PAYE Payment booklet.

§ Insurance company name and policy number

Insurance policy must be for general insurance covering business use or employers' liability insurance. Please also provide a copy of your insurance document.

If you are unable to provide **one** of the above, please discuss this with LA contact

Company Reference	Contact Reference	
<b>MAKING A CLAIM FOR GOODS OR SERVICES</b>		
<p>Businesses may claim for costs incurred in relation to goods and services incurred as a result of the civil disorder which are impractical to claim through insurance. See guidance on scheme. You must not claim for costs which have been or will be claimed through your insurance, or for VAT where you can recover this from through your VAT return. Where possible please enclose copy invoices. If this is not possible due to the nature of the emergency, your claim may be subject to audit at a later date.</p> <p>Please give details of all items you are claiming for (up to a total value of xxxx – if limit in place ) Continue on a separate sheet if necessary.</p>		
Description of goods/services being claimed	Copy invoice attached? (please tick)	Value of claim (£) (Excluding recoverable VAT)
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
Total cost		

**Business recovery fund**

By signing this form you are confirming that:

the information contained in this claim and supporting documents is true and accurate;  
your business is in a recognised civil disorder area in xxx LA area;  
your business meets the SME criteria i.e. less than 250 employees and annual turnover not exceeding €50 million (£33.5 m)  
costs for goods/services being claimed will not be reimbursed through insurance or other financial assistance.

You must send the signed form to the address below with copies of the evidence requested. Your claim may be subject to audit at a later date. If, following payment, it is found that the information contained within the claim is incorrect, xx LA may seek to recover the grant from your business.

**Data Protection**  
Information supplied by individual businesses will be retained by Business xx LA for the purposes of processing the claim and administering the scheme. It may also be used for the audit of individual claims in future. Business details will be held securely and will not be released to third parties unless the scheme administrators are compelled to do so by law.

**Commission Regulation (EC) No. 69/2001 – ‘De Minimis’ State Aid**

To be eligible to receive the xx LA Business Support Grant, we must establish whether you can receive De Minimis Aid under the EU State aid Regulations. This allows the following maximum levels of aid over any continuous 3 year period.

- A general enterprise can receive up to €200,000 (approx £135000).

Potentially any assistance you may have received from a public body might be De Minimis Aid, this could be from central, regional, devolved government agency or local council. If you are not sure whether any assistance you have received is de minimis aid please contact the body which granted the assistance to clarify this.

**Please confirm if your company has been granted De Minimis Aid within the past 3 years, if yes please provide details.**

**No** -

**Yes** -

Type of State Aid	Agency who gave aid	Date of Receipt		Amount of Aid net €

\*

Name:

Signature:

Date:

# Agenda Item 13

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# Agenda Item 14

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

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