



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Lynn Hill
lynn.hill@bromley.gov.uk

DIRECT LINE: 020 8461 7700

FAX: 020 8290 0608

DATE: 23 January 2013

To: Members of the
EXECUTIVE

Councillor Stephen Carr (Chairman)

Councillors Graham Arthur, Robert Evans, Peter Morgan, Colin Smith, Tim Stevens and Stephen Wells

A meeting of the Executive will be held at Bromley Civic Centre on **WEDNESDAY 6 FEBRUARY 2013 AT 7.00 PM**

MARK BOWEN
Director of Resources

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

A G E N D A

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

3 MINUTES (Pages 5 - 20)

a) To confirm the Minutes of the meeting held on 9th January 2012, excluding exempt information.

b) Matters Arising

4 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 31st January 2013.

5 BROMLEY'S LOCAL PLAN - OPTIONS AND PREFERRED STRATEGY FOR CONSULTATION (Pages 21 - 32)

6 PARKING SHARED SERVICE - COLLABORATION AGREEMENT (Pages 33 - 100)

- 7 **BUDGET MONITORING 2012/13** (Pages 101 - 142)
- 8 **COUNCIL TAX 2013/14** (Pages 143 - 180)
- 9 **CAPITAL PROGRAMME MONITORING Q3 2012/13 & ANNUAL CAPITAL REVIEW 2013 TO 2017** (Pages 181 - 194)
- 10 **GATEWAY REVIEW 0,1 & 2 APPROVAL OF 2013/2014 OPERATIONAL BUILDING MAINTENANCE BUDGETS, PLANNED MAINTENANCE PROGRAMMES AND PREFERRED PROCUREMENT OPTION** (Pages 195 - 206)
- 11 **GATEWAY REVIEW OF INTERMEDIATE CARE** (Pages 207 - 210)
- 12 **COMMISSIONING STRATEGY FOR OLDER PEOPLE DAY OPPORTUNITIES AND RESPITE CARE - INVEST TO SAVE** (Pages 211 - 228)
- 13 **GATEWAY REVIEW : ADULT DIRECT CARE SERVICES** (Pages 229 - 236)
(The views of the Care Services PDS Committee will be reported at the meeting.)
- 14 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 15 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

<u>Items of Business</u>	<u>Schedule 12A Description</u>
16 EXEMPT MINUTES OF THE MEETING HELD ON 9TH JANUARY 2013 (Pages 237 - 238)	
17 PAYMENT IN LIEU: FRAMEWORK FOR CAPITAL PROCESS (Pages 239 - 256)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
18 PENGE/ANERLEY LIBRARIES 46 GREEN LANE (Pages 257 - 270)	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

19 CAPITAL RECEIPTS (Pages 271 - 272)

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



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EXECUTIVE

Minutes of the meeting held on 9 January 2013 starting at 7.00 pm

Present:

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

Also Present:

Councillor Nicholas Bennett J.P., Councillor Peter Fortune,
Councillor Russell Mellor and Councillor Ernest Noad

106 APOLOGIES FOR ABSENCE

All Members were present.

107 DECLARATIONS OF INTEREST

Councillor Carr declared an interest as his daughter did casual work for Bromley Mytimeactive. Councillor Morgan declared an interest as his daughter worked for Kier Property and Councillor Colin Smith declared an interest as his daughter worked in the Library service.

108 MINUTES

(a) Minutes

RESOLVED that the minutes of the meeting held on 28th November and the special meeting on 6th December 2012, excluding exempt information, be confirmed.

(b) Matters Arising Report RES13014

The Executive received an update on matters arising at previous meetings. It was reported that Councillor Nicky Dykes had resigned from the SEN Working Party reappointed by the Executive at its meeting on 23rd May 2012 and a replacement member had been sought.

RESOLVED that the appointment of Councillor Roger Charsley to fill the vacancy as a member of the SEN Working Party be confirmed.

109 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions had been received.

110 COUNCIL TAX SUPPORT/REDUCTION

RES13011

Further to Minute 35 (25th July 2012), consideration was given to a report on the results of the public consultation exercise on the changes to Council Tax Benefit and the proposed new local scheme. Approval was being sought to the draft Council Tax Support/Reduction scheme to be agreed and recommended for adoption at the Council Meeting scheduled for 21st January 2013 and Members were advised that a copy of the full scheme would be circulated for that meeting. It was noted that early printed versions of the report contained a minor typing error at page 6, where the Council Tax liability percentage should have been 19%, rather than 21%. This did not affect the calculations in the report which had been based on the correct figure of 19%, following changes by the government in providing additional funding. Also attached for attention was the Equality Impact Assessment that had been undertaken on the changes.

The Executive was presented with two options – Option 1 which was for working age claimants to contribute a minimum of 19% towards their Council Tax Liability, but with transitional protection applied in 2013/14 limiting the minimum contribution to 8.5%; and Option 2 which was to apply the 19% minimum in 2013/14 without the transitional protection. The report had been pre-scrutinised by the Executive & Resources PDS Committee at its meeting the previous week whose comments were noted in support of Option 1. Members in discussing the proposals also indicated support for Option 1. Reference was made to the impact on collection levels and the Finance Director commented that depending on how the scheme worked during the first year it would be possible to make any alterations as necessary at a later date. The Chairman commented that the impact of the policy would need to be assessed and work undertaken with Housing Associations and private landlords in the future. The Head of Benefits confirmed that a meeting had been arranged in the next few weeks with Registered Social Landlords (RSL) to discuss the new scheme.

RESOLVED that

- 1) the responses to the public consultation exercise be noted;**
- 2) the amount of additional Government funding made available for 2013/14 and the criteria that needs to be met to access the funds be noted;**
- 3) Option 1 be supported and referred to the Council for adoption at the Council Meeting on 21st January 2013; and**

4) the content of the Equality Impact Assessment attached to the report be noted.

111 DRAFT 2013/14 BUDGET UPDATE

Report RES13015

The Executive received a report seeking approval of the initial draft 2013/14 Budget which included actions to reduce the Council's medium term "budget gap". The report was part of the process of forward financial planning and management leading up to the Council considering its Council Tax levels later in February. It also contained a forecast of the financial prospects for the next 4 years and identified the significant changes which had impacted on the Council's finances from 2013/14 arising from the final outcome of the Local Government Resources review that included the localisation of business rates and the new council tax support scheme.

The Finance Director briefly introduced the report and advised that a very prudent approach to the budget had been taken, particularly recognising the significant projected budget gap in future years. Careful consideration was given to the implications for the next 4 years. The financial projections identified in the report assumed a Council Tax increase of 2% per annum. Attention was also drawn to the recommendation to Council that an earmarked reserve be set up to support the future integration of health and social care initiatives and the 'promise' programme. Bromley Primary Care Trust (PCT) had identified initial funding of £2.5m which was expected to be followed by a further contribution at the end of the financial year. The utilisation of the funding would be determined within a formal Section 256 agreement between the Council and the PCT and following Council approval to the earmarked reserve of this money any future draw down of funds would require the approval of the Executive. The Resources Portfolio Holder asked for the recording of his appreciation and thanks to the Director and his staff who stayed late to produce the report which had been delayed awaiting the government's funding announcement on the last day before closure of the offices for Christmas.

The Director had also circulated at the meeting a further recommendation to be added to his report seeking Executive approval for the allocation of £55,000 from the Local Reform and Community Voices Grant (total grant sum £208,498) in 2013/14 and 2014/15 to fund the Healthwatch service. A full report on this matter was going to the Care Services PDS Committee meeting next week for approval by the Portfolio Holder seeking agreement to proceed with market testing for the provision of a local Healthwatch organisation by the 1st April 2013, which was a statutory requirement. Although Members accepted that by dealing with the request at this meeting it would save time approval would only be given subject to the PDS Committee and Portfolio Holder agreeing the proposals.

RESOLVED that

- 1) the initial draft 2013/14 Budget, including the additional savings identified as part of the 2012/13 Budget process and the further savings detailed in Appendix 4 be agreed;**
- 2) the initial draft 2013/14 budget for each Portfolio be referred to the relevant PDS Committee for consideration;**
- 3) the financial projections for 2014/15 to 2016/17 be noted;**
- 4) it be noted that there are still areas of financial uncertainty which will impact on the final 2013/14 Budget and future year forecasts;**
- 5) the setting of the schools budget, mainly met through Dedicated Schools Grant, be delegated to the Education Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum;**
- 6) the outcome of the consultations with the PDS Committees be reported to the next meeting of the Executive;**
- 7) the proposed contribution of £340,732 in 2013/14 to the London Boroughs Grants Committee be approved;**
- 8) where consultation has not already commenced, approval be given for the Officers to begin the process of consulting on the savings proposals prior to finalising the implementation of the savings in Appendix 4 of the report;**
- 9) the significant budget gap remaining of an estimated £39m per annum by 21126/17 be noted;**
- 10) Council be recommended that a sum of £2.5m, relating to funding from the PCT, be set aside as an earmarked reserve to ensure the support of key initiatives relating to the integration of the health and social care/ "promise programme;**
- 11) any decision on recommended council tax levels to Council, will be undertaken at the next meeting of the Executive; and**
- 12) approval be given to the allocation of £55k from the Local Reform and Community Voices Grant (total grant sum £208,498) in 2013/14 and 2014/15 to fund the Healthwatch service, subject to the agreement on 16th January 2013 of the Care Services Portfolio Holder, in consultation with the Chairman of the Care Services Policy Development and Scrutiny Committee, to the award of the contract for Healthwatch.**

112 THE WINTER HEALTH PROJECT

Report CE1212

Consideration was given to a report from the Director of Public Health giving details of a Winter Health Project which sought to address the excess Winter Deaths in Bromley in 2012/13 and to the draw down of funding which had been received from the government. Bromley had been successful in a bid to the Department of Health for funding from their Warm Homes Healthy People Fund to identify, assist and support vulnerable groups of people at risk of ill health in the winter months to March 2013. The original bid had been for £92,000 but the Department of Health had advised that due to the high number/costs of the bids received all successful bids had been reduced by 19% and Bromley had been offered a grant of £74,000. The Assistant Director, Public Health explained that the application had met the Department of Health criteria and was based on the implementation of the objectives and therefore only very limited changes could be made to the project. In respect of the issues raised about Project Management the Assistant Director advised that in-house resources would be used as far as possible and expertise would only be brought in if absolutely necessary. She also briefly explained how the winter deaths were calculated and that the project would run with key partners in the voluntary organisations and the community.

The report had been pre-scrutinised by the Executive & Resources PDS Committee last week who had raised a number of issues but had accepted that the project should be supported. The Executive noted the matters raised and the Chairman commented that he also was concerned that there should be no duplication. The Assistant Director responded to Members questions seeking clarification on a number of issues concerning the process and how the project would be targeted. The proposals were closely based on similar work undertaken last year and it was confirmed that only those most vulnerable and in receipt of benefits would be eligible. The Chief Executive advised that the Director of Education and Care Services would be involved with the project and its co-ordination. Members whilst agreeing to approve the draw down of funding asked that a report come back in April on the results of the project.

RESOLVED that

- 1) agreement be given for the drawing down of the funds to allow Public Health to lead on the implementation of the Winter Home Health Project during December 2012 to March 2013; and**
- 2) the process for managing and reporting on the activities of the project be confirmed and a report be submitted back to the Executive in April 2013 on the results of the project.**

113 BROMLEY NORTH VILLAGE PUBLIC REALM IMPROVEMENTS

Report DRR13/012

The Executive considered a report seeking endorsement of the overall design of the Bromley North Village Public Realm Improvements and the release of the Council's match funding contribution, subject to the Transport for London (TfL) approval being secured on 14th January 2013. Subject to this confirmation and the written agreement from Design for London that the Outer London Fund contribution could be paid on the raising of orders, it was proposed to purchase materials in order for these to be charged to the 2012/13 Outer London funding allocation, which might be at risk if not defrayed before the end of March 2013.

Members were pleased to see progress on this but wished to be assured that the problems that had occurred with the Orpington Town Centre improvements scheme would not be replicated and were advised by the Director of Renewal and Recreation that these issues had been fully addressed with the Contractor. He also confirmed that nothing would happen until the funding from TfL was confirmed. In response to a question on the likely start date for the project the Director advised that it was hoped to make a start in February and could take between 12 – 18 months. Full consultation would take place with local businesses on each phase of the Scheme.

RESOLVED that, subject to Transport for London approving the Bromley North Village Area Based funding on 14th January 2013 and written confirmation from Design for London, the overall design of the project be endorsed and approval given for the release of £1.5m of match funding from the Council's Capital Reserves earmarked for the implementation of Bromley Town Centre Improvement programme.

114 REDUCING TEMPORARY ACCOMMODATION INVEST TO SAVE PROJECT (BELLEGROVE)

Report CS12058

The Executive briefly discussed a report on an Invest to Save initiative to use Bellegrove, a former residential home, as temporary accommodation to enable the Council to meet its statutory housing duties and to assist towards reducing the significant costs incurred by the Council as a result of the increased use of nightly paid accommodation. The bid for funding was to cover the cost of the refurbishment work required to the property to bring it up to a suitable letting standard and other associated costs. It was proposed that the existing contractor with the Council, Orchard & Shipman, be used to oversee the planning and refurbishment process and then to lease and manage the property on the Council's behalf. In response to a query from Councillor Morgan the Finance Director confirmed that the future savings achieved by the project would be paid back to the Invest to Save fund.

RESOLVED that approval be given for –

- 1) the use of Bellegrave as temporary accommodation to meet the Council's statutory housing obligations under the homelessness legislation;
- 2) the invest-to-save bid, as previously approved by the Members Strategic Asset Management Group, for the refurbishment and associated fees to bring Bellegrave to a suitable standard for this purpose; and
- 3) the use of Orchard & Shipman to oversee the project through the planning and refurbishment process, and then to lease and manage Bellegrave as temporary accommodation under the existing leasing scheme agreement which was approved by the Executive in December 2010.

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

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

**116 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 the 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**

**117 EXEMPT MINUTES OF THE MEETING HELD ON 28TH
 NOVEMBER AND THE SPECIAL MEETING HELD ON 6TH
 DECEMBER 2012**

The exempt minutes of the meetings held on 28th November and 6th December 2012 were confirmed.

**118 AWARD OF FRAMEWORK CONTRACT FOR SERVICES FOR
PEOPLE WITH LEARNING DISABILITIES**

The Executive considered a report on the outcome of the tendering process for a framework agreement for learning disabilities and agreed the award of a 5 year contract for Community Based Support services to commence from 1st February 2013.

119 STREET WORKS TENDER (NRSWA)

Further to Minute 100/1 (28th November 2012), the Executive agreed the award of the Inspection of Street Works Contract to a different contractor who had been one of the original tenderers as a result of the withdrawal from the procurement process of the preferred bidder agreed at the November meeting.

Chairman

The Meeting ended at 7.36 pm

Decision Maker: Executive

Date: 6th FEBRUARY 2013

Decision Type: Non-Urgent Executive Key

Title: MATTERS ARISING FROM PREVIOUS MEETINGS

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

Chief Officer: Director of Resources

Ward: N/A

1. Reason for report

- 1.1 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.

2. **RECOMMENDATION(S)**

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

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Executive Minutes

Corporate Policy

1. Policy Status: Existing Policy: The Executive receives an update on matters arising from previous meetings at each meeting.
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £320,320
 5. Source of funding: Existing 2012/13 budgets
-

Staff

1. Number of staff (current and additional): There are 8 posts (7.22 fte) in Democratic Services
 2. If from existing staff resources, number of staff hours: Monitoring the Executive's matters arising takes at most a few hours per meeting.
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of Executive Members
-

Ward Councillor Views

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

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
16th June 2010				
40 Review of Service Proposals and procurement strategy – Transportation, Highways & Engineering Consultancy Services Contract	Agreed recs and to review the suitability of the arrangements at the end of the trial 18 month period. Report back to Executive.	The Environment PDS Committee on 17 th April 2012 received a progress report and the Portfolio Holder subsequently agreed to continue with the current contract arrangements until November 2013.	Director of Environmental Services	November 2013
20th July 2011				
43 Norman Park Multi-Hub site	Approval given to continue to develop proposals and a further updating report back to R&R PDS Cttee/ PH; Environment PDS Cttee/PH and Executive.	The R&R PDS Committee on 13th November 2012 received a report on the outcome of tendering. Further report to February 2013 PDS Committee meeting.	Director of Renewal and Recreation	
19th October 2011				
81 Proposed Governance of Crystal Palace Park	Recommendation s agreed for the establishment of the Crystal Palace Park Management Board	The Management Board has met on 2 occasions and met on 24 th October prior to the Community Conference which was held on 26 th October 2012. A further meeting of the Project Board will be held on 15 th February 2013.	Director of Renewal & Recreation	Updating report to Executive following Community Conference
82 Treasury Management and Annual Investment Strategy - Mid Year Review 2011/12	Agreed to recommend Council to approve the proposed increase in the investment limit for the part-nationalised banks, subject to being implemented after 3 months.	Council agreed on 24 th October 2011:- “That the proposed increase in the investment limit for the part-nationalised banks, Lloyds TSB and the Royal Bank of Scotland, from £40m to £60m be approved, subject to this being potentially implemented after 3 months time and a report back to the Executive.” This matter is covered in the Annual Review of the Treasury Management Strategy on the Executive & Resources PDS Committee meeting on 31 st January 2013.	Finance Director	2012

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
16th November 2011				
98/1 Extension of Waste Management Contract	Agreed recommendations - further report on possible savings in the Waste Service to be submitted back to the Executive.		Director of Environmental Services	
14th December 2011				
107 Community Infrastructure Levy – Consultation and Draft Regulations	Proposed response agreed – further report to Executive on preparations of the Bromley CIL.	The Local Development Framework Advisory Panel is overseeing the preparation of the Bromley Local Plan as part of requirements under the National Planning Policy Framework. Preparation of the Bromley CIL is running parallel to the Local Plan and a report on this is expected around Spring/Summer 2013.	Chief Planner	2014
11th April 2012				
172 Local Government Resource Review – Proposals for Business Rates Retention	Noted proposals and lack of detail. Members raised concerns and agreed that representations be made to local MPs. Updates to Members when draft regulations issued.	Letters have been sent by the Leader to local MPs.	Finance Director	Due to start April 2013
179 Internal Audit Investigation Report	Noted report and requested further report.		Director of Renewal & Recreation	
23rd May 2012				
186 NHS Social Care Funds Investment Plan – Learning Disability Health Facilitator	Approval given to allocation of half of the funding for the 2 posts, subject to a further report on progress to Executive in the Autumn.		Asst. Director Commissioning	2013/14

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
192/1 Opportunity Site G, High Street, Bromley – Churchill Place	Noted outcome of market testing and agreed next steps to be taken. Quarterly updating reports to be submitted back to Executive.	Updating report to October 2012 Executive – see below – Minute 80/1 – 24 th October 2012.	Director of Renewal & Recreation	
20th June 2012				
28/1 46 Green Lane, Penge	Agreed to proceed with negotiations for the lease of the ground floor of this property. To report back to Executive on the outcome of consultations.	Report to be submitted to the February 2013 Executive meeting. See report on this agenda.	Director of Renewal & Recreation	
25th July 2012				
33 Proposals for Biggin Hill Heritage Centre	Request for the release of funding (£23,000) subject to the outcome of the meeting with the Trust representatives and information submitted on progress with fund raising.	The meeting took place on 30 th July 2012 and subsequently approval was given to release the funds by the Director of Renewal and Recreation – a key decision was issued informing members of the action taken. Since then the Leader has had several meetings with the Trust who share the concerns of the Council over the fund raising issue. Updating report early 2013.	Director of Renewal & Recreation	January 2013
34 The Priory Museum – Lottery Application	The first stage application to the Heritage Lottery Fund had been successful and approval was given to proceed to the second stage application by July 2013.	Details of whether the second stage application is successful will be known in December 2013.		Estimated completion date June 2015

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
38 Development of Autistic Spectrum Disorder – Secondary Provision at Glebe Special School	Approval given in principle to the expansion of Glebe School and subject to the outcome of the statutory consultation and the submission of additional activity information.		Director of Education and Care Services	2013/14
12th September 2012				
53 Active Citizens Working Group	Approval given in principle to the recommendation except 2d) and 2e) which were referred to the New Technology Working Group. Progress report in due course on how to take forward proposals.	The New Technology Working Group is meeting on 24 th January 2013 to review progress.	Chief Executive	
54 Business Improvement District Proposal for Orpington	Proposals for the Orpington BID were agreed and authority to hold a ballot in February 2013.		Director of Resources/ Director of Renewal & Recreation	
58 Office Accommodation Strategy	Approval given for supplementary capital allocation. Audit Sub-Committee to fully examine the reasons for the project overrun and report back to Executive.	Report was considered by the Audit Sub-Committee on 14 th November 2012.	CE/Dir of Renewal & Recreation	
59 Update: Draw Down of Funding for Tackling Troubled Families	Approval given for the draw down of funding. Report back on how targets were measured and outcomes achieved.		Assistant Director, Safe-guarding & Social Care	Work to be completed by 31 st March 2013

<u>Minute Number/Title</u>	<u>Executive Decision</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
24th October 2012				
66 Matters Arising – Government Planning Proposals	Reported meeting with the Planning Minister and would make further representations.	The Chairman wrote again to the Secretary of State and a copy was circulated for Member's information.		
80/1 Churchill Place, Bromley (Opportunity Site G) – Procurement Update	Agreed selection of Development Partners and to proceed to the next stages of the process.	Update every 3 months.	Director of Renewal & Recreation	
28th November 2012				
93 Carbon Reduction Commitment (CRC) Scheme 2011/12 – Annual Report	Agreed recommendations – further annual report next year		Director of Environmental Services	Annual Report December 2013
94 Carbon Management Programme – Progress report	Agreed recommendations – further progress report next year		Director of Environmental Services	Annual Progress Report December 2013
9th January 2013				
112 The Winter Health Project	Agreed the draw down of funding – report to be submitted back to the Executive on the results of the project.		Director, Public Health	April 2013

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Agenda Item 5

Report No.
DRR13/022

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Tuesday 29 January 2013

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

Title: BROMLEY'S LOCAL PLAN - OPTIONS AND PREFERRED STRATEGY FOR CONSULTATION

Contact Officer: Mary Manuel, Head of Planning Strategy and Projects
Tel: 020 8313 4303 E-mail: mary.manuel@bromley.gov.uk

Chief Officer: Chief Planner

Ward: (All Wards);

1. Reason for report

- 1.1 This report seeks the Executive's agreement to Appendix B as the Options and Preferred Strategy document for consultation. The Options and Preferred Strategy consultation is a key stage in the preparation of Bromley's Local Plan. The Local Development Framework Advisory Panel (LDFAP) met in December 2012 to consider options and amendments in light of new evidence, in particular, GL Hearn's work exploring how to stimulate the local economy, in the context of the continuing difficult economic and financial climate. The draft Options and Preferred Strategy document is to be reported to Development Control Committee on 29th January and their comments will be reported at the meeting. Development Control Committee have received regular reports on the plan making process and endorsed the strategic options reported at their meetings in June and July last year.

2. **RECOMMENDATION(S)**

That the Executive:

- 2.1 **Consider the comments from Development Control Committee with regard to the Options and Preferred Strategy document, and**
- 2.2 **Agree Appendix B as the Options and Preferred Strategy document for consultation, subject to the Director of Renewal and Recreation, in consultation with the Chairman, being authorised to make any minor alterations to the document as required prior to publication.**

Corporate Policy

1. Policy Status: New Policy:
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Supporting Independence Vibrant, Thriving Town Centres Not Applicable: Further Details
-

Financial

1. Cost of proposal: Estimated Cost £4k for current consultation stage plus £60k for public examination and evidence
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre Planning
 4. Total current budget for this head: £2.725m
 5. Source of funding: Existing Revenue Account 2012/13
-

Staff

1. Number of staff (current and additional): 76 FTES
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable Not Applicable: Further Details
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Ward Councillors' comments were invited on the earlier strategic options considered by DCC in summer 2012 and reported to the Committee. and will be consulted as part of the wider consultation process.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 Development Control Committee (DCC) received reports in June and July 2012 outlining the thematic chapters and strategic options for inclusion in the Options and Preferred Strategy stage of the Local Plan. In the intervening period, there has been further evidence, including GL Hearn's work in Stimulating the Local Economy, the update to the Affordable Housing Viability Assessment and policy and guidance issued by the GLA in the form of the Minor Alterations to the London Plan and Supplementary Planning Guidance. In addition, Government has made announcements encouraging economic growth and relaxing planning requirements. The Mayor's recent SPGs include those relating to Housing, Land for Industry and Transport, Shaping Neighbourhoods, Play and Informal Recreation.
- 3.2 The Local Development Framework Advisory Panel (LDFAP) in December 2012 considered a report bringing together the earlier work with amendments, and where necessary additions to the Strategic Options. The LDFAP agreed minor changes to wording reflecting their earlier comments and discussions at Development Control Committee together with new options and key changes as outlined below. The LDFAP agreed for these to be included in the draft Options and Preferred Strategy document to be reported to DCC in January, and then to the Executive in February 2013, with DCC comments, seeking agreement to public consultation.
- 3.3 The National Planning Policy Framework, (NPPF) published in March 2012 referred to Local Plans rather than Local Development Frameworks as part of the simplification of the planning process.
- 3.4 While the Council was developing its Core Strategy several documents within its Local Development Framework were adopted, namely, the Bromley Town Centre Area Action Plan, and Supplementary Planning Documents in relation to Affordable Housing and Planning Obligations . These continue and will form part of the Local Plan, which once adopted will replace the saved UDP policies and together with the London Plan will form the Development Plan for the Borough.
- 3.5 The process for the preparation for the Local Plan is set out in the Town and Country Planning Acts and Regulations and this consultation is made under Regulation 18. The Local Plan has to demonstrate a robust and up to date evidence base, and consideration of alternatives of the options developed at this stage. The Council is required to engage and consult with its local community and partner agencies throughout the plan making process.
- 3.6 The Options and Preferred Strategy is an important stage in the preparation of Bromley's Local Plan. Appendix B forms the draft Options and Preferred Strategy document. Final editing for consistency and clarity, and presentation purposes together with additional sections as reflected in the contents page will be required. This includes the glossary, list of references and links to key supporting documents.
- 3.7 Development Control Committee will consider the draft Options and Preferred Strategy Report at its meeting on 29th January 2013 and their comments reported to this Committee.
- 3.8 The Executive is asked to consider these comments and to agree Appendix B as the Options and Preferred Strategy document for consultation, subject to the final presentation and any minor alterations being agreed by the Director of Renewal and Recreation in consultation with the Chairman prior to publication.

Consultation

- 3.9 The Options and Preferred Strategy document will form the basis of consultation with statutory consultees (e.g. English Heritage, the GLA, and the Environment Agency) local residents, businesses, partner organisations and the wider community including voluntary and community

groups, and neighbouring local authorities. The form of the consultation remains as agreed by DCC in July and in line with the consultation agreed by the Executive and undertaken for the Core Strategy Issues Document in 2011. The consultation is web based to minimise costs to the Council. However, to maximise awareness of the opportunity to respond it will include:

- Press releases and articles in the local papers and community newsletters
- Inclusion in 'Update' circulated to all Bromley residents associations,
- Posters and flyers places in Council offices (including the Civic Centre, Mottingham and Outreach Centres and libraries), leisure centres and health centres,
- Article and a link to the webpage in the Council's business bulletin sent to over 2500 businesses,
- Article and link to the webpage in Community Links Bromley e-bulletin to over 500 voluntary and community organisations, and
- Emails to all those on the planning databases advising of the consultation details.

3.10 The cost of the consultation process for this stage of the Local Plan is estimated to be in the region of £4,000. The consultation will be a minimum of 6 weeks. Appendix C sets out the type of questions to be included within the consultation document.

Amended/Additional Options

3.11 As outlined above there have been amendments to the Strategic Options These fall within several types:-

- amendments reflecting the comments and discussions at the LDFAP and DCC comments last Summer,
- Amendments or additions in light of new evidence, for instance the GL Hearn work into stimulating the local economy, and the update on the Affordable Housing Viability Assessment,
- Identification of new policy areas and strategic options, primarily as the thematic chapters have been brought together as a single document, for instance, mixed use developments
- Inclusion of further options within the document, to demonstrate alternatives have been considered to arrive at a preferred option.
- In addition, there has been some rephrasing/rewording for clarity and consistency and to help the public to read and understand the document,

3.12 Appendix A sets out the significant changes and new objectives and strategic options which follow from the LDFAP discussion and new evidence.

3.13 The intention is for the response to consultation on the Options and Preferred Strategy to be reported to the LDFAP and DCC in May/June. In the context of this strategic direction, development management policies will be developed together with site allocations, and detailed designations in the Spring. These will require the Executive's agreement to consultation alongside the strategic options. Following this stage, the draft Local Plan will be prepared for the final formal consultation that precedes submission to the Secretary of State for Examination in Public in 2014.

- 3.14 The Local Plan is a Council-wide strategy and is consistent with Bromley 2020 (the Borough's Community Strategy). As part of the Local Plan process an Infrastructure Delivery Plan is prepared setting out the requirements needed to deliver the vision and objectives in the Plan. These documents will form the basis of the Council's introduction of any Community Infrastructure Levy, which may be required to help deliver the Plan.
- 3.15 The timescale has moved from the one anticipated with the preparation of a Core Strategy for several reasons. To avoid duplication and wasted resources, the work focused in areas that would support a Core Strategy or a Local Plan. This included; further evidence gathering, updating consultation databases and working with departments and partners to consider alternatives and the rationale for the preferred options. Subsequently, in light of the continuing depressed economic and financial climate and further Government announcements encouraging economic growth the Council commissioned work to explore how the local economy could be encouraged to grow. This is in line with the NPPF and the vision set out in the Core Strategy Issues Document, and continues in the draft Options and Preferred Strategy document. The main findings of the work from GL Hearn highlight the potential for intensification of key employment areas. This has led to new and altered options, included within Appendix B and highlighted in Appendix A. A copy of this report will be placed in the Members' Room for information.
- 3.16 A Local Plan is far more comprehensive than a Core Strategy as it includes Development Management policies and Site Allocations. Where a Core Strategy is prepared these other documents follow at a later date. Therefore while timescales have changed the Council should have a robust, up to date and detailed local plan against which planning applications can be determined in line with local priorities in a similar timescale to that possible under the Local Development Framework approach.
- 3.17 Outline Timescale
- Consultation on Options and Preferred Strategy Feb –April 2013
- Analysis of Responses and Report to LDFAP June 2013
- Report to DCC July 2013
- Development of Strategic Policies, Site Allocations, Development Control Policies and Infrastructure Delivery Plan– Spring/Summer 2013
- Report to DCC and Executive Sept 2013
- Preparation of Draft Local Plan Autumn/Winter 2013
- Consultation on Draft Local Plan (Regulation 19 formal consultation) – late 2013
- Submission of Local Plan to Planning Inspectorate and Examination in Public 2014
- 3.18 As indicated earlier the Local Plan process requires particular stages and steps to be followed to be found 'sound' at the Examination in Public. This also applies to associated documents including the Infrastructure Delivery Plan and supporting documents to introduce a Community Infrastructure Levy to help deliver the Local Plan. The Council has to pay the costs of the Examination in Public together with the cost of the further consultation stages of the plan preparation and the production of evidence where gaps need to be addressed or updates required as circumstances change; for instance the work considering the Local Economy undertaken this year.

4. POLICY IMPLICATIONS

- 4.1 Bromley 2020 as the Sustainable Community Strategy for the Borough was the starting point for developing the Core Strategy Issues Document in 2011 and for the Vision and Objectives in the Options and Preferred Strategy stage of the Local Plan preparation. The Local Plan will extend this vision until 2030 and contributes to all the priorities within Building a Better Bromley. The Local Plan together with the London Plan will form the development plan for the borough. The Local Plan, once adopted will replace the saved policies of the UDP.
- 4.2 The Local Plan has to be in general conformity with the London Plan (July 2011) and with the National Planning Policy Framework published in March 2012. Importantly the Local Plan sets out the vision and objectives, and the policies against which planning applications will be determined (together with the London Plan) and the priorities against which the plan will be monitored and reviewed.

5. FINANCIAL IMPLICATIONS

- 5.1 The cost of the consultation process for this stage of the Local Plan is estimated to be in the region of £4k which will be funded from the local plan budget within Planning.
- 5.2 The Executive agreed a carry forward sum of £60k to fund the preparation of the Councils' Local Plan. The revised timetable outlined in 3.16 above, indicates that the examination of the Plan will not take place until 2014. A request will be made to the June Executive to carry forward the £60k in order to meet the future costs of the examination in public and to undertake any further evidence work required.

6. LEGAL IMPLICATIONS

- 6.1 The proposals are consistent with the Planning legislation and regulations.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Report No DR13/016 to DCC 29/1/13 Bromley's Local Plan – Options and Preferred Strategy for Consultation Report No DR12/066 to DCC 28/6/12 Changes to National and Local Planning System –Update Report No DR12/067 to DCC 28/6/12 Options for Gypsies and Travellers and Travelling Showpeople Report No DR12/068 to DCC 28/6/12 Living in Bromley – Housing Options Report No DR12/069 to DCC 28/6/12 Review of Green Belt , Metropolitan Open Land and Urban Open Space Boundaries Report to DCC 26/7/12 Bromley Local Plan Bromley 2020 Community Strategy National Planning Policy Framework March 2012 London Plan (July 2011) GL Hearn Report December 2012 Stimulating the Local Economy

Table of Key Changes to Objectives and Strategic Options

Appendix A

Chapter		Change	Summary	Preferred/non preferred	Reason for inclusion/amendment
Visions and Objectives	Built heritage	Amended objective	Encourage a proactive approach to the improvement of heritage assets to contribute to strategic, local planning and economic objectives.	n/a	Amended wording agreed by LDFAP
	Business, employment and the local economy	New objective	Support the SOLDC designation at Biggin Hill to enhance the areas employment and business opportunities, whilst having regard to the accessibility and environmental constraints	n/a	This new objective reflects the SOLDC designation in the London Plan and importance of the area already recognised with a major section in the UDP for Biggin Hill and its Environs.
Living In Bromley		New option 11	Where new housing is part of a mixed use development, the Council will have regard to the amenity and character of the existing area, the existing mix of houses and identified need and provision of amenity space.	Preferred	To cover mixed use developments and highlight the importance of character and mix of the development
		New option 17	Financial contributions to be sought on sites providing 1- 9 dwellings	Non Preferred	Raised as an option under the Affordable Housing Viability Assessment
		New option 18	Apply the principles of affordable housing policy to care home developments (Use Class C2)	Preferred	Applies affordable principle as suggested by London Plan and agreed by LDFAP.
		New option 23	Identifying the precise areas highlighted in The London Plan as of “Areas for Regeneration”.	Not preferred	For completeness and demonstration of alternatives considered.
		New option 31	Seek additional traveller sites	Not preferred	For completeness and demonstration of alternatives considered.

Table of Key Changes to Objectives and Strategic Options

Appendix A

		No changes			
Supporting Communities		No changes			
Getting Around		Amended option 63	Promote the extensions of the DLR to Bromley North including by safeguarding sufficient land to enable construction and operation. In particular at former Bromley Town Centre Area Action Plan Site A.	preferred	Amended making reference to the need to safeguard for this, particularly with regard to Site A.
		Amended option 64	Support the Tramlink extensions to Bromley Town Centre and Crystal Palace, improving accessibility and orbital public transport routes to Bromley Town Centre	Preferred	Amended making reference to the tramlink extension to Crystal Palace extension.
Bromley's Valued Environments		No changes			
Working in Bromley Part 1		New Option 79	Increase the economic contribution of the Cray Business Corridor to the local renewal area and to the borough as a whole through improving the quality of the environment, review the boundary of existing designation and optimisation of sites.	Preferred	Included to realise the potential increased economic contribution of the area and synergies, with its status as a SIL, and the renewal area London Plan designations supported by local evidence.
		New Option 89	Seek the expansion and intensification of office use within Bromley Town Centre, particularly around Bromley South and Bromley North stations, supported by improved transport connections and recognition within the London Plan as an Opportunity Area.	preferred	Included to realise the potential increased economic contribution of the town centre, its Metropolitan Centre status (London Plan), potential DLR extension and supported by local evidence.
		Amended Option 91	Realise the full potential of the Biggin Hill SOLDC and accommodate a feasible	Preferred	Included to realise the potential increased

			higher level of economic growth, reviewing appropriate constraints, such as accessibility, green belt boundaries and heritage designations while ensuring the environmental quality is maintained.		economic contribution of the area, its SOLDC status in the London Plan designations supported by local evidence.
Working in Bromley Part 2		New Option 100	Encourage the reuse of upper floors for both residential and commercial uses.	preferred	This arises from work identifying significant floor space unused or underused and bringing it back into use will contribute to the vitality and sustainability of the town centre.
		New Option 104	Define town centre boundaries for Metropolitan, Major and District Centres as per the requirements of the NPPF and London Plan	Preferred	Required for compliance with NPPF and London Plan identified in earlier reports to DC but not as option.
Environmental Challenges		New option 108	Proposals for development should include details about how all aspects of sustainable design and construction have been taken into account (in, for example, their design and access statement) and explain how this will reduce the environmental impact of the development and ensure it is environmentally resilient.	preferred	New option relating to general sustainable design and construction following technical advice to bring together the wide range of environmental issues.
		New option 109	Proposals for major developments should reach a specified level of a nationally recognised standard (for example, The	Not preferred	New option relating to general sustainable design and construction

			Code for Sustainable Homes) to show how they have addressed sustainable design and construction.		following technical advice to bring together the wide range of environmental issues.
		New option 123	Developers should address the risks associated with a changing climate, as highlighted in the NPPF, The London Plan and The Mayor's Climate Change Adaptation Strategy, and investigate site-specific means of adapting to it.	preferred	New option following further technical advice and to ensure compliance with the London Plan.
		New option 124	Development should adhere to the design guidance published by The Mayor of London and the Chartered Institution of Building Services Engineers aimed at reducing the risk of overheating in new development.	Not preferred	New option following further technical advice and to ensure compliance with the London Plan.

Consultation Questions

The questions, as far as possible, are standardised to enable the analysis of the responses and assessment of the level of support for the vision and objectives, each of the Preferred Options, areas of concern and further issues or options that may require consideration.

Four sets of questions have been developed and their position is indicated in the draft Options and Preferred Strategy document. The final on-line version will work as a questionnaire, with the questions embedded at the appropriate point, to be completed as the document, or sections of the document are read. Links to other relevant sections will help people navigate the document as a whole.

Question set 1 - Vision and objectives

After each vision and objectives:

“Do you agree with the vision and objectives? - yes/ no

“Is there anything else that should be included?” -box for comments

Question set 2 - Strategic options where there are no alternatives

After each Preferred Option and associated text:

“Do you agree that the Preferred Option is the most appropriate approach to delivering the vision and objectives?” - yes/ no

“If you do not agree, are there any other strategic options that would be more appropriate?” – box for comments

Question set 3 - Strategic policies with exclusive alternatives (either-or)

After each set of alternatives:

“Do you agree that the Preferred Option is the most appropriate approach to delivering the vision and objectives?” yes/ no

“If you do not agree, is another of the identified options more appropriate? If so, which one?” - answer box

“Are there any additional alternative strategic policies that should be considered? – box for comments

Question set 4 – Catch all for missing elements

At the end of each thematic chapter:

“Are there any additional issues requiring *strategic* policies which should be included or any other comments?” – box for comments

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Agenda Item 6

Report No.
ES13019

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive

Date: 6 February 2013

Decision Type: Non-Urgent Executive Non-Key

Title: **PARKING SHARED SERVICES – COLLABORATION AGREEMENT**

Contact Officer: Gavin Moore, Assistant Director, Customer & Support Services
Tel: 020 8313 4539 E-mail: gavin.moore@bromley.gov.uk

Chief Officer: Nigel Davies, Director of Environmental Services

Ward: All

1. Reason for report

This report seeks Member approval to proceed with the Collaboration Agreement governing the proposed shared parking service with the London Borough of Bexley.

2. **RECOMMENDATION(S)**

That the Executive:

- 2.1 Approves the draft Collaboration Agreement between the London Boroughs of Bromley and Bexley to establish a shared parking service, attached as an appendix; and
- 2.2 Delegates to the Director of Environmental Services, in consultation with the Environment Portfolio Holder, the power to approve the final draft of the Agreement.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Quality Environment Vibrant, Thriving Town Centres:
-

Financial

1. Cost of proposal: Estimated Cost: One off costs of £50k to establish the shared service
 2. Ongoing costs: Recurring Cost: Estimated savings of at least £94k from 2013/14
 3. Budget head/performance centre: Parking Services
 4. Total current budget for this head: £6.7m (credit)
 5. Source of funding: Existing controllable revenue budget 2012/13 onwards
-

Staff

1. Number of staff (current and additional): 25.6fte posts currently in LB Bromley Parking Services
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All users of parking services within the boroughs of Bromley and Bexley
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 On 28th November 2012, the Executive agreed to establish a shared Parking service in collaboration with the London Borough of Bexley. It is intended that the shared service will become operational on 1st April 2013.
- 3.2 This report recommends to the Executive a draft Collaboration Agreement between the two boroughs, which will establish the governance and management arrangements for the service.
- 3.3 The principle of sharing services is that, by combining services across the boroughs, there is the potential for management costs and other overheads to be reduced without affecting the delivery of the front-line service. Local authorities can no longer assume that undertaking any activity on a stand-alone basis is the most cost-effective means of delivery in the light of significant budget pressures.
- 3.4 The rationale for a shared parking service is to streamline management, back office and ICT functions to enable cashable savings and develop best practice across both authorities. Savings will be realised from April 2013, with further potential savings when existing contractual obligations for parking enforcement expire and can be aligned into a single shared contract. The two boroughs are similar geographically, and in their approach to parking strategy. Furthermore Bromley and Bexley have a successful track record, having successfully combined their Libraries service in the past financial year.
- 3.5 Drafting of a detailed Collaboration Agreement between the boroughs commenced in autumn 2012, based on the Agreement made in respect of the successful shared Libraries service. The key principles behind this Agreement are that:
- This will be a partnership between both boroughs, with benefits and costs shared, as agreed by both parties;
 - Appropriate governance arrangements, formalised in the Collaboration Agreement, will ensure democratic accountability;
 - There will be a unified management structure, which will provide leadership and accountability to both boroughs;
 - LB Bromley will act as host borough for the shared service and provide direct line management;
 - Specialist and support staff will be shared (it is proposed that all staff will be based at Bromley's Civic Centre, with those staff employed by LB Bexley seconded to LB Bromley)
 - Service contracts will be harmonised and jointly procured (ICT in April 2013 and Enforcement & Management services by April 2016);
 - Best practice within each parking service will be deployed to the benefit of both authorities.
- 3.6 The formal Collaboration Agreement between Bexley and Bromley will provide a governance framework for the shared service. The draft Agreement is attached as an appendix to this report. A hard copy of the Agreement has been placed in the Members' Room and is available on the Council's website.
- 3.7 The terms of the Agreement have been developed jointly by officers of both authorities, based on the successful Libraries Collaboration Agreement. Key provisions include:
- Term of the agreement/extensions/ break clauses
 - Obligations of respective parties
 - Governance arrangements.
 - Identification of staff who fall within ambit of the arrangements/management structure/ seconded staff
 - The process for appointing staff

- The process for replacing leavers once the arrangements are in place
 - Details of the financial arrangements to be addressed
 - Process for reviewing the progress of the Project
 - Process for varying the agreement
 - Dispute resolution provisions
 - Termination
- 3.8 Members have requested clarification on the management structure of the shared parking service. There will be an integrated management team reporting to the Head of Parking, who would in turn be accountable to both the relevant Deputy Director (Bexley) and Assistant Director (Bromley). The LB Bromley Assistant Director would continue to line manage the Head of Parking within Bromley's Environmental Services department, as is the current arrangement. At point of delivery, the shared service will maintain the necessary local distinctions of the two boroughs. The direct lines of communication from the Head of Parking to the respective Deputy Director and Assistant Director will be essential to ensure the link between the new structure and local accountability to both boroughs is maintained. This will also assist in resolving day to day service issues with minimal delay.
- 3.9 A joint Parking Management Board will have delegated responsibility for overseeing the management of the service at officer level. The Board will comprise the Assistant Director (LB Bromley), Deputy Director (LB Bexley), the Head of Parking Services, and also Finance and HR representatives from both boroughs. Other colleagues from both boroughs would be invited to join the team on an invitation basis to give advice on key issues as they arise.
- 3.10 The joint Parking Management Board will have delegated responsibility for the management of the joint working arrangements. Its key responsibilities will include:
- Preparing the joint Business Plan;
 - Preparing and agreeing a detailed work programme in accordance with the approved joint Business Plan;
 - Preparing the budgets and estimates for approval by both Councils;
 - Overseeing the implementation of the agreed work programme;
 - Overall responsibility for delivery against the approved Business Plan;
 - Identifying the need for specific projects or tasks to be undertaken;
 - Procurement of a shared enforcement contract; and
 - Identifying business development opportunities.
- 3.11 At Member level, the service will continue to report to the Environment Portfolio Holder (Bromley) and the Cabinet Member for Environment and Public Realm (Bexley). Within LB Bromley, the Environment PDS Committee will continue to fulfil the policy development and scrutiny role. A review after the first six months of operations will be reported to Members in both boroughs, along with the analysis of outsourcing options which Members have requested.
- 3.12 In accordance with both boroughs' preferred model of shared services, the Collaboration Agreement does not contain provision for financial penalties or incentives relating to performance. Performance issues which arise will be addressed by management action, where appropriate through the joint Management Board. This reduces the financial risk to LB Bromley as the host service provider.
- 3.13 If any further minor refinements are necessary to finalise the Collaboration Agreement, it is proposed that these be delegated to the Director of Environmental Services in consultation with the Environment Portfolio Holder.

4. POLICY IMPLICATIONS

- 4.1 The Parking service makes a significant contribution to the Council's objectives of a Quality Environment and Vibrant, Thriving Town Centres. The Council's overall approach to parking and enforcement is outlined in Bromley's Parking Strategy, which was approved by the Environment Portfolio Holder subsequent to the meeting of the Environment PDS Committee on 18th January 2012. The Parking Strategy itself is consistent with the recommendations of the Parking Working Group, endorsed by the Environment PDS Committee on 1 June 2009.
- 4.2 The Council is seeking to make cost reductions while maintaining service levels. Sharing services with other councils is one approach which can contribute to this objective.
- 4.3 Bexley and Bromley will continue to have discrete policies with regards parking where necessary and in order to address Member priorities, although working practices will be aligned where appropriate in order to improve service effectiveness. Staff members will be kept aware of different policy approaches that may affect operations. Any changes to policy and practice will need to be agreed by respective Members.

5. FINANCIAL IMPLICATIONS

- 5.1 One-off costs have now been confirmed as £50k for IT and redundancy costs, £6k less than was reported to the Executive on 28 November 2012. The redundancy costs of £44k will be funded from the central contingency provision set aside for redundancy /early retirement costs arising from budget savings. The IT system set up costs of £6k will be met from the parking services budget.
- 5.2 The table below summarises the estimated on-going revenue savings from 2013/14: -

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Total estimated net savings	<u>-94</u>	<u>-100</u>	<u>-106</u>	<u>-112</u>

- 5.3 Further savings could accrue when the parking enforcement contracts are renewed for both boroughs in 2016.
- 5.4 Paragraph 3.12 highlights that the Collaboration Agreement does not contain provision for financial penalties or incentives relating to performance or non-achievement of income.

6. LEGAL IMPLICATIONS

- 6.1 There are a number of powers which allow local authorities to provide services to each other at a charge or otherwise – for example The Local Authorities (Goods and Services) Act 1970 which allows authorities to provide services to each other or to place staff at the disposal of another local authority – Section 113 Local Government Act 1972. The Local Government Act 1972 and the Local Government Act 2000 enables authorities to exercise functions jointly.
- 6.2 The Local Government and Public Involvement in Health Act 2007 and the new statutory Guidance for the "Duty to Involve" place authorities under a duty to consider the possibilities for the provision of information to consultation.

6.3 In accordance with the Equality Act 2012 there is a duty on public bodies to publish information showing how they are complying with the public sector equality duty when taking decisions and making policies, including information about the impact of their policies and decisions on both employees and the public.

6.4 The Collaboration Agreement (as attached in draft form) has taken into account the relevant legal aspects of the shared parking services and details the joint working arrangement for the service between the two councils.

7. PERSONNEL IMPLICATIONS

7.1 Financial implications were set out in detail in Report ES12110 – Parking Shared Service, agreed by the Executive on 28 November 2012. Approval for Bromley staff to provide Bexley services was given by General Purposes and Licensing Committee, on the basis of the same report, on 21 November 2012.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	<p>Libraries – Shared Services Report DRR 11/048, 20 July 2011.</p> <p>Parking Strategy – Report ES12003, 18 January 2012.</p> <p>Report to Environment PDS Committee, 1 June 2009, ‘Report of the Parking Working Group’ http://sharepoint.bromley.gov.uk/Data/127/20090601/Agenda/7.%20Report%20of%20the%20Member%20Parking%20Working%20%20Appendix.pdf http://sharepoint.bromley.gov.uk/Data/127/20090601/Agenda/\$7.%20Report%20of%20the%20Member%20Parking%20Working%2</p> <p>Report ES12110 – Parking Shared Service, Executive 28 November 2012</p>

DATED _____

(1) THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF BROMLEY

(2) THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF BEXLEY

COLLABORATION AGREEMENT

**THE PROVISION OF SHARED PARKING
SERVICES**

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BETWEEN:

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF BROMLEY**
Civic Centre Stockwell Close Bromley Kent BR1 3UH ("**LB Bromley**");
- (2) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF BEXLEY**
London Borough of Bexley Room 5 Maidstone Road Sidcup Kent DA14 5HS ("**LB Bexley**");

together referred to as "**the Councils**".

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

Unless the context otherwise requires, the following words and expressions when used in this Agreement shall have the following meanings:

"Agreed Functions"	means the functions listed or referred to in Part 1 of Schedule 2 (The Role of the Shared Parking Services Management Board);
"Agreement"	means this agreement together with all Schedules and Appendices thereto;
"Back Office Function"	means the function as more specifically detailed in the Specification attached at Schedule 7
"Shared Service Budget"	Specific budget directly related to the shared service team (eg staffing & general running expenses)
"Board Decisions"	means those decisions that are required to be taken by the Shared Parking Services Management Board in relation to an Agreed Function in accordance with Schedule 2 (The Role of the Shared Parking Services Management Board);
"Business Days"	means any day including a Saturday or Sunday or a public or bank holiday in England;
"Commencement Date"	means ;1 st April 2013
"Confidential Information"	means all know-how and other information whether commercial, financial, technical or otherwise relating to the business, affairs or methods of all or any party,

which is contained in or discernible in any form whatsoever (including without limitation software, data, drawings, films, documents and computer-readable media) whether or not marked or designated as confidential or proprietary or which is disclosed orally or by demonstration and which is described at the time of disclosure as confidential or is clearly so from its content or the context of disclosure;

"Contracting Authority"	means any contracting authority as defined in Regulation 3 of the Public Contracts Regulations 2006 and for the purposes of this Agreement;
"DPA"	means the Data Protection Act 1998;
"Draft Revenue Budget"	means the draft revenue budget prepared in accordance with Clause 22
"Employees"	means those staff engaged in posts appointed to work pursuant to the Shared Parking Services Arrangements and managed by the Host Council and as detailed in Schedule 6.
"Financial Principles"	means the principles, which shall be used to calculate the contributions due from each of the Councils as set out in Schedule 4 (Financial Principles)
"Financial Year"	means the period from 1 April in any year to 31 March in the following year;
"Operational Budget"	Operational budgets for each Council that are managed and administered by the Shared Service staff on behalf of the two Councils
"Host Council"	means London Borough of Bromley
"Parking Services"	shall mean the Shared Parking Service Arrangements (forming part of the Agreed Functions) set out in Schedule 7 (the Specification) and carried out by the Shared Services Management Board, Head of Parking Services and the Shared Parking Services Team pursuant to this Agreement;
"Intellectual Property"	means any and all patents, trade marks, trade names, copyright, moral rights, rights in design, rights in databases, know-how and

all or other intellectual property rights whether or not registered or capable of registration and whether subsisting in the United Kingdom or any other part of the world together with all or any goodwill relating to them and the right to apply for registration of them;

- "IP Material"** means the Intellectual Property in the Material developed by the Councils during the term of this Agreement;
- "Shared Assets"** means any equipment, goods, supplies or other property required for the purposes of the Shared Parking Services which may be acquired and agreed from time to time as Shared Assets.
- "Shared Parking Services Arrangements"** means the arrangements established by the Councils under this Agreement for delivery of the Shared Parking Services;
- "Shared Parking Services Management Board"** means the management board established pursuant to this Agreement as detailed in Schedule 2;
- "Head of Parking Services"** means the manager appointed pursuant to this Agreement to manage the Shared delivery of Parking Services as detailed in Schedule 3 (Head of Parking Services);
- "Shared Services Team"** means the team of employees established pursuant to this Agreement to deliver the Shared Parking Services;
- "Shared Intellectual Property"** means Intellectual Property which may be required for the purpose of the Shared Parking Services Arrangements and which will be agreed by the Councils as Shared Intellectual Property from time to time;
- "Stakeholder Board"** means the Stakeholder Board established pursuant to this Agreement in accordance with Schedule 1 (Role of the Stakeholder Board);
- "Management Decisions"** means decisions that are taken by the Head of Parking Services in relation to an Agreed Function in accordance with Schedule 3;
- "Material"** means all data, text, graphics, images and other materials or documents created, used or supplied by a party in connection

with this Agreement unless before the first use or supply, the party notifies the others that the data, text supplied is not to be covered by this definition;

“Objectives”

means the objectives the Councils for the Shared Parking Services shall work to and as more specifically described in Clause 3 below

"Personal Data"

means personal data as defined in the Data Protection Act 1998;

"Procurement Exercise"

means those public procurement processes to be carried out in order to procure a range of services, works or goods undertaken by the Councils under the Shared Parking Services Arrangements;

"Reserved Decisions "

means those decisions which have been reserved to be taken by the Councils (in accordance with Clause 12.2) acting independently and/or which have not been delegated as part of the Shared Parking Services Arrangements;

"Specification"

means the specification detailing the Shared Parking Services attached at Schedule 7;

1.2. The interpretation and construction of this Agreement shall be subject to the following provisions:

1.2.1. the singular includes the plural and vice versa;

1.2.2 a reference to any Clause, sub-Clause, paragraph, Schedule, recital or annex is, except where expressly stated to the contrary, a reference to such Clause, sub-Clause, paragraph, schedule, recital or annex of and to this Agreement;

1.2.3 any reference to this Agreement or to any other document shall include any permitted variation, amendment or supplement to such document;

1.2.4 any reference to legislation shall be construed as a reference to any legislation as amended, replaced, consolidated or re-enacted;

1.2.5 a reference to a public organisation (to include, for the avoidance of doubt, any Council) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity

which has taken over either or both functions and responsibilities of such public organisation;

- 1.2.6 a reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;
- 1.2.7 the schedule, Clause, sub-Clause and (where provided) paragraph headings and captions in the body of this Agreement do not form part of this Agreement and shall not be taken into account in its construction or interpretation;
- 1.2.8 words preceding "include", "includes", "including" and "included" shall be construed without limitation by the words which follow those words; and
- 1.2.9 any reference to the title of an officer or any of the Councils shall include any person holding such office from time to time by the same or any title substituted thereafter or such other officer of the relevant Council as that Council may from time to time appoint to carry out the duties of the officer referred to.

2. BACKGROUND

- 2.1 Sections 9EA and 9EB of the Local Government Act 2000 enables the Secretary of State to make provision to permit local authorities to make arrangements for the discharge of their functions by another local authority and under section 101(5) of the Local Government Act 1972 for the discharge of any of their functions jointly which are the responsibility of the executive of a local authority. The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 permit such arrangements.
- 2.2 Section 111 of the Local Government Act 1972 provides for each of the Councils to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions.
- 2.3 Section 112 provides that a local authority shall appoint such officers as they consider necessary for the proper discharge by the authority of such of their or another authority's functions as fall to be discharged by them and the carrying out of any obligations incurred by them in connection with an agreement made by them under Section 113 of the Local Government Act 1972.
- 2.4 Section 113 of the Local Government Act 1972 confers on the Councils the power to enter into an agreement with each other for the placing at their disposal the services of officers employed by them. Any such officer shall be treated for the purpose of any enactment relating to the discharge of local authorities' functions as an officer of that other local authority.
- 2.5 The Local Authority (Goods and Services) Act 1970 confers the power on the Councils to enter into an agreement for the provision to each other of (amongst other things) goods, materials, and administrative, professional and technical services. Any agreement under this provision may contain such terms as to payment or otherwise as the parties consider appropriate.

- 2.6 Under the Public Contracts Regulations 2006 the Councils, as contracting authorities, may purchase works, goods or services from or through a central purchasing body. Where such purchases are made, they are deemed to have complied with the public procurement rules, to the extent that the central purchasing body has complied with them. A central purchasing body is defined as a contracting authority which acquires goods or services, or awards public contracts or framework agreements for works, goods or services intended for one or more contracting authorities.
- 2.7 By virtue of Section 3 of the Local Government Act 1999, each Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 2.8 The Councils have agreed to establish shared working arrangements for the parking services to facilitate the improvement and efficient and economical discharge of their functions.
- 2.90 The Councils have entered into this agreement to establish the framework and governance for their shared working arrangements. They may, from time to time, enter into separate agreements under the terms of this framework which will record the detailed basis of the way in which they will manage and contribute to the carrying out of specific projects or services that they may undertake jointly.
- 2.11 The Councils shall keep under review opportunities to further enhance the services including but not limited to entering into arrangements with other local authorities.

3. PRINCIPLES AND KEY OBJECTIVES

- 3.1 The Councils have agreed to work together to achieve the following objectives (the "**Objectives**") in relation to the Shared Parking Services Arrangements:
- 3.1.1 to build on the service provided and expertise that currently exists within the Councils and to create a single service that enhances and improves what is currently in existence;
 - 3.1.2 to maximise efficiencies in service provision, aiming to achieve a high quality service provision and to maximise the use of resources available and achieve improved efficiency;
 - 3.1.3 to develop long term strategies for the most economic, efficient and effective provision of Parking Services for the Councils and to create a forum in which the Councils can work collaboratively in respect of developing the Shared Parking Services Arrangements and to develop a long term vision of the Parking Services;
 - 3.1.4 to position the Councils so that they are able to collaborate with other local authorities in the provision of Parking Services provided that any such collaboration is in the interests of both Councils;
 - 3.1.5 to rationalise the management and maximise the procurement of supplies or services in relation to the Shared Parking Services Arrangements;

- 3.1.6 to keep under review the integrated back office and senior management parking functions with the view to further integration of the service provision should the Councils consider it is financially viable and conducive to enhanced service delivery;
 - 3.1.7 to ensure the Parking Services Arrangements are delivered within the budget allocated by the Councils;
 - 3.1.8 to ensure achievement income targets agreed by the Councils in respect of the Parking Services arrangements.
 - 3.1.9 to ensure savings targets agreed by the Councils in respect of the Parking Services Arrangements are achieved.
- 3.2 In order to achieve the Objectives, the Councils agree to work together in good faith and in an open, co-operative and collaborative manner. The Councils' Members and officers will work together in a spirit of mutual trust in order to ensure the successful implementation and operation of the Shared Parking Services Arrangements and will respond in a timely manner (or within such timescales as agreed between the Councils) to all reasonable requests from each other.
- 3.3 The Councils agree as a general principle (subject to any specific provisions) that the Shared Parking Services Arrangements pursuant to this Agreement will be implemented and operated by them in such a way as to ensure that the position of one Council is no worse off where the other is better off than it would have been simply because of the adoption of a shared working model which requires one of the Councils to take on the role of the Host Council. If the Councils cannot reach agreement on a matter left to their shared discretion under this Agreement (including without limitation the financial or other adjustment to be made to accommodate these arrangements) the matter will be determined through the procedure set out in Clause 17 (Internal Dispute Resolution) having regard to this general principle.
- 3.4 The Councils agree that the Shared Parking Services Arrangements shall apply only to the Agreed Functions.

4. ESTABLISHMENT OF SHARED ARRANGEMENTS

- 4.1 The Councils (which for the purposes of this Clause shall include the Cabinets/Member/Portfolio Holder of the London Borough of Bexley and the London Borough of Bromley respectively) agree to establish the Shared Parking Services Arrangements in accordance with the terms of this Agreement, by the exercise of the following powers:
- 4.1.1 section 9EA and section 9EB of the Local Government Act 2000;
 - 4.1.2 section 101(5) of the Local Government Act 1972;
 - 4.1.3 The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012;
 - 4.1.4 section 112 and section 113 of the Local Government Act 1972;
 - 4.1.5 Local Authority (Goods and Services) Act 1970;

4.1.6 section 111 of the Local Government Act 1972; and

4.1.7 any other enabling powers.

5. DURATION OF AGREEMENT AND WITHDRAWAL FROM ARRANGEMENTS

5.1 This Agreement shall come into force on the Commencement Date 1 April 2013.

5.2 The Shared Parking Services Arrangements shall continue in operation until ?? (“Initial Term”) or unless terminated in accordance with Clauses 5.3 or 5.4 or terminated upon such other terms as the Councils may agree. The Councils may by unanimous agreement of the Stakeholder Board in writing extend the Initial Term for a further specified term or terms.

5.3 Either Council may terminate this Agreement and withdraw from the Shared Parking Services Arrangements by giving a minimum of 6 months' notice in writing to the other at any time.

5.4 Notwithstanding clause 5.3, either Council may terminate this Agreement by giving such other period of notice that shall be mutually agreed between the Councils.

5.5 On termination of this Agreement the provisions of Clause 24 (Consequences of Termination) will apply.

6. HOST COUNCIL

6.1 The Councils agree that LB Bromley shall be appointed Host Council for the purposes of this Agreement.

6.2 For the purposes of this Agreement and to facilitate the effective and efficient delivery of the Shared Parking Services Arrangements the Host Council shall:

6.2.1 manage and develop the Shared Parking Services Arrangements on behalf of the Councils in line with the Specification attached;

6.2.2 plan and deploy the resources for the Shared Parking Services Arrangements;

6.2.3 manage the workforce where employed and or engaged to deliver the Shared Parking Services Arrangements regardless by which Council they are engaged;

6.2.4 ensure the Councils engage appropriately qualified and experienced persons to deliver the Shared Parking Services Arrangements on behalf of the Councils

6.2.5 monitor and manage the shared revenue budget and shared capital schemes (when they arise) in accordance with the provisions set out in the Collaboration Agreement as varied from time to time by agreement of the Councils

6.2.6 acquire and hold any Shared Assets or Shared Intellectual Property rights on behalf of the Councils in accordance with this Agreement and as may be agreed from time to time.

- 6.2.7 arrange facilitate and provide general support to the Shared Parking Services Management Board.

7 DUTY TO CO-OPERATE

- 7.1 The Councils shall use their best endeavours to ensure they co-operate fully with the other to ensure the effective discharge of the Shared Parking Services Arrangements.
- 7.2 The duty to co-operate shall include but is not limited to the following:
- 7.2.1 the preparation of reports on any aspect of its responsibilities (including those beyond the scope of this Agreement) where this is necessary to enable the Executive/s or the full Council/s to make a decision relating to the Arrangements;
 - 7.2.2 each Council shall arrange for its officers to attend relevant Council meetings or such other meetings as are considered appropriate;
 - 7.2.3 ensure the effective delivery of the Services as detailed in the Specification at Schedule 7.
 - 7.2.4 to act in a spirit of goodwill and co-operation to resolve any disputes that may arise between the Councils or in relation to the operation of the Workforce Agreement (Schedule 6).

8 GOVERNANCE ARRANGEMENTS

- 8.1 The Councils agree that robust governance arrangements be implemented for the Shared Parking Service which shall include the discharge of decision making through the respective Cabinet Member and Portfolio Holder, a Stakeholder Board and a Shared Parking Services Management Board as set out in clauses 10, 11 and 12 respectively, and whose composition and responsibilities are set out in Schedules 1 and 2.
- 8.2 Each Council shall report annually to their respective Cabinet Member/Portfolio Holder, or Cabinet/Executive if appropriate, on the effectiveness, success and value that the Shared Service is providing.

9 NOMINATED CABINET MEMBER/PORTFOLIO HOLDER

- 9.1 The nominated lead executive Member for each authority shall be the relevant Cabinet Member/Portfolio Holder with responsibility for Parking, including the Shared Service.
- 9.2 Each Council shall ensure the other is aware at all times of the identity of the nominated lead executive Member and of any deputising arrangements.
- 9.3 At any point when the Councils are required, as a consequence of this Agreement, to consult with or seek agreement from the other, this requirement may be discharged by consultation with the Deputy Director/Assistant Director or such other person of similar designated posts as identified by the Councils who will, if necessary, consult the nominated lead executive Member.

9.4 When considering any decision under this Agreement, the nominated lead executive Member as appropriately advised by officers will determine whether the issue under discussion needs to be considered under any other Council decision making arrangement.

9.5 Any decisions taken by the nominated lead executive Member or the Deputy Director/Assistant Director pursuant to this Agreement will be recorded in writing by the Council and a copy of this record shall be made available to the other Council.

10 THE STAKEHOLDER BOARD

10.1 The Councils agree to establish a **Stakeholder Board**, or such other appropriately named body, whose membership and responsibilities are set out in Schedule 1.

10.2 The Stakeholder Board shall:

10.2.1 have a strategic advisory role in developing the relationship between the Councils with regard to the Shared Parking Services Arrangements; and

10.2.2 discharge its responsibilities in accordance with the terms of this Agreement and as set out in Schedule 1.

11. SHARED PARKING SERVICES MANAGEMENT BOARD

11.1 The Shared Parking Services Management Board or such other appropriately named body as agreed by the Councils shall:

11.1.1 on behalf of the Councils discharge the Agreed Functions and arrange for the discharge of those Functions or any of them by any officer of the Councils;

11.1.2 exercise and make decisions in respect of matters delegated to it by the Councils under the terms of this Agreement.

12 DECISIONS

12.1 Notwithstanding clauses 10 and 11 above the Councils shall have the right to make independent decisions on matters referred to each of them by the Shared Parking Services Management Board for decision and on such matters not delegated to the Shared Parking Services Management Board.

12.2 Any decisions or actions which are not set out or referred to in paragraph 1 of Part 1 of Schedule 2 (Role of the Shared Parking Services Management Board) are Reserved Decisions and shall be dealt with accordingly by the relevant Council to whom it relates.

12.3 The Shared Parking Services Management Board shall operate and discharge its responsibilities in accordance with the terms of this Agreement and as set out in Schedule 2 (Role of the Shared Parking Services Management Board).

12.4 Decisions in respect of the Shared Parking Services Arrangements shall be determined as follows:

- 12.4.1 **Reserved Decisions** shall be taken by each Council acting independently;
- 12.4.2 **Management Board Decisions** shall be taken by the Councils acting unanimously through the Shared Parking Services Management Board;
- 12.4.3 **Management Decisions** shall be taken by the Head of Parking Services acting for both Councils;

13 SCRUTINY

- 13.1 The Councils will arrange for appropriate officers to attend a Scrutiny Committee of the other Council or sub-committee or such other meeting provided reasonable notice is given.
- 13.2 The Councils will provide and supply such monitoring information for consideration by the Scrutiny Committees or sub-committee or any other meeting in so far as it is able to meet any reasonable request for information.

14. SHARED ASSETS

- 14.1 Shared Assets shall be acquired on behalf of the Councils by the Host Council and vested in it for the purposes of this Agreement and for use as determined by the Shared Parking Services Management Board.
- 14.2 The Councils shall assign any shared Intellectual Property which is acquired or brought into existence after the Commencement Date for the purposes of the Shared Parking Services Arrangements to the Host Council to be held jointly on behalf of the Councils for the purposes of this Agreement.
- 14.3 All shared Assets and shared Intellectual Property shall be used and cared for in an appropriate manner and their proper use (including any maintenance) shall be supervised, managed and controlled by the Host Council acting in accordance with the instructions of the Shared Parking Services Management Board.
- 14.4 The Shared Parking Service shall maintain a log of the assets such as IT equipment.

15. REVIEW OF AGREEMENT

- 15.1 The Councils shall carry out an Annual Review of the Arrangements in accordance with Schedule 1.
- 15.2 The annual review shall include but is not limited to the following:
 - 15.2.1 an evaluation of performance against agreed performance measured targets and priorities;
 - 15.2.2 a review of the targets and priorities for the following financial year;
 - 15.2.3 a review of the quality of service delivery;
 - 15.2.4 an evaluation of any statistics or information required to be undertaken from time to time.

- 15.3 Each Annual Review of the Arrangements will take into account the Council's obligations in respect of Best Value, any other statutory requirements in force at the time of the review and any performance indicators agreed by the Councils from time to time.
- 15.4 Either Council may require a review to be undertaken at any time outside the Annual Review Provision.
- 15.5 In addition to the Annual Review the Shared Parking Service Management Board shall produce a written report for the Stakeholder Board on the arrangements in a format and at such frequency as agreed by the Councils.

16 INTELLECTUAL PROPERTY

- 16.1 Each Council will retain all Intellectual Property in its Material.
- 16.2 Each Council will grant the other Council a non exclusive, perpetual, non-transferable and royalty free licence to use, modify, amend and develop its IP Material for the Shared Parking Services Arrangements and any other purpose resulting from the Shared Parking Services Arrangements whether or not the Council granting the licence remains a party to this Agreement.
- 16.3 Without prejudice to Clause 16.2 if both Councils own or have a legal or beneficial right or interest in any aspect of the IP Material for any reason (including without limitation that no one Council can demonstrate that it independently supplied or created the relevant IP Material without the help of the other Council), each Council who contributed to the relevant IP Material will grant to the other Council a non-exclusive, perpetual, non-transferable and royalty free licence to use and exploit such IP Material as if the Council were the sole owner under the Copyright Design and Patents Act 1988 or any other relevant statute or rule of law.
- 16.4 For the avoidance of doubt a Council who has licensed any Intellectual Property under this Agreement shall be entitled to continue to use the licensed Intellectual Property following termination.
- 16.5 Each Council warrants that it has or will have the necessary rights to grant the licences set out in Clauses 16.2 and 16.3 in respect of the IP Material to be licensed.

17 INTERNAL DISPUTE RESOLUTION

- 17.1 The Councils undertake to pursue a positive approach towards dispute resolution which seeks (in the context of this shared working arrangement) to identify a solution at the Head of Parking Service level that is appropriate to the subject of the dispute and which avoids legal proceedings and maintains a strong working relationship between the parties.
- 17.2 If any dispute arises between the Councils and cannot be resolved by the Head of Shared Parking Service, it shall be referred to the Assistant Director of LB Bromley and Deputy Director of LB Bexley respectively for resolution.
- 17.3 If the dispute cannot be resolved by the Assistant Director and Deputy Director within a period of 28 days, the matter shall be referred to the respective Directors who shall endeavour to resolve the dispute within 14 days. Should the matter

remain unresolved by the Directors, it shall be passed on to the Chief Executive of each Council or other such equivalent designated post for resolution within a further period of 28 days. Should the Chief Executives fail to resolve the dispute, the Councils shall refer the dispute for mediation. Neither Council shall wilfully delay or obstruct the mediation process and each Council agrees that:

- 17.3.1 whenever the Council wish to have a dispute resolved by mediation, the Councils agree to request the Centre for Effective Dispute Resolution ("CEDR") to appoint a Mediator (and if in turn CEDR has ceased to exist or is unwilling to act, then the parties agree to request the Chartered Institute of Arbitrators to appoint a Mediator). The Mediator shall be wholly independent of the Councils and any sub-contractor;
 - 17.3.2 the Mediator shall, in consultation with the Councils, determine the timetable and procedure for mediation. Unless otherwise agreed, the CEDR Mediation Rules in force at the commencement of the mediation will apply;
 - 17.3.3 the mediation will be conducted on a without prejudice basis and in strict confidence;
 - 17.3.4 the Mediator shall incur no legal liability to the parties in respect of his or her role in relation to the mediation, except in the case of proven fraudulent conduct on the part of the Mediator;
 - 17.3.5 if a dispute is settled through mediation, the terms of the settlement will be recorded in writing in a legally binding form signed by a duly authorised representative of each of the Councils;
 - 17.3.6 if, within 20 Business Days (the "Mediation End Date") of the Mediator being appointed, the Mediation has not resulted in the resolution of the dispute, then the mediation procedure shall, unless otherwise agreed by the Councils, be terminated and then the provisions of Clause 17.4 below shall apply; and
 - 17.3.7 no-one appointed to act as a Mediator shall be called to give evidence in any subsequent proceedings between the Councils, nor shall any Mediator be entitled to act as an adviser to either party in any subsequent proceedings whether as counsel, solicitor or independent expert without the prior written consent of the other Council. The Mediator shall not act as an arbitrator in any subsequent dispute.
- 17.4 In the event of any dispute between the Councils relating to this Agreement which it has not been possible to resolve through the mediation (whether this be a contractual interpretation or otherwise) the matter may be referred to an independent Arbitrator acceptable to both Councils in accordance with the Arbitration Acts 1950 and 1979. If the Councils fail to agree on the identity of an Arbitrator within 14 working days, then the President of the Chartered Institute of Arbitrators or his nominated representative shall be requested to appoint an Arbitrator.
- 17.5 The decision of the Arbitrator, which may include a decision as to liability for the costs and/or Arbitration, shall be binding on both Councils and all costs incurred from the arbitration procedure shall be shared equally by both Councils.

18 LEGAL, HR, FINANCE AND OTHER SUPPORT

18.1 The Councils agree that unless otherwise determined:

18.1.1 The London Borough of Bromley's Legal Services, Human Resources, Occupational Health and other relevant support service staff shall advise and assist Bromley staff in the provision of the Shared Parking Services and shall not provide legal advice, HR advice, Occupational Health advice or other relevant support or assistance to the London Borough of Bexley in relation to employment or other matters arising by virtue of these arrangements;

18.1.2 The London Borough of Bexley's Legal Department, Human Resources Department, Occupational Health Service and other relevant support service staff shall advise and assist Bexley staff in the provision of the Shared Parking Services and shall not; (save for general support and guidance to Bromley staff in the management of Bexley staff), provide legal advice, HR advice, Occupational Health advice or other relevant support or assistance to the London Borough of Bromley in relation to employment or other matters arising by virtue of these arrangements;

18.1.3 In the event of legal proceedings being issued against either Council pursuant to this Agreement the employees and/or consultants shall co-operate to enable the Councils to defend and/or settle such claim;

18.1.4 The Councils shall share any legal costs incurred pursuant to this Agreement in defending a claim or sharing the award against either Council made by a court.

18.2 The costs incurred on the shared arrangements will be recorded on both Bromley and Bexley's financial systems. Assistance will be provided by Finance staff of both authorities to the Head of Parking Services in the interpretation of the financial data.

19. STAFFING

19.1 The current staff structure for the Shared Parking Service is set out in Schedule 6. The Parties are aware that this structure may require to be amended from time to time and shall have due regard to the Governance Arrangements for the Shared Parking Service when any amendments are to be made.

19.2 Staff appointed to work in the Shared Parking Service will be issued with a contract of employment based on the terms and conditions of their employing Council and in accordance with the Service requirements and statutory obligations.

19.3 London Borough of Bexley employees appointed to work within the Shared Parking Service will continue be subject to LB Bexley terms and conditions, with the exception of policies and procedures. LB Bexley staff seconded to the shared parking service will be subject to LB Bromley's policies and procedures and in accordance with the Workforce Agreement set out in Schedule 6 of this agreement. Both parties agree to the terms set out in the Workforce Agreement attached at Schedule 6.

- 19.4. LB Bexley will ensure that its employees will continue to have access to LB Bexley relevant IT services and intranet in order that they can keep in touch with their employer.
- 19.5 LB Bromley staff appointed to work within the Shared Parking Service will continue to be subject to LB Bromley's terms and conditions of service.
- 19.6 Employees appointed to the Shared Parking Service shall continue to be paid directly by their respective employer and any queries in respect of pay should be directed to the respective Council Payroll Service.
- 19.7 The Head of Parking Services shall be responsible for ensuring effective delivery of the arrangements and managing the Shared Parking Service.
- 19.8 Either Council shall appoint a nominated officer to carry out any formal investigation required under either Councils' procedures as appropriate.
- 19.9 In the event of vacancies arising during the term of this agreement a decision as to how and when these vacancies shall be filled will be made by the Shared Parking Services Management Board (subject always to any internal policy and approval of either Council that may be required) and in accordance with the Governance Arrangements for the Shared Parking Service.
- 19.10 When a decision is taken to fill a vacancy the Shared Parking Services Management Board shall determine the most appropriate contractual arrangements to employ, including whether LB Bromley or LB Bexley terms and conditions are appropriate and whether a permanent, temporary or fixed term appointment should be made.

20 GENERAL STAFF MATTERS

- 20.1 When working in relation to the Shared Parking Services Arrangements, employees of each Council shall work and shall be made available to the other Council pursuant to section 113 of the Local Government Act 1972.
- 20.2 It is acknowledged that this Agreement embodies the provision of services by the staff to the Councils and that accordingly, should the Shared Parking Service be terminated, upon termination, the parties recognise that there may cease to be a requirement for the staff or that the Councils may only have a need for a proportion of the staff so employed. In the event that the staff services are no longer required under this Shared Parking Service, staff will return to the direct employment of the Council to whom they are contracted with under their contract of employment and any secondment arrangements shall terminate. In these circumstances, upon termination of the Shared Parking Services, the arrangements as set out in the Financial Principles in Schedule 4 and clause 24 (Consequences of Termination) will apply.
- 20.3 Other than on termination of this agreement, any proposal by either Council for re-organisation or redundancy in relation to the Employees after the Commencement Date shall be reported to and discussed by the Shared Services Management Board who shall consider the proposals in good faith and in accordance with the objectives and principles set out in Clause 3 of this Agreement.

20.4 The Shared Services Management Board shall determine whether and how the proposals shall be implemented and whether it is fair and equitable in all the circumstances of the proposals that the provisions of the Financial Principles set out in Schedule 4 in relation to the sharing of costs should apply or whether alternative provisions should be agreed. If the Shared Services Management Board cannot reach agreement on the provisions which should apply to the proposal then the matter will be determined in accordance with the Internal Dispute Resolution procedure set out in clause 17.

21. SHARED PARKING SERVICE OFFICE LOCATION

21.1 The Councils agree that the location of the Shared Parking Service will be at London Borough of Bromley Civic Centre Stockwell Close Bromley Kent BR1 3UH or at such other location as may be agreed between the Councils.

21.2 Staff of either Council shall be required to work as and where required across both Council Boroughs and other premises occupied or used by the Shared Parking Service in the provision of Parking Services.

21.3 LB Bromley agrees that it shall provide safe and suitable accommodation and facilities (including power, water and telephone services) to such employees and or consultants where appropriate as the Councils agree should be located at LB Bromley premises.

21.4 Each Council shall allow members of the Shared Parking Services such access to that Council's IT systems as may be reasonably required to enable provision of the Parking Services and shall provide such help-desk and desktop support to those employees as necessary to deliver the Services. Each Council shall be responsible for obtaining any necessary third party consents to enable such access to its IT systems. If any necessary third party consents cannot be obtained (or can only be obtained at a cost that is unreasonable or disproportionate), the Councils shall agree an alternative method to provide the Parking Services.

22 BUDGETS AND COUNCIL CONTRIBUTIONS

22.1 Any obligations and liabilities arising out of the Shared Parking Services arrangements ascertainable prior to the expiry or termination of this Agreement or subsequently arising shall be met by the Councils in accordance with the Financial Principles set out in Schedule 4 unless otherwise agreed in writing by the Councils.

22.2 Not later than 1 September in any other year prior to the commencement of a Financial Year the Head of Parking Services shall commence work to prepare and submit through the Shared Parking Services Management Board to the Stakeholder Board for their comments on the Draft Revenue Budget and any capital expenditure proposals

22.3 The Draft Revenue Budget and capital expenditure proposals shall include:

22.3.1 estimates of revenue income and expenditure of the Shared Parking Services for or in relation to the Shared Parking Services Arrangements and the Agreed Functions;

22.3.2 details as to how the expenditure is to be financed including a breakdown of the contributions required from each Council;

- 22.3.3 estimated costs of any specific capital or revenue project which the Head of Parking Services seeks authority or has authority to undertake within the framework of the Shared Parking Services Arrangements;
- 22.3.4 budget proposals from the Head of Parking Services in respect of the activities of the Shared Parking Service.
- 22.3.5 Any efficiency savings/targets required by each Council as part of the normal draft estimate process.
- 22.4 The Draft Revenue Budget and capital expenditure proposals shall be prepared on the basis that all revenue and capital expenditure incurred by the Councils for the Shared Parking Services Arrangements shall be shared in line with the Financial Principles (unless otherwise agreed by the Councils for a specific project) contained in schedule 4.
- 22.5 Following receipt of any comments from the Stakeholder Board the Head of Parking Services shall make such adjustments to the Draft Revenue Budget and capital expenditure proposals as appropriate and forward the Draft Budget and capital expenditure proposals to the Assistant Director of the LB Bromley and the Deputy Director of the LB Bexley who shall submit it to the Councils for comment.
- 22.6 The Shared Parking Services Management Board shall submit the Draft Revenue Budget and capital expenditure proposals (as amended) for approval to the Councils not later than 31st January in the relevant year. The Draft Revenue Budget shall take into consideration the comments of each Council in respect of the Draft Budget and shall be split into committed and optional estimates in relation to the Agreed Functions. Should the Councils approve the Revenue Draft Budget it shall become the **"Approved Revenue Budget"**.
- 22.7 If either Council does not approve the Draft Revenue Budget it shall provide the Shared Parking Services Management Board with detailed reasons why the Draft Revenue Budget has not been approved and any amendments that are required in relation to it. The Shared Parking Services Management Board shall discuss the proposed amendments and shall agree a revised Draft Revenue Budget to be submitted.
- 22.8 The Head of Parking Services shall not incur expenditure in excess of that amount so approved in the Approved Revenue Budget in any Financial Year without the prior consent of the Councils.
- 22.9 The Councils agree that they shall each comply with the provisions of Schedule 4.
- 22.10 Unless otherwise specified in Schedule 4, LB Bexley shall pay to the LB Bromley on 15 April and quarterly thereafter, payments of one quarter of the net financial contribution it has agreed to make in accordance with the methodology set out in schedule 4. At the year end, reconciliation will be undertaken based on actual costs and a balancing payment made as appropriate.
- 22.11 The financial split for the Shared Service shall be as referred to at Schedule 4, Clauses 1.1.3 and 1.1.4.
- 22.12 For the avoidance of doubt if any dispute or difference (including a refusal to approve a final estimate) arises between the Councils in respect of any matter in

this Clause 22 then the matter shall be referred to resolution in accordance with Clause 17.

23. LIABILITY OF THE COUNCILS

- 23.1 Unless otherwise agreed in writing by the Councils (and subject always to Clause 23.2 and 23.3), all losses, claims, expenses, actions, demands, costs and liabilities incurred by the Councils; arising as a result of the provision of the Shared Parking Services Arrangements (including through the Host Council and Shared Parking Services Management Board) or arising out of any negligence or other act or omission of the Shared Parking Service (or the Shared Parking Service Arrangements) shall be shared by the Councils in accordance with the Financial Principles. For the sake of clarity, where equal pay claims brought by an employee are concerned, any claim arising from either Council which is not directly related to the Shared Parking Service, shall be borne by the Council who employ/employed that employee
- 23.2 Liability and indemnities for all losses, claims, expenses, actions, demands costs and liabilities relating to the delivery of specific projects or tasks undertaken within the framework of the Shared Parking Services Arrangements shall be shared in accordance with the provisions agreed for that specific project or task as agreed by the Shared Parking Services Management Board from time to time or in accordance with the Financial Principles.
- 23.3 Each Council ("the Indemnifier") shall indemnify and keep indemnified the other Council ("the Beneficiary") against any losses, claims, expenses, actions, demands costs and liabilities suffered by the Beneficiary arising solely from any breach by the Indemnifier of its obligations under this Agreement or any negligent act or omission in relation to such obligations.
- 23.4 A Council who receives a claim for loss, expenses, actions, demands, costs and liabilities in respect of the Shared Parking Services Arrangements shall notify and provide details of such claim as soon as is reasonably practicable to the other Council. A Council shall not be entitled to be indemnified under this Clause 23.4 unless it has given notice in accordance with this Clause 23.4 to the other Council against whom it will be enforcing its rights to an indemnity under this Agreement.
- 23.5 The Councils shall ensure that adequate insurance cover is effected and maintained in respect of any liabilities they may have in respect of any neglect or default on their part.
- 23.6 The Councils shall ensure that adequate insurance cover is effected and maintained in respect of any property and assets held by them for the purpose of the Shared Parking Services Arrangements.
- 23.7 The Councils shall at all times maintain an up-to-date register of the assets and committed liabilities of each Council in relation to the Shared Parking Services Arrangements. The Councils will each advise the Host Council of any such assets and committed liabilities.

24. CONSEQUENCES OF TERMINATION

- 24.1 On termination of this Agreement:

- 24.1.1 the costs and any outstanding payments shall be divided or shared between each Council in accordance with the Financial Principles set out in Schedule 4 and Clause 22;
 - 24.1.2 each Council shall comply with the provisions in relation to staff matters as set out in Clause 20.2 and the Financial Principles set out in Schedule 4.
- 24.2 Upon termination of this Agreement all Shared Assets shall:
- 24.2.1 where reasonably practicable be divided between the Councils in accordance with the Financial Principles set out in Schedule 4 or under the agreement the item was purchased; or
 - 23.2.2 be dealt with under equal proportion of benefit or loss to both Councils or as otherwise agreed between the Councils.
- 24.3 Upon termination of this Agreement:
- 24.3.1 each party shall return and make no further use of any equipment, property, materials and other items (and all copies of them) belonging to the other party;
 - 24.3.2 each Council shall co-operate with each other and/or any replacement provider for the management of the Parking Services and provide such transitional assistance reasonably required to facilitate the smooth handover of the management of the Parking Services to a provider other than the Councils party to this Agreement;
 - 24.3.3 both Councils shall without delay return to the other any data and Confidential Information of the other in its possession, such data to be returned in a format to be reasonably specified by the owner of the Data;
 - 24.3.4 the accrued rights of the Councils as at termination, or the continuation after termination of any provision expressly stated to survive or implicitly surviving termination, shall not be affected or prejudiced.

25. AUDIT AND RECORD KEEPING

- 25.1 Any books of account of the shared working arrangements shall be the subject of the audit arrangements of the Host Authority.
- 25.2 The Councils shall maintain detailed financial records relating to the shared working arrangements and performance of services under the arrangements, in accordance with good practice and any applicable legislation. The records shall be retained for at least 6 (six) years.
- 25.3 Each Council shall at all times and on reasonable notice permit for the purposes of audit the other Council and any nominated officers and/or auditors access to documentation relating to the Shared Parking Services Arrangements.
- 25.4 The Councils shall keep (and where appropriate procure that each sub-contractor shall keep) books of account in accordance with best accountancy practices with

respect to the costs incurred in relation to the shared working arrangements, showing in detail:

- 25.4.1 the costs of any goods or services;
- 25.4.2 staffing and administrative overheads;
- 25.4.3 payments to sub-contractors;
- 25.4.4 capital and revenue expenditure; and
- 25.4.5 such other items as each Council may reasonably require from time to time to conduct costs audits for verification of cost expenditure or estimated expenditure, for the purpose of this Agreement.

26 TAXATION AND VAT

- 26.1 Each party shall bear its own liability for any taxation or duty chargeable in the United Kingdom in respect of its participation in the Shared Parking Services Arrangements or any Procurement Exercise and each undertakes to indemnify the other in respect of any such taxation assessed on and paid by the other in respect of which the former is primarily liable.
- 26.2 Any supply made by one party to the other pursuant to this Agreement shall be exclusive of any VAT chargeable on it, which shall (where required by law) be paid by the party to whom the supply is made in addition to the payment for the supply, subject to the provision to it of a valid VAT invoice.
- 26.3 All payments to be made by one Council to the other under this Agreement shall be made in full without deduction of or withholding for or on account of any present or future taxes, levies, duties, charges, fees, deductions or withholdings of any nature unless the party making the payment is required by law to make any such deduction or withholding. If such withholding or deduction is so required by law, then the Council making the payment shall increase the amount of the payment so that the other Council receives the same amount as it would have received in the absence of the requirement to make the withholding or deduction, and the Council making the payment shall give to the other Council an appropriate certificate as may be required by law showing the amount.
- 26.4 If the Council receiving the payment subsequently obtains relief or credit in respect of the withholding or deduction, then it shall promptly repay to the Council which made the payment an amount equal to the credit or relief obtained up to maximum of the amount by which the payment was increased to take account of the withholding or deduction. The Councils shall co-operate with a view to allowing each other to obtain any available relief or credit in respect of any such withholding or deduction in respect of taxation and in particular but without prejudice to the foregoing generality shall give any information reasonably required by the other Council in connection with the making of a claim for relief under an applicable double taxation treaty.

27 CONFIDENTIALITY

- 27.1 Except to the extent set out in this Clause or where disclosure is expressly permitted elsewhere in this Contract, each Council shall:

- 27.1.1 treat the other party's Confidential Information as confidential and safeguard it accordingly; and
 - 27.1.2 not disclose the other party's Confidential Information to any other person without the owner's prior written consent.
- 27.2 Clause 27.1 shall not apply to the extent that:
- 27.2.1 such disclosure is a requirement of law placed upon the party making the disclosure, including any requirements for disclosure under the FOIA or the Environmental Information Regulations (as defined in Clause 29.1);
 - 27.2.2 such information was in the possession of the Council making the disclosure without obligation of confidentiality prior to its disclosure by the information owner;
 - 27.2.3 such information was obtained from a third party without obligation of confidentiality;
 - 27.2.4 such information was in the public domain at the time of disclosure otherwise than by a breach of this Contract; or
 - 27.2.5 it is independently developed without access to the other Council's Confidential Information.
- 27.3 Either Council may only disclose the other's Confidential Information to staff who are directly involved in the provision of the Shared Parking Services or to other of its employees (including in its finance or audit departments or to its consultants or agents) and who need to know the information, and shall ensure that such recipients of Confidential Information are aware of and shall comply with these obligations as to confidentiality.
- 27.4 Each Council shall not use any of the other Council Confidential Information received otherwise than for the purposes of this Agreement.
- 27.5 Each Council shall use its best endeavours to ensure that its staff do not use any of the other Council's Confidential Information received otherwise than for the purposes of this Agreement.
- 27.6 Nothing in this Agreement shall prevent either Council from disclosing Confidential Information belonging to the other:
- 27.6.1 to any Crown Body or any other Contracting Authority. All Crown Bodies or Contracting Authorities receiving such Confidential Information shall be entitled to further disclose the Confidential Information to other Crown Bodies or other Contracting Authorities on the basis that the information is confidential and is not to be disclosed to a third party which is not part of any Crown Body or any Contracting Authority;
 - 27.6.2 for the purpose of the examination and certification of that Council's accounts; or
 - 27.6.3 to the Information Commissioner (or their successors) for any purpose for which that body is entitled to request information.

27.7 Each Council shall use all reasonable endeavours to ensure that any government department, Contracting Authority, employee, third party or subcontractor to whom the other Council's Confidential Information is disclosed pursuant to Clause 27.6 is made aware of that Council's obligations of confidentiality.

27.8 Nothing in this Clause 27 shall prevent either Council from using any techniques, ideas or know-how gained during the performance of the Agreement in the course of its normal business to the extent that this use does not result in a disclosure of the other Council's Confidential Information or an infringement of Intellectual Property rights.

28. DATA PROTECTION

28.1 In relation to all Personal Data, each Council shall at all times comply with the DPA, (as a data controller if necessary) which includes (but is not limited to) maintaining a valid and up to date registration or notification under the DPA covering the data processing activities to be performed in connection with the Shared Parking Services Arrangements. The Councils acknowledge that they are each likely to be data controllers and data processors in relation to personal data and that in acting as the Host Council LB Bromley will act as data processor in relation to LB Bexley's Personal Data.

28.2 Each Council:

28.2.1 shall process Personal Data belonging to any other Council only on the instructions of that Council and shall adhere to obligations and responsibilities under applicable law;

28.2.2 shall not transfer any Personal Data to any country or territory outside the European Economic Area unless appropriate measures have been taken and the Data Controller in relation to such Personal Data has approved such transfer);.

28.3 The Councils shall not disclose Personal Data to any third parties other than:

28.3.1 to staff and sub-contractors to whom such disclosure is reasonably necessary in order for the Councils to carry out the Parking Services or any Procurement Exercise; or

28.3.2 to the extent required under a court order or to comply with any applicable laws including (but not limited to) any statute, bye law, European Directive or regulation;

provided that any disclosure to sub-contractors under Clause 28.3.1 shall be made subject to written terms substantially the same as, and no less stringent than, the terms contained in this Clause 28 and that each Council shall give notice in writing to the other Council of any disclosure of Personal Data belonging to them which they or a sub-contractor are required to make under Clause 28.3.2 immediately they are aware of such a requirement.

28.3.3 the Councils shall bring into effect and maintain and shall use all reasonable endeavours to ensure that all relevant sub-contractors have in effect and maintain all reasonable technical and organisational

measures necessary to prevent unauthorised or unlawful processing of Personal Data and accidental loss or destruction of, or damage to, Personal Data including but not limited to taking reasonable steps to ensure the reliability and probity of any employee or agent of a relevant sub contractor having access to the Personal Data; and

- 28.3.4 either Council may, at reasonable intervals, request a written description of the technical and organisational methods employed by the other Council and the relevant sub-contractors referred to in Clause 28.3.1. Within 5 Business Days of such a request, the Council requested to do so shall supply written particulars of all such measures as it is maintaining detailed to a reasonable level such that the requesting Council can determine whether or not, in connection with the Personal Data, it is compliant with the DPA. Both Councils shall use all reasonable endeavours to ensure that the sub-contractors also comply with such request from either Council.
- 28.4 Each Council shall ensure that any Personal Data it obtains and provides to the other Council has been lawfully obtained and complies with the DPA and that the use thereof in accordance with this Agreement shall not breach any of the provisions of the DPA.
- 28.5 Where either Council is:
- 28.5.1 required under the DPA to provide information to a data subject (as defined in the DPA) in relation to Personal Data when such data is in the possession or under control of any other Council; and
- 28.5.2 required Council informs the controlling Council in writing that this is the case, the controlling Council shall guarantee reasonable and prompt co-operation to the required Council in meeting its obligations under the DPA including making copies of the relevant Personal Data to the extent the same are in its possession within 10 business days.
- 28.6 Each Council shall provide the other as soon as reasonably practicable, with such information in relation to Personal Data and their processing as the other Council may reasonably request in writing and the party asked to provide the relevant data may reasonably be able to provide in order for the other Council to:-
- 28.6.1 comply with its obligations under this Clause and the DPA; and
- 28.6.2 assess whether the processing of the relevant Personal Data in connection with this Agreement is breaching or may breach the DPA in a manner which is material and not effectively sanctioned by any guidance statement issued by the Information Commissioner.
- 28.7 Each Council shall each take reasonable precautions (having regard to the nature of their respective obligations under this Agreement) to preserve the integrity of any Personal Data.

29 FREEDOM OF INFORMATION ACT AND ENVIRONMENTAL INFORMATION

- 29.1 Each Council acknowledges that the other Council is subject to the requirements of the Freedom of Information Act 2000 ("FOIA") and the Environmental Information

Regulations 2004 (“EIR”) and each Council shall where reasonable assist and co-operate with the other Council (at their own expense) to enable the other Council to comply with these information disclosure obligations.

29.2 Where a Council receives a request for information under either the FOIA or the EIR in relation to information which it is holding on behalf of the other Council in relation to the Shared Parking Services Arrangements or any Procurement Exercise conducted pursuant to such arrangements it shall:

29.2.1 transfer the request for information to the other Council as soon as practicable after receipt and in any event within 2 (two) Business Days of receiving a request for information;

29.2.2 provide the other Council with a copy of all information in its possession or power in the form that the Council reasonably require within 10 (ten) Business Days (or such longer period as the Council may specify) of the Council requesting that information unless the cost of compliance exceeds the limit set down pursuant to FOIA from time to time (and provides reasonable proof of this to the other Council); and

29.2.3 provide all necessary assistance as reasonably requested by the other Council to enable the Council to respond to a request for information within the time for compliance set out in the FOIA or the EIR.

29.3 Where a Council receives a request for information under the FOIA or the EIR which relates to this Agreement or the Shared Parking Services Arrangements or any Procurement Exercise, it shall inform the other Council of the request for information as soon as practicable after receipt and in any event at least 2 (two) Business Days before disclosure and shall use all reasonable endeavours to consult with the other Council prior to disclosure and shall consider all representations made by the other Council in relation to the decision whether or not to disclose the information requested.

29.4 Subject to Clause 29.2, each Council shall be responsible for determining in their absolute discretion whether any information requested under the FOIA or the EIR:

29.4.1 is exempt from disclosure under the FOIA or the EIR; and

29.4.2 is to be disclosed in response to a request for information.

29.5 Each Council acknowledges that the other Council may be obliged under the FOIA or the EIR to disclose information:

29.5.1 without consulting with the other Council where it has not been practicable to achieve such consultation; or

29.5.2 following consultation with the other Council and having taken its views into account.

30 CONTRACTS (THIRD PARTY RIGHTS)

30.1 The Councils do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

31 NOTICES

31.1 Any notice or demand in connection with this Agreement shall be in writing and may be delivered by hand, prepaid first class post, special delivery post to the addresses set out in Schedule 8 or such other recipient address as may be notified in writing from time to time by one Council to the other Council.

31.2 The notice or demand shall be deemed to have been duly served:-

31.2.1 if delivered by hand, when left at the proper address for service;

31.2.2 if given or made by prepaid first class post or special delivery post, 48 hours after being posted (excluding days other than Business Days);and

provided that, where in the case of delivery by hand or transmission by facsimile such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

31.3 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

31.4 Any other communication under this Agreement which must be in writing may be sent by the means set out in this Clause 31 but may also be sent by electronic mail.

32 FURTHER ASSURANCE

32.1 At any time after the date of this Agreement each Council shall execute or procure the execution of such documents and do or procure the doing of such acts and things as the other Council may reasonably require for the purpose of giving to the other party the full benefit of its rights under this Agreement.

33 PUBLICITY, REPUTE AND BRANDING

33.1 Neither Council shall make any press announcements concerning this Agreement or publicise this Agreement in any way without the prior consent of the other.

33.2 Neither Council shall do anything to cause anything to be done, which may damage the reputation of the other or bring the other into disrepute.

33.3 The provisions of this Clause 33 shall apply whilst this Agreement is in force and continue indefinitely after its expiry or termination.

34 CONFLICT OF INTEREST

34.1 Each Council shall as soon as practical disclose to the other any actual or potential conflict of interest arising from this Agreement of which it becomes aware.

34.2 The Councils shall give effect to such measures as may reasonably be agreed between them for ending or avoiding any such actual or potential conflict of interest, or alleviating its effect.

35 ENTIRE AGREEMENT

- 35.1 This Agreement (including the Schedules) constitutes the entire Agreement and understanding between the Councils in respect of the matters dealt with in it and supersedes, cancels and nullifies any previous agreement, representations, negotiations, arrangements and understandings between the Councils relating to such matters.
- 35.2 The Councils acknowledge that they have not relied upon any representation or promise in entering into this Agreement except as expressly set out in this Agreement.
- 35.3 Each of the Councils unconditionally waives any rights it may have to claim damages against the other or any right it may have to rescind on the basis of any statement of any nature whatsoever, whether in writing or otherwise, made by the other (whether made carelessly or not) not set out or referred to in this Agreement (or for breach of any warranty given by the other not so set out or referred to) unless such statement or warranty was made or given fraudulently.

36 WAIVER

- 36.1 The failure by either Council to insist upon strict performance of any provision of this Agreement or to exercise any right or remedy to which it is entitled hereunder, shall not constitute a waiver thereof and shall not cause a diminution of the obligations established by this Agreement.
- 36.2 A waiver by either Council of any default by the other party shall not constitute a waiver of any other default.
- 36.3 No failure or delay in exercising or partial exercise of any right or power under the Agreement shall operate as a waiver thereof or prevent the further exercise of that or any other right or power.

37 SEVERANCE

- 37.1 If any provision of this Agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, unenforceable or illegal:
- 37.1.1 the other provisions shall remain unaffected and in force except where it deprives one of the Councils of a substantial part of the benefit intended to be derived by it from this Agreement;
- 37.1.2 the Councils shall in good faith amend to reflect as nearly as possible the spirit and intention behind the invalid, unenforceable or illegal provision to the extent that such spirit and intention is consistent with the laws of that jurisdiction and so that the amended provision complies with the laws of that jurisdiction; and
- 37.1.3 if the Councils cannot agree upon the terms of any amendment within 6 months of the date on which the provision was determined to be invalid, unenforceable or illegal then the dispute will be determined in accordance with Clause 17 (Internal dispute Resolution).

38 COUNTERPARTS

38.1 This Agreement may be executed in any number of counterparts, each of which when executed shall constitute an original of this Agreement, but all the counterparts shall together constitute the same Agreement. No counterpart shall be effective until each party has executed at least one counterpart and the Agreement has been dated.

39 VARIATION

39.1 Either Council may at any time propose to the other a variation or addition to the Specification or the Conditions of Contract. Neither Council shall unreasonably withhold or delay its consent to such variation.

39.2 No such variation or addition shall affect the continuation of the Contract.

39.3 The value of such variation (if any), or addition shall be negotiated between the Councils and shall be priced according to the Financial Principles of this Shared Parking Service.

39.4 Both Councils will be bound by such variation.

40 GOVERNING LAW

40.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of England. Subject to Clause 17 (Internal dispute Resolution), the English Courts shall have exclusive jurisdiction to settle any disputes or issues which may arise out of or in connection with this Agreement (whether of a contractual or tortious nature or otherwise).

SCHEDULE 1

Role of the Stakeholder Board

1. The Stakeholder Board will have a key advisory role to develop in co-operation the relationship of the Councils with regard to the Shared Parking Services Arrangements.
 - 1.1 The Stakeholder Board will comprise two senior representatives of each Council as it may nominate from time to time as set out in paragraph 1.7 below.
 - 1.2 The chairman of the Stakeholder Board shall be nominated at alternate meetings by LB Bexley and LB Bromley.
 - 1.3 The Councils agree that the Head of Parking Services shall be invited to attend meetings of the Stakeholder Board but shall have no voting rights at such meetings.
 - 1.4 Protocols will be agreed by the Stakeholder Board in respect of its ways of working, clerking and the way in which it will operate. The Stakeholder Board shall meet once a year and extra meetings may be convened by either Council by serving written notice on the other, specifying in reasonable detail the matters to be discussed, at least two weeks prior to the proposed date of such meeting.

Shared Parking Services Annual Timetable to be confirmed

April	Start of financial year
May	Shared Parking Services Management Board <ul style="list-style-type: none">§ Take end of municipal year report (progress with annual service plans, KPIs, key issues) produced by HoS.§ Take draft annual report (appraisal of performance for previous financial year and a draft service plan and budgetary information for the coming year) - produced by HoS
June	Stakeholder Board <ul style="list-style-type: none">§ Sign off annual report (appraisal of performance for previous financial year and a draft service plan and budgetary information for the coming year). <p>Councils shall carry out an Annual Review of the Arrangements by 30 June 2014 and annually thereafter.</p>
July	Shared Parking Services Management Board <ul style="list-style-type: none">§ Take Quarter 1 report (progress with annual service plans, KPIs, key issues) produced by HoS.
August	
September	Not later than 1 September in any year prior to commencement of financial year, the Head of Parking Services shall commence preparation of the Draft Revenue Budget.
October	Shared Parking Services Management Board <ul style="list-style-type: none">§ Take Quarter 2 report (progress with annual service plans, KPIs, key issues) produced by HoS.

November

December The Shared Parking Service Management Board will submit a Draft Revenue Budget and capital expenditure proposals for approval to Councils no later than 31 December of relevant year.

January **Shared Parking Services Management Board**

- § Take Quarter 3 report (progress with annual service plans, KPIs, key issues) produced by HoS.
- § Initial discussion on medium term priorities and service plan for coming year

The Head of Parking Services shall make such adjustments to the Draft Revenue Budget following comments and forward to the constituent councils not later than 15 January each year.

February

March Heads of Finance from both boroughs shall inform Head of Parking Services by 1 March each year at the latest of the timetable and requirements for closure of the accounts.

Notes:

- § Senior Management Team meetings will take place monthly (chaired by Head of Parking Services, including Contracts and Operations Manager, Strategy & Service Development Manager, Parking Appeals & Processing Manager, Car Park Facilities and Assets Manager, ICT & Projects Manager, and other Parking Staff as appropriate).
- § Reporting arrangements – the first report will be provided in May 2013 and will include the draft annual service plan for both authorities for the year 2013/14 . The subsequent report produced in May 2014 will include a review of 2013/14 and the draft annual service plan for both authorities for the year 2014/15.

1.5 The key functions of the Stakeholder Board shall be to:

- 1.5.1 act as the custodian of the partnership ethos and the relationship between the Councils, and to serve as a forum for the open exchange of strategic ideas so as to enable the Councils to discuss forthcoming service requirements to ensure an integrated co-ordinated approach to fulfilling such requirements;
- 1.5.2 drive the objectives of this Agreement forwards to ensure that there is significant achievement in accordance with the objectives;
- 1.5.3 allow the Councils to discuss performance of the arrangements;
- 1.5.4 review and agree the appropriate arrangements, including protocols on relationships and methodology for the governance arrangements from time to time to reflect the evolving nature of the relationship;
- 1.5.5 review and recommend to the parties revisions to the objectives from time to time to reflect changed circumstances; and

- 1.5.6 agree a communication strategy for the parties and protocols to support the partnership ethos.
- 1.6 The Stakeholder Board shall provide strategic direction for the Arrangements and shall not be involved in day-to-day operational matters nor shall it have delegated executive powers but shall exercise an advisory role only.

MEMBERSHIP OF THE STAKEHOLDER BOARD

- 1.7 The Stakeholder Board shall comprise of the following:

The lead executive Members nominated in accordance with clause 9 of the Agreement

The Deputy Director for Public Realm Management (LB Bexley) and the Assistant Director Customer & Support Services (LB Bromley) (or any other similar designated posts)

SCHEDULE 2

ROLE OF THE SHARED PARKING SERVICES MANAGEMENT BOARD

PART 1 - AGREED FUNCTIONS

1. The Shared Parking Services Management Board shall be responsible for and shall have delegated to it the following functions of each Council which shall be Agreed Functions:
 - 1.1 Management of the shared working arrangements to facilitate and co-ordinate the improvement and efficient and economical discharge of the LB Bexley and LB Bromley Parking shared service functions.
 - 1.2 Identification of the need for specific projects or tasks to be undertaken within the framework of the Shared Parking Services Arrangements and for any Procurement Exercises. The agreement of any specific terms under which such specific projects or tasks shall be undertaken, which shall be recorded in writing, as defined in the Specification (in schedule 7).
 - 1.3 The preparation of a Service Plan for the Shared Parking Services Arrangements for approval by the Councils ("Approved Service Plan"), which will include:
 - 1.3.1 developing strategy, any relevant regulations and/or legislation and/or best practice including the training of staff which complies with any relevant regulatory requirements;
 - 1.3.2 the preparation and agreement of a detailed work programme in accordance with an Approved Service Plan for the Shared Parking Services Arrangements, which they shall keep under regular review;
 - 1.3.3 the preparation of the budgets and estimates for approval by the Councils ("Approved Budget") under Clause 22 (Budgets and Council Contribution) in conjunction with appropriate finance personnel;
 - 1.3.4 the regular monitoring of the approved revenue budget and any approved capital or grant funded initiatives on a monthly basis
2. The Shared Parking Services Management Board shall, within 3 months of the date of this Agreement develop a risk register in the form to be agreed detailing potential risks arising from the provision of the Shared Parking Service Arrangements and agreeing steps to mitigate such risks and shall continue to monitor and update such risk register for as long as this Agreement is in force.
3. The Shared Parking Services Management Board shall ensure that the Shared Parking Services are provided in accordance with all applicable laws and regulations. If either Council wishes to implement a change in how their Parking Services are provided, their proposals shall be considered by the Shared Parking Services Management Board and the Shared Parking Services Management Board shall discuss how these proposals impact on the Shared Parking Service and will discuss how the costs of such proposals should be attributed between the Councils.
4. The Shared Parking Services Management Board shall consider all existing contracts let by both Councils in relation to the Shared Parking Services and seek

to agree a course of action in relation to them until their expiry date after which date they shall be jointly procured for the shared provision of the Service.

5. The Shared Parking Services Management Board shall ensure the employees working within the Shared Parking Services Arrangements take good care of any assets provided by either of the Councils and that they comply with any reasonable instructions given by the Council providing those assets pursuant to this Clause 21.

SCHEDULE 2

PART 2 - GOVERNANCE OF THE SHARED SERVICES MANAGEMENT BOARD

1. The Shared Parking Services Management Board shall consist of the officers listed in Schedule 5 – Diagram of governance arrangements.
2. Each Council may change its Deputy Director/Assistant Director representative from time to time by written notice to each other. Any officer nominated shall be an appropriate senior officer employed by that Council.
3. The Shared Parking Services Management Board shall meet once a quarter. Extra meetings may be convened by any officer of the Board with at least one week written notice to all the other representatives. Any notice convening a meeting shall specify in reasonable detail the matters to be discussed and be accompanied by relevant papers.
4. There shall be three representatives to form the quorum of the Shared Parking Services Management Board. The Chairman of the Shared Parking Services Management Board shall alternate between the Assistant Director of LB Bromley and the Deputy Director of LB Bexley.
5. All decisions of the Shared Parking Services Management Board shall be recorded in writing by the Host Council, and a copy of the record provided to each officer representative ("Decision Notice").
6. The officer representatives of the Shared Parking Services Management Board shall keep their appointing Councils informed and briefed on the business of the Shared Parking Services Management Board as they consider appropriate, including the preparation of reports.
7. The Shared Parking Services Management Board may from time to time delegate to the Shared Parking Service's managers any of its functions which fall within the delegated powers of that manager within the scheme of delegation of his/her employing Council.

SCHEDULE 3

HEAD OF PARKING SERVICES

1. The Shared Parking Services Management Board shall approve the appointment (subject always to any internal policy and approval of either Council that may be required) of the Head of Parking Services who shall be based in the London Borough of Bromley. The Head of Parking Services shall report to the Shared Parking Services Management Board.
2. The Head of Parking Services shall be responsible for any of the Agreed Functions which have been delegated to him/her by the Shared Parking Services Management Board.
3. The Head of Parking Services may from time to time delegate to the appropriate officers of the Parking Services any of the powers he/she is entitled to exercise.
4. The Head of Parking Services shall be responsible for the preparation of the revenue budget, any capital expenditure or external funding proposals as well as the regular financial monitoring of the service in close liaison with finance.
5. The lead Assistant Director for LB Bromley will be the line manager of the Head of Parking Services.
6. The Head of Parking services shall manage allocated budgets in accordance with the L.B Bromley's Financial Regulations and procurement procedures.
7. The Head of Parking Services shall contribute to effective budget setting, monitor income and expenditure and ensure that control procedures are in place.

SCHEDULE 4 – FINANCE ARRANGEMENTS

A. FINANCIAL COST SHARING MODEL

The parties have agreed that the following principles shall be used to assess the contribution to be made by each Council:

1. Financial Principles for Clause 22 (Budget Contributions):
 - 1.1 The Councils have agreed that costs incurred in operating the Shared Parking Services Agreement (as identified in Clause 22) shall be borne on the following basis:
 - 1.1.1 The costs of the operation of the shared service will be on an open book arrangement and costs will be incurred by both Councils. It is important that the basis of the sharing of the costs is simple fair and certain.
 - 1.1.2 The Councils have agreed the following financial cost sharing model which combines the fixed and variable costs of the shared service.
 - 1.1.3 For the financial year 2013/14 costs shall be shared on a percentage basis as follows on the specified items:

Costs for all strategic and policy staff to be shared 50:50
Costs for parking support officers shared pro rata to the number of PCNs issued – currently Bromley 64.5: Bexley 35.5. This will be reviewed annually and will be based on the year end projections as at 30th November each year
Each borough to meet its own costs in relation to post room/scanner and postage costs.
The ICES Parking ICT system costs will be shared on the basis of 61:39 for Bromley: Bexley Council
All other direct costs will be shared 50:50
 - 1.1.4 In the circumstances where this agreement is terminated and where this results in the need for redundancies to take effect the Councils shall jointly share any redundancy and early retirement costs arising from the termination of this agreement on a 50/50 basis. This is subject to the caveat that where either Council offers more generous redundancy or severance benefits then that Council shall be responsible for funding the additional benefits paid over and above those that would have been provided under the lowest terms payable by either Council.

B. FINANCIAL AND PROCUREMENT PROCEDURES

1. In discharging any functions on behalf of the Shared Parking Services the financial and procurement rules applicable to LB Bromley shall be followed. These documents are included in Bromley's Financial Regulations, Code of Financial Procedures and Contract Procedure Rules.
2. When considering entering into joint procurement of contracts for services, officers of the Shared service should ensure that the protocols/reporting requirements of each respective authority is adhered to.

C. PAYMENT OF FINANCIAL CONTRIBUTIONS

1. Each borough will incur expenditure in relation to the shared arrangements and the cost will then be aggregated and contributions calculated as detailed in section A above. This will mean that there is likely to be a payment due to from one of the boroughs to the other.
2. A calculation of the payment will be made before the start of the financial year by the host borough and agreed. LB Bexley shall pay to the LB Bromley on 15 April and quarterly thereafter, payments of one quarter of the net financial contribution it has agreed to make in accordance with the methodology set out in this schedule.
3. At the year end, a reconciliation will be undertaken of the payments made and the actual expenditure incurred to determine any balancing payments required by either party.

D. REVENUE BUDGET

1. Not later than 1st September in any year prior to the commencement of each Financial Year the Head of Parking Services shall commence preparation of the Draft Revenue Budget, with the support of the finance staff of the two boroughs. The draft Revenue Budget will be aggregated by the host borough's finance staff. It will be prepared on an outturn basis. Inflation will only be added for pay awards, if applicable. Changes in national employer taxes, including national insurance will be added to the staffing costs. Changes in each Council's employer pension contributions will also be built into the budget.
2. Any directives from the constituent boroughs to reduce the budget for the Shared Service (expenditure reductions) will be formulated by the Head of Parking Services, with assistance of the finance staff.
3. A full justification and commentary on any revenue bids for additional resources (service developments) for the next financial year will be provided for consideration although these are expected to be minimal.
4. The Draft Revenue Budget, along with any proposals for expenditure reduction and service development will then be submitted through the Shared Services Management Board to the Stakeholder Board for their comments. Following any such comments, the Head of Parking Services shall make such adjustments to the Draft Revenue Budget as necessary and forward it to the constituent Councils not later than 31st January each year. When the constituent Councils approve the Draft Revenue Budget it shall become the "Approved Revenue Budget". If either Council does not approve the Draft Revenue Budget it shall provide the Shared Parking Services Management Board with detailed reasons why the Draft Revenue Budget has not been approved and any amendments that are required in relation to it. Based on recommendations made by the Head of Service, the Shared Parking Services Management Board shall discuss the proposed amendments and shall agree a revised Draft Revenue Budget to be submitted

E. CAPITAL EXPENDITURE

1. Any capital expenditure proposed by the shared service will be shared between the boroughs in accordance with the Section A of this Schedule above. Such bids for

resources will need to be made in accordance with the relevant boroughs' annual budget timetable and agreed by the Shared Parking Services Management Board.

F. SUPPORT SERVICE / OVERHEAD COSTS

Support service costs for Accommodation, Finance, Legal, ICT and Human Resources are chargeable to the shared operation in accordance with the following rates. Apart from the accommodation charges, these will be inflated annually with reference to local government national pay awards. Accommodation costs will be inflated by CPI calculated on the annual increase in the October index. Any costs charged to the Shared Service must be supported by a full audit trail.

Bromley Offices	<i>£48,000</i>	<i>Of this sum Bexley's contribution will be £6,000 in year 1 increasing by this amount each year until it reaches £24,000</i>
Payroll (per head)	£60	
Human resources (per head)	£930	
Finance (per year)	£5,000 per Council	
ICT (per head)	£5,200 (Bexley £2,500 and Bromley £2,700).	
Legal (hourly rate)	£75 per hour plus disbursements for ad hoc legal advise	

G. MONITORING OF REVENUE BUDGETS AND CAPITAL PROJECTS

1. The revenue budgets for the shared service and operational services will be monitored on a bi-monthly basis by the Head of Parking Services, based on information taken from the financial systems of the constituent authorities. Appropriate financial support will be provided by finance staff in relation to training on the financial systems, the investigation and interpretation of data and projections.
2. The Head of Parking Services will report the outcome of the bi-monthly monitoring to the Shared Services Management Board and Stakeholder Board along with any action being taken to reduce any overspending.
3. The Head of Finance of the host borough will produce an annual timetable for the production of the bi-monthly monitoring reports.
4. Financial and physical progress on any capital projects will be monitored and reported on a quarterly basis.

H. INITIAL 2013/14 BUDGET FOR PARKING SHARED SERVICES

Expenditure	Bromley £	Bexley £	Total £
Strategic/Policy staff (50:50)	349,950	201,360	551,310
Parking Support Officers (64.5:35.5)	166,920	172,280	339,200
Post room/scanning costs	74,000	0	74,000
ICES computer system	111,600	0	111,600
Other direct costs	24,300	3,000	27,300
Recharges and Support Service costs			
Post room	38,000	0	38,000
Accommodation	48,000	0	48,000
HR & Payroll	16,830	12,870	29,700
Finance	5,000	5,000	10,000
IT	81,000	75,000	156,000
Contribution from Bexley to Bromley	-122,885	122,885	0
Total estimated costs	792,715	592,395	1,385,110
Calculation of split of costs			
Costs split 50:50	294,305	294,305	588,610
Costs split 64.5:35.5	257,484	141,716	399,200
Costs split 100%	38,000	14,000	52,000
HR/payroll costs	14,850	14,850	29,700
Accommodation costs	42,000	6,000	48,000
IT recharge	78,000	78,000	156,000
ICES computer system	68,076	43,524	111,600
Total costs of service to each authority	792,715	592,395	1,385,110

I. UNDERSPENDS AND OVERSPENDS

1. The Head of Parking Services shall use best endeavours through the bi-monthly budget monitoring process to ensure that the expenditure for the shared service and operational budget is in line with the approved budgets in each financial year.
2. The Head of Parking Services will be required to notify the Shared Services Management Board in writing as soon as practicable if an overspend or underspend is incurred or is likely to be incurred for the shared service/operational budgets. The Shared Services Management Board should promptly agree and put in place remedial measures to balance the budget should an overspend be forecast during the year.
3. If overspendings of the shared service budget are identified late in the financial year or cannot be fully compensated by savings during the financial year, then the amount of the overspending shall be borne by Bromley and Bexley in accordance with the Financial Cost Sharing Model as set out in section A of this schedule.
4. Whenever an underspend of the Shared Service is projected in year, the Shared Services Management Board may agree to the redeployment of that underspend for the Shared Service.

5. Any underspend from the Shared Service budget at the end of the financial year or upon termination of this agreement shall be apportioned between Bromley and Bexley in accordance with the Financial Cost Sharing Model as set out in section A of this schedule.
6. Adequate systems need to be in place for managing and monitoring Bexley's revenue budget particularly the Penalty Charge Notice and car parking income budgets. The Head of Parking Services shall provide reasons for any projected income shortfalls which may include poor performance by the parking enforcement contractor/s, increased payments at discounts, etc. Any poor performance will need to be addressed by Head of Parking Services and an improvement plan and any contract penalties implemented. Financial support and information shall be provided by the Bexley finance team.

J. CODING OF FINANCIAL TRANSACTIONS

1. The financial transactions of Bromley and Bexley costs of the shared function shall be coded in accordance with the chart of accounts supplied by the relevant head of Finance. No other codes shall be used.
2. The financial transactions of the operational budgets that are managed and administered by the shared service team shall be coded to the respective codes of the individual authorities.
3. Payments for goods and services for the operational budgets shall be paid by the exchequer team within the appropriate authority.

K. CLOSURE OF ACCOUNTS

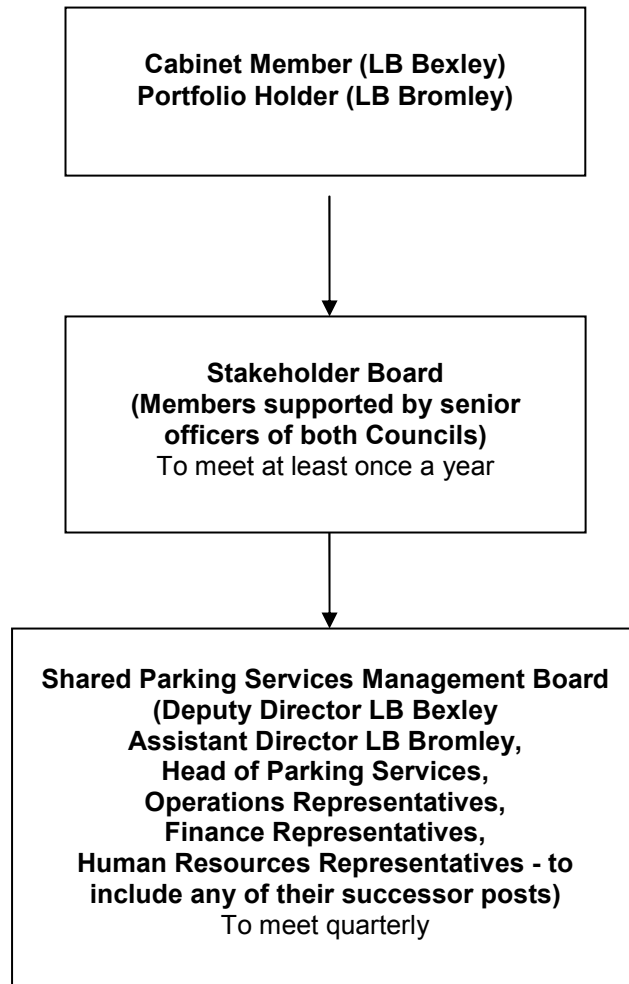
1. The Heads of Finance for Bromley and Bexley shall inform the Head of the Shared Service by 1 March each year at the latest of the timetable and requirements for the closure of the accounts.

L. FINANCIAL MANAGEMENT OF OPERATIONAL PARKING SERVICES

1. Sections G to J of this schedule will apply to the financial management by the Head of Shared Service of both Bromley and Bexley's operational Parking services. The reports will be made to the relevant Deputy Director/Assistant Director in consultation with their Head of Finance.

SCHEDULE 5

DIAGRAM OF GOVERNANCE ARRANGEMENTS FOR THE SHARED SERVICE



Shared Services Team

SCHEDULE 6

WORKFORCE AGREEMENT FOR THE SHARED PARKING SERVICES IN RELATION TO EMPLOYEES OF THE LONDON BOROUGH OF BEXLEY WHO ARE SECONDED TO THE SHARED PARKING SERVICE

1. DEFINITIONS

- “The Councils”** means the London Borough of Bexley and the London Borough of Bromley
- “The Host ”** means the London Borough of Bromley
- “The Employee(s)”** means employee(s) of the London Borough of Bexley who are seconded to the Host to work in the Shared Parking Service
- “The Contract”** means the Employee’s contract of employment with the London Borough of Bexley.
- “The Agreement”** The Collaboration Agreement for the Shared Parking Service.

2. BACKGROUND

- 2.1. The Councils have entered into a Shared Service Agreement in respect of the provision of Shared Parking Services for back office and management of the Parking Service as specified in the Agreement effective from 1 April 2013.
- 2.2. All staff employed to work in the Shared Parking Service will report to and be managed by the Host.

3. EMPLOYMENT ARRANGEMENTS

- 3.1. These arrangements will apply to all employees of the London Borough of Bexley who are seconded to the Host to work in the Shared Parking Service either at the commencement of the Agreement, or those who may be appointed to work in the Shared Parking Service at a later date.
- 3.2. The Employees shall be appointed to a specified role within the Shared Parking Service and will report directly to the Host whilst continuing to be employed by the London Borough of Bexley under the Contract, which shall remain in force.
- 3.3. The Employees will be directly managed by the Host and the Employees will accept that managerial control.
- 3.4. The Host will assume the responsibility as the Employer for all matters relating to health and safety as well as other employment and associated matters and will ensure compliance with all appropriate legislation. In this regard the Host will assume and accept appropriate responsibility for all the acts of the

Employees under their day to day control. Where an issue relates to Bromley premises the Host will refer the matter to the London Borough of Bromley.

- 3.5. During the term of this Agreement the Host shall comply with its common law and statutory obligations in relation to the provision of a safe workplace for the staff including, but not limited to health and safety, occupier's liabilities and codes of practice introduced pursuant to such legislation.
- 3.6. If at any time the Host requires advice relating to the Employees' terms and conditions or in connection with the policies or procedures the Host shall liaise with Human Resources within the London Borough of Bexley.
- 3.7. All matters in respect of Employee discipline, grievances, management of absence, and staff development including annual appraisal and supervision shall be managed on a day to day basis by the Host and in accordance with the Governance Arrangements set out in the Agreement. Management will be undertaken in accordance with the terms and conditions and employment policies and procedures of the London Borough of Bromley.
- 3.8. The Host will be responsible for ensuring that all aspects of supervision for the Employees are appropriately met and monitored.

4. DUTIES

- 4.1. The Employees shall devote the appropriate time, attention and skill to their duties for the Host Council during their secondment to the Shared Parking Service. They will perform their duties to the best of their ability and shall follow all reasonable and lawful directions given by the Host.

5. REMUNERATION

- 5.1. The London Borough of Bexley will continue to pay to the Employees their salary in accordance with the Contract during the term of their secondment to the Shared Parking Service. The payment of salary will continue to be on a monthly basis through the Payroll service of the London Borough of Bexley.

6. HOLIDAYS

- 6.1. The Employees' annual leave period runs from 1 April to 31 March. At the commencement of this Agreement the London Borough of Bexley will notify the Host of the annual leave entitlement of all Employees including any annual leave remaining in the first three months of the secondment.

7. SICKNESS AND PERSONAL DETAILS

- 7.1. Any Employee sickness absence must be notified by the employee to the Host who will inform the London Borough of Bexley for their records and for Payroll purposes. The Employee must also provide copies of any medical certificates for sickness absence or notification of any personal details to the Host who will inform the London Borough of Bexley for recording purposes. Where the London Borough of Bexley's self-service system allows, employees are responsible for updating the records. Any Employee referrals to Occupational

Health will be managed by the Host in accordance with the London Borough of Bexley's Managing Employee Ill Health Procedure.

8. PENSION ARRANGEMENTS

8.1. Within the provisions of the local Government Pension Scheme Regulations, during the period of the secondment the Employees will continue to be members of the London Borough of Bexley Local Government Pension Scheme. Pension contributions will continue to be deducted from the Employee's salary in the normal way.

9. RECKONABLE SERVICE

9.1 For the purpose of continuity of service, the Employee's service for the duration of the secondment to the Shared Parking Service will count as reckonable service with the London Borough of Bexley.

10. TERMINATION OF THE CONTRACT

9.1. An Employee's Contract shall end if it is terminated by either the London Borough of Bexley or the Employee before the expiry of the secondment to the Shared Parking Service. Such termination being in accordance with the notice provisions specified in the Employee's Contract.

9.2. Upon termination of the secondment to the Shared Parking Service the Employees shall deliver to the Host any documents made or compiled by, or delivered to them, relating to work for the Host during their employment. For the avoidance of doubt it is declared that all property and rights in all such documents shall at all times be vested in the Shared Parking Service.

11. CONFIDENTIALITY

10.1. During the secondment the Employees are under a general duty towards the Host and the London Borough of Bexley as regards confidentiality. Additionally, in respect of the Data Protection Act 1998, it is a condition of the secondment to the Shared Parking Service that the Employees undertake to observe confidentiality in respect of the personal data to which they will have access to during the course of their employment. The Employees must agree not to disclose personal data except as provided for by the Councils' procedures, nor use personal data for their own purposes. Any unjustified failure to observe confidentiality of personal data may lead to action being taken in accordance with the London Borough of Bexley's policies and procedures.

(Personal data is information which identifies or helps to identify any living person including an employee or potential employee, a client who receives a service from the Council, or any other person. Personal data may be held on manual and computerised records. Any worker disclosing personal data without the authority of the Host may commit a criminal offence unless there is some other legal justification for doing so).

SCHEDULE 7

Title	Service Specification – Shared Parking Service
Parties involved	London Boroughs of Bromley and Bexley
Date of Version	21 January 2013
Version Number	3.0 (G/M)

Contents

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 - 1.1 In scope
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 - 1.2.1 Bromley's CCTV Parking, Bus Lane and Mobile Enforcement Operation
 - 1.2.2 Bexley's Mobile CCTV Vehicles.
 - 1.2.3 Processing and Issue of Permits.
- 2. Strategy and Service Development**
 - 2.1 Development of Core Services
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- 3. Meetings - Frequencies and Responsibilities**
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 - 5.1 PCN - Key Performance Indicators
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 - 6.1 Member Engagement
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 - 7.1 Bromley/Bexley connectivity
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- 8. ICES Software and Service Provision**
 - 8.1 ICES Service Provision
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- 9. Financial Management & Budget Monitoring**
- 10. Performance Improvement and Monitoring**
 - 10.1 Contract Monitoring & Performance Analysis
 - 10.2 Reporting; Responsibilities & Frequencies
 - 10.3 Improvements and Projects
- 11. Car Park and Asset Management**

12. Pay by Phone Parking

1. Scope of the Shared Parking Service

The structure of the Shared Parking Service has been approved. It will be reviewed after 6 months, and regularly thereafter, to maximise effectiveness and ensure the service is able to respond to future challenges. Bromley and Bexley Parking offers a range of services to its customers, as well as enforcement. Activities are set out in more detail in Appendix 1

1.1 In scope

Key Service Areas include:

- Contract Management
- Financial Management
- On-Street Parking Operations.
- Off-Street Car Parks and Asset Management
- Service Development and Strategy
- Customer & Communications Strategy
- Penalty Charge Notices - Processing and Appeals.
- Penalty Charge Notices - Debt Recovery

1.2 Out of scope

1.2.1 Bromley's CCTV Parking and Bus Lane Enforcement Operations.

The enforcement operation and the recording of Penalty Charge Notices on to the ICES system will not be part of the Shared Service. They will remain the responsibility of LB Bromley.

1.2.2 Mobile CCTV Vehicles.

The enforcement operation will remain under the respective contracts. However reviewing and input of contraventions identified using the vehicles will be undertaken by the Shared Service.

1.2.3 Processing and Issue of Permits.

A small amount of officer time from within in the Shared Service will be dedicated to the management and overseeing of this process, led in the first instance by the Parking Appeals and Processing Manager (Bexley) and the Contracts and Operations Manager (Bromley).

It may be appropriate for the Strategy and Development Manager to take over this responsibility if there is a move to sharing more processes in the future.

In Bromley the process of issuing Permits will remain the responsibility of the Customer Service Centre. In Bexley, Libraries and the Call Centre will remain responsible for the issuing of permits.

2 Strategy and Service Development

The Shared Service will be managed by the Head of Parking Services, who will provide strategic support to the Deputy/Assistant Directors of the respective Councils.

The Head of Parking Services will provide management guidance to the management team of the Shared Service, and more generally to all staff throughout the structure. The Shared Service shall also take an active part in reviewing parking practices and, where appropriate, supporting corporate working in both authorities.

2.1 Development of Core Services

Core services will, where possible, be jointly developed and delivered to meet the needs of customers' and residents' needs. In all instances the purpose of parking strategy will be to assist the Council/s in achieving their corporate aims and objectives.

Strategy developed by the Shared Service strategy will be a combination of harmonised strategic thinking between the two boroughs and individual corporate requirements unique to each borough; harmonisation of policy may not be the preferred option in all circumstances.

2.2 Joint Service Plan

The Shared Service will develop a joint annual Service Plan. The plan will ensure services are developed in accordance with each authority's policies and that agreed priorities are being met.

Within the Service Plan an annual work plan will be developed which will identify the key priorities for the service managers and staff.

Procedures will be established, reviewed and implemented to establish agreed service priorities, and methods of reviewing and monitoring the work of the Shared Service to ensure it meets agreed standards.

2.3 Implementation of the Service Plan

Arrangements will be made for the effective management of projects affecting the Shared Service; drawing on resources from within the Shared Services team, or commissioning outside support from internal or external resources if required.

Regular updates will be provided to all Shared Service managers through regular management team meetings to be held at a frequency to be determined by the Head of Service.

3 Meetings - Frequencies and Responsibilities

The table below sets out the various types of meetings that are covered by the Shared Service. The list is not exhaustive and the frequency and nature of meetings suggested may be subject to change.

The Head of Parking Services shall where appropriate determine the scope of the meetings and arrange suitable attendance and frequency; however the following levels of frequency are anticipated.

All meetings are to be fully recorded and documented in accordance with each Authority's practices.

Meeting	Lead officer from within the shared service	Frequency
Internal		
Committee Meetings	Head of Service	As required
Parking Shared Service Management Board	Head of Service	3 months
Budget/Finance and other inter-departmental meetings as required	Strategy and Service Development Manager	2 Months
Departmental Managers Meetings	Head of Service	1 Month
Shared Parking Service; Managers, Service Plan and Project Teams	Head of Service	2 weeks
Section Meeting.	Section Manager	1 Month
Full Staff Meeting	Head of Service	4 months
Appraisals for all Shared Services staff		Annually in accordance with current policies of each authority.
External		
Contract performance meetings	Contract and Operations Manager	1 Month
On-Street Operational	Contract and Operations Manager	2 weeks
Off-Street Operational	Car Park, Facilities and Assets manager.	2 weeks
Bailiff Service Review meetings	Performance and Debt Recovery Manager	2 months
ICT Quarterly Review meetings	ICT and Projects Manager	3 months
ICES User Group	ICT and Projects Manager	6 to 12 months
Public Consultations	Strategy and Service Development Manager	As required
Parking Managers Seminar (London Councils)	Head of Service	

4. Enforcement Operations

There will be specific areas of each authority where enforcement is considered a priority and compliance a required factor. These are set down in the operational instructions and enforcement contract documents for each Authority.

4.1 Parking Strategies

The Parking Strategies of the respective authorities will be used to tailor parking enforcement practice to help achieve the aim of the approved strategies, set out in the parking services reports, published on each authority's web site.

Key priorities for each authority include (not exhaustive):

- Major town centres;
- Schools and nurseries
- Stopping restrictions
- Main thoroughfares

The main policy aims of the Councils are summarised below:

- To ensure that the public highway and car parks can be used by all
- To ensure that there is sufficient available parking for all users
- To encourage turn-over through fair but firm enforcement
- To maintain public safety
- To ensure that traffic can flow freely through each borough
- To maintain access to statutory and commercial facilities
- To provide a high standard of customer service.

Whilst every endeavour will be made to align such policies and practices, the Shared Service will be mindful of any exception to the overall policy pertaining to each individual authority's needs.

4.2 Parking Enforcement Models

Each authority currently contracts out Enforcement Services, Bromley to Vinci Park Services and Bexley to NSL.

The standards for the operations of each enforcement contract are set down in the individual contract documents, and existing operational processes shall be adhered to.

The Shared Service will ensure that sufficient monitoring of each contract is carried out to ensure the requirements of the specification are met and performance of the contractors meets the set standards.

5 PCN Processing & Debt Recovery

The process required to deal with Penalty Charge Notices, including representations and Appeals, is set down within the Traffic Management Act 2004. Further details are contained within Statutory and Operational Guidance issued by the Secretary of State for Transport.

The Shared Service will ensure the correct legislative processes are applied to meet the requirements of the legislation when dealing with PCN-related matters.

Both Authorities have extensive procedural and operational guidance, (approved by their respective Internal Audit services) on the processing and cancellation of Penalty Charge Notices. The Shared Service shall adhere to these policies. It is expected that over time these policies will be developed by the Shared Service to align as closely as possible.

The Shared Service will appoint and manage bailiffs to carry out the execution of warrants in accordance with statutory procedures, having due regard to each authority's individual policies and processes.

5.1 PCN - Key Performance Indicators

The following key performance indicators will be used to ensure the quality of the service is maintained; these may be change but only after due consideration through the annual review process.

- Percentage of Penalty Charge Notices sent according to statutory requirements - 98% minimum.
- Compliance with statutory requirements in relation to response times and processing - 98% minimum.
- Percentage of Appeals Refused (i.e. proportion of the authority's decisions endorsed by PATAS, against Appeals contested) should not fall below the figure achieved for the respective authorities in 2012/13.
- Percentage of appeals referred to PATAS should not rise above the figure achieved for the respective authorities in 2012/13.
- Percentage of PCNs paid against PCNs issued should as a minimum remain at the level achieved by the respective authorities in 2012/13.

It is the responsibility of the Head of Parking Services to take corrective action if there are concerns over performance in the processing of PCNs or the associated recovery of debts.

The Head of Service shall bring to the attention of the Shared Service Project Board any aspects of PCN processing where variations in service are deemed to have a direct effect on service provision or income.

6. Complaints, FOI requests, MP and Member engagement.

The Shared Service will adhere to all procedural and operational guidance on how to deal with Complaints, FOI requests, MP and Member enquiries. All correspondence will be dealt with in accordance with approved response times set out in each Authority's agreed Customer Service standards..

The Shared Service shall adhere to these policies. It is expected that over time the process of dealing with these requests will be developed by the Shared Service to align as closely as possible, in order to achieve the greatest efficiencies.

At the commencement of the Shared Service, all Bexley's complaints & information requests and Member enquiries will be managed through its own Complaints and FOI management system. Bromley will continue with its existing procedures.

The Shared Service shall provide any information, documents or reporting required to enable officers of either authority to investigate and respond to any complaints.

Further, the Shared Service shall provide any information, documents or reporting required to enable officers of either authority to investigate and respond to any complaints or requests for internal review.

The Shared Service will work with each authority's lead officers to review complaints and FOI data. The Shared Service will carry out causality analysis and identify improvements to prevent re-occurrence of complaints or, where appropriate, to proactively publish information.

6.1 Member Engagement

Both authorities emphasise the leading role of Members in the setting of policy in respect of parking, and advising the Head of Service with regard to policy implementation. From time to time, ward Members may also wish to support their constituents in their contacts with the Parking Service.

In accordance with the national legislative framework and the Secretary of State's guidance, Members are not able to be directly involved in the statutory processes which govern the issuing, processing and resolution of Penalty Charge Notices.

7. ICT - Bromley to Bexley Connectivity

7.1 Bromley/Bexley connectivity

The respective ICT Service providers, Capita (Bromley) and Steria (Bexley), are responsible for connectivity between the authorities, specifically from Bromley Civic Centre to the Bexley Network.

Capita and Steria are also responsible for the security and system integrity of the connection. Detailed network connectivity diagrams and explanation of security controls are maintained by Capita and Steria.

The capacity for Bromley and Bexley staff to have access to all systems, required for home working, (or at any non-Civic Centre location) is the responsibility of Capita and Steria.

In all cases the initial contact for fault resolution is Capita, unless the issue is with a Bexley issued laptop and connection to the network, in which case Steria is the contact point.

7.2 ICT Connectivity to Vinci Park and NSL

Final details of how the infrastructure will work are to be confirmed.

7.3 ICT – Hand-Held Computer Terminals

Responsibility for the configuration and operation of Hand-Held Computer Terminals is detailed in the individual enforcement contracts for each authority. This will include repair, maintenance and software capabilities.

8. ICES Software and Service Provision

8.1 ICES Service Provision

The Shared Service will engage a hosted software solution for the processing of PCNs and Permits; the preferred supplier following competitive tender is Imperial Civil Enforcement Solutions. The Shared Service will be responsible for the management of this contact.

The Shared Service uses the ICES system for all services as set out in the contract specification. Primary functions include:

- Issuing PCNs
- Processing PCNs
- Debt Recovery of PCNs
- PATAS
- DVLA Interface
- Payment Systems
- Workflow management
- Permit processing
- Dispensations and Suspensions.

8.2 ICT – Permits / Dispensations / Suspensions

The Shared Service will provide systems administration and management, including configuration of the Permit system of whatever type..

Polices in relation to applications and authorisation of applications for permits will be held in the procedure manuals for each authority.

8.3 PCN & Permit Management – Procedure Alignment.

The use of a single ICT solution and one back office processing team provides an opportunity for efficiencies in the Shared Service.

The Head of Parking Services shall have authority to make reasonable changes in procedures that are within agreed policy, and do not significantly effect service provision or have a financial impact.

Where the opportunity exists for significant improvement in service provision, the Head of Parking Services shall seek guidance and approval via the Deputy/Assistant Directors of each Authority involving Members where appropriate.

9. Performance Improvement and Monitoring

9.1 Contract Monitoring & Performance Analysis

The Shared Service shall ensure the requirements of all contracts let by the respective authorities are met. The Shared Service shall also carry out monitoring to establish that the required standards of each contract is met and that where necessary action is taken to rectify any faults.

This will include:

- Ensuring value for money is achieved.
- Ensuring that the performance of the contractors is measured against the key performance indicators required by each respective borough.
- Adjustments are made to payments for service, or defaults awarded accordingly.

9.2 Reporting; Responsibilities & Frequencies

The Head of Parking Services shall establish the various types of reports and report functions required in accordance with the Shared Service principles, with the agreement with the Deputy/Assistant Directors of each Authority, and will:

- Establish the purpose of said reports in relation to the principles of the Shared Service.
- Identify who would be responsible for drafting reports on behalf of the Shared Service.
- Establish the appropriate frequency of the various types of reports.
- Ensure reports to Members, Management Board, Deputy Directors and Directors will be drafted as required and in consultation with appropriate colleagues across both authorities.

9.3 Improvements and Projects

Staff in the Shared Service will ensure that the following functions are undertaken:

- Liaison with colleagues across both Councils; membership of working groups and project teams, at an appropriate level as required.
- Work will be undertaken with colleagues across both Councils to achieve the delivery of integrated parking services to residents, in accordance with agreed plans and policies.
- Relationships and partnerships with other national, regional and local agencies across all sectors will be developed and managed.

New projects or business cases for the development and improvement of the service will be undertaken in consultation with the Deputy/Assistant Directors of both Authorities.

10. Car Park and Asset Management

The Shared Service will have overall responsibility for the operation of both authorities' car parks and asset management, including:

- All Pay and Display machines and barrier-operated car parks
- Responsibility for ensuring that the payment mechanisms in use are in proper working order at all times.
- Ensure there is sufficient cover to manage any incidents which occur in the car parks.
- Car park improvement strategy
- Management of Safer Parking standards, award and assessment, including cleanliness and lighting provision

11. Pay by Phone Parking

Both Authorities have implemented systems for payment by mobile phone. The Shared Service will manage these contacts. The benefits of this option for payment are set out in business documentation, and the Shared Service will look to develop the technology further.

SERVICES AND FUNCTIONS WITHIN SCOPE

CONTRACT MANAGEMENT

Bromley.

Parking Enforcement contract with Vinci Park
Cash Collection (Vinci Park)
Car Park management (Vinci Park)
Car Park Technologies (P&D and Barrier) Parkeon and Park care.
School Crossing Patrol (Vinci Park)
Mobile Phone via RinGo
Bailiff Services via JBW, Swift, Chandlers, Phoenix

Bexley.

Parking Enforcement contracts with NSL
(Cash collection is out of scope)
Car Park Management
Car Park Technologies, (P&D) Metric.
Mobile Phone via Bemrose Booth
Bailiff Services via JBW,

Financial Management

Payments due under the Parking Services contract,
Cash flow projections and PCN trends
Reconciliation of income from paid-for parking

Parking Operations.

Car parking usage and income data
On street enforcement
Traffic and transport lead projects including the implementation of all parking related schemes
Suspensions, dispensations, events
Tackling fraudulent use of Blue Badges.
To maintain a geographically referenced database of assets and signs.

Strategy and Service Development Team

Management and Implementation of Parking Strategies
Turnover of car parking spaces and management of parking demand
Service improvements.
Financial management of the Shared Parking Service
Policy and procedural matters relating to permit parking
Blue Badge application process

Customers & Communications

Communication strategy
Customer Service lead.
Self-service functions online.
Accessibility of services.
Stakeholder engagement
Media and press enquiries.
Publicity material.
Information requests and consultations.
Website.
Information campaigns.
Customer complaints.
Statutory enquiries covered by the Freedom of Information Act
Members' and MPs' enquires.
Regular budget monitoring.
Ordering of goods and services.

Appeals & Debt Recovery Team

PCN processing including PATAS
Traffic Management Act requirements
Debt recovery process and management of services provided by bailiff and debt recovery companies
PCN processing and management
Reviewing Bexley Mobile CCTV footage

ICT & Projects

Development and maintenance of all specialist Parking Services systems.
Management of programmes and projects

Car Parks and Asset Management Team

Client side management/development and improvement of all 'off-street' parking facilities and parking assets.
Safer Parking Awards

SCHEDULE 8

COUNCILS' ADDRESSES

LB Bexley

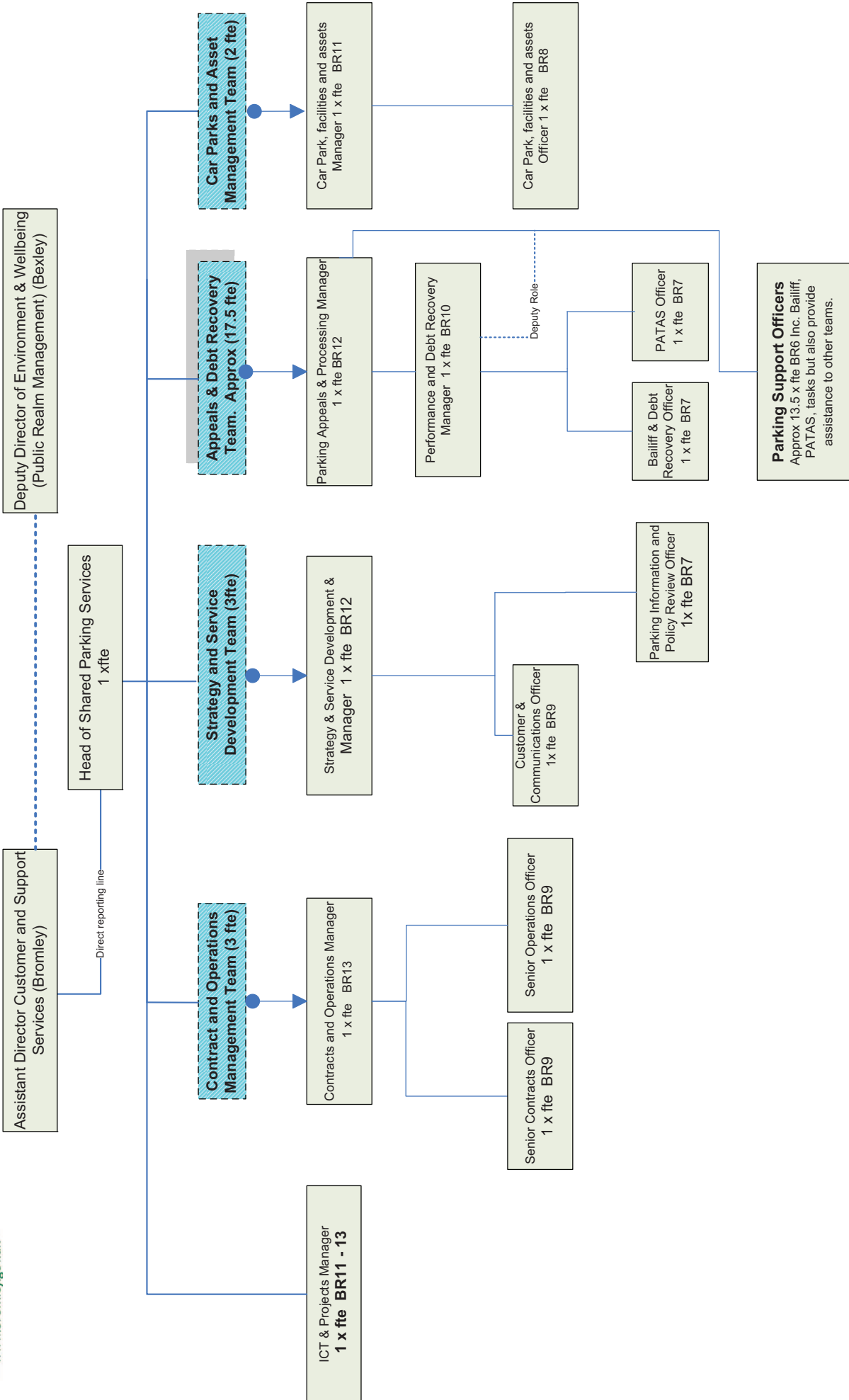
Contact Officer [Director or Deputy Director]
London Borough of Bexley
Civic Offices
Broadway
Bexleyheath
Kent
DA6 7LB

LB Bromley

Contact Officer [Director or Assistant Director]
London Borough of Bromley
Civic Centre Stockwell Close
Bromley
Kent
BR1 3UH

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Bromley and Bexley Parking Services Team



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Report No.
RES13017

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

Decision Maker: Executive

Date: 6th February 2013

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2012/13

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

Chief Officer: Finance Director

Ward: Borough Wide

1. Reason for report

- 1.1 This report provides the fourth budget monitoring position for 2012/13 based on expenditure and activity levels up to November 2012. 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 £3,261k is forecast based on information as at November 2012. This consists of a £3,510k net underspend on services, additional council tax freeze grant income of £18k, £33k underspend on the Central Contingency offset by the Commissioning Authority Programme earmarked reserve of £300k (see section 3.1);
- (c) note a projected increase to the General Fund balance of £1,711k made up of £3,261k net underspend detailed in (b) above, offset by carry forwards of £1,550k funded from underspends in 2011/12 (see section 3.9);
- (d) consider the comments from the Director of Renewal and Recreation, the Director of Resources and the Director of Education and Care Services, as detailed in sections 3.2, 3.3 and 3.4;
- (e) agree to release £12k from the Central Contingency for loss of potential income re: Land Charges and changes in Building Control regulations as detailed in section 3.5.3;

- (f) agree to release the Single Status provision of £850k to meet the cost of the one off facilitation payment for staff who transfer to localised pay and conditions by 11th march 2013 as detailed in section 3.5.6;
- (g) note the funding from Bromley PCT and the setting up of an earmarked reserve to support future integration of health and social care initiatives and the 'Promise Programme' as detailed in section 3.11.1;
- (h) note the Winter Pressures Funding from Bromley PCT as detailed in section 3.11.2;
- (i) Executive are requested to provide initial funding of £300k to be set aside as an earmarked reserve from the underspends in 2012/13, for the first stage of the Commissioning Authority programme as detailed in section 3.1.7;
- (j) 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: £133m (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): 3,720 (per 2012/13 Budget), which includes 1,510 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 2012/13 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

3.1.1 The table below provides a breakdown of the 2012/13 budget and projected spend as at the end of November 2012:-

Portfolio	2012/13 Original Budget £'000	2012/13 Latest Budget £'000	2012/13 Projected Outturn £'000	2012/13 Variation £'000
Care Services	103,480	103,910	101,436	Cr 2,474
Education	Cr 863	Cr 306	Cr 2,123	Cr 1,817
Environment	31,309	31,654	31,500	Cr 154
Public Protection & Safety	3,273	3,305	3,305	0
Renewal & Recreation	9,074	9,332	9,352	20
Resources	38,999	39,663	40,578	915
Total Controllable Budgets	185,272	187,558	184,048	Cr 3,510
Capital Charges and Insurance	30,161	30,161	30,161	0
Non General Fund Recharges	Cr 811	Cr 811	Cr 811	0
Total Portfolio Budgets	214,622	216,908	213,398	Cr 3,510
Contingency Provision	7,254	6,518	6,485	Cr 33
Interest on General Fund Balances	Cr 2,691	Cr 2,691	Cr 2,691	0
Commissioning Authority Programme	0	0	300	300
Health & Social Care Initiatives	0	0	2,500	2,500
Funding from Bromley (PCT)	0	0	Cr 2,500	Cr 2,500
Other Central Items	Cr 15,197	Cr 15,197	Cr 15,197	0
General Government Grants	Cr 69,092	Cr 69,092	Cr 69,110	Cr 18
Collection Fund Surplus	Cr 2,000	Cr 2,000	Cr 2,000	0
Total Central Items	Cr 81,726	Cr 82,462	Cr 82,213	249
Total Variation	132,896	134,446	131,185	Cr 3,261

3.1.2 A detailed breakdown of the Latest Approved Budgets and Projected Outturn across each Portfolio, together with an analysis of variations, is shown in Appendix 2.

3.1.3 The reported underspend of £3,510k within portfolios represents 1.87% of the total controllable portfolio budgets.

3.1.4 As part of the budget savings process savings have been identified which, in some cases, have been implemented early. This report identifies savings of £3,637k which represents the early achievement of savings relating to the 2013/14 Budget.

	£000
Education and Care Services	
Education Portfolio	
Bromley Youth Support Programme	470
Access – Pupil Clothing & Footwear	30
Education Commissioning and Business Services	386
School Improvement	177
	1,063
Care Services Portfolio	
Domiciliary Care Retendering	400
Learning Disabilities Campus Re-provision	1,100
Supporting People	800
Strategic and Business Support Services	100

Mental Health Services	75
	2,475
Chief Executive – Audit salaries	50
Resources Department - Reorganisations	49
Total	3,637

- 3.1.5 The 2012/13 Central Contingency includes provisions to reflect risk and uncertainty relating to volume and cost pressures and possible further in year grant reductions. Given the early action to address cost pressures and early implementation of future year budget savings these provisions may not be fully required in the current year although the position will need to be reviewed for future years.
- 3.1.6 On 28th November 2012, Members of the Executive noted that any underspend in the 2012/13 Central Contingency Sum would be set aside towards a potential contribution of £1m towards the insurance fund with the balance being utilised to support an Income Risk reserve. Members will be requested to consider the formal approval of any utilisation of underspends in the 2012/13 Central Contingency once the final outturn is known.
- 3.1.7 The “Draft 2013/14 Budget and Update on the Council’s Financial Strategy 2014/15 to 2016/17” report to the last meeting of Executive identified, as one of the key strands in addressing the future years budget gap, the commissioning opportunities available to generate further savings. Potential savings of £11m per annum have been identified although such projections should be treated with extreme caution.

At the first stage, Directors are requesting that a sum of £300k be set aside to meet the cost of an initial six month activity which will provide resources to cover work on significant service areas identifying options, developing a business case and implementation plan for savings and/or improved service delivery. The arrangement will include a single corporate gateway process to determine the best value alternative service delivery model and future commissioning arrangements. The outcome of this work will be reported to Executive and Improvement and Efficiency Sub Committee. Prior to the second phase, a detailed business case will be prepared requesting access to the Council’s invest to save fund to provide resources which will facilitate the delivery of significant savings through a five year activity programme. The monies will be required for resourcing and governance for this significant piece of work. The outcome will include a single corporate gateway process to determine the best value alternative service delivery model and future commissioning arrangements.

3.2 Comments from the Director of Renewal and Recreation (Resources Portfolio)

- 3.2.1 The £1.2m overspend within Strategic Property Services arises largely from the shortfall in rental income of £954k. Members will be aware that a challenging target of £1m was set on the financial return for 2012/13 from the Investment Fund of £10m. The Investment Fund was set aside to identify key investment opportunities which will also assist in the regeneration ambitions of the Council. The current level of income of £102k is based on the purchase of 95 High St. Bromley. A further three properties were in the process of being purchased but it is no longer certain these acquisitions will proceed. The Portfolio Holder for Renewal and Recreation, along with the Director, are leading on this work and options for funding. Although rigorous management action is being taken to achieve compensatory savings, Members were

informed that it is highly unlikely that the target return on investment could be realised in the first few years of the Investment Fund. Additional income from other commercial rents, including Biggin Hill Airport, is helping to reduce the impact. The managing agents for The Glades have now projected that Bromley's rent share is unlikely to be much more than the minimum rent share of £1.9m compared to a budget of £2.26m. This reflects the current state of the retail sector and the impact of the recession.

- 3.2.2 Pressure on the Surplus Property budget continues, relating to the utilities and security at vacant / surplus property held pending disposal or Member decisions on future usage. Other initiatives are being explored to reduce costs going forward.

3.3 Comments from the Director of Resources

- 3.3.1 The projected overspend within Resources Department is currently £42k. The shortfall in car park income is still an issue for this year. Income is projected at £27k compared to the target of £150k i.e. a shortfall of £123k. The review of essential car users generated an increase in numbers who are now exempt from paying for parking. To address the shortfall, work will be considered to introduce charging at other Council car parks. It may also be possible to provide some spaces to staff who have not previously qualified for parking on site at a charge. To help address the position in future years, contributions have been made by other departments to reflect the costs of not charging essential users for spaces.
- 3.3.2 The overspend on car parking is now being offset by a revised valuation for Business Rates for the Civic Centre, mainly as a result of the North Block being empty for 4 months this year for refurbishment, and resulting in an underspend of £73k.
- 3.3.3 Another area with budget pressures is Legal Services where the salaries budget is currently overspent by £19k as, in the absence of staff movement, the turnover target has proven unachievable. Also, additional income targets were built into the budget to reflect partnership working with Bexley which has not materialised and the property/asset work stream hasn't occurred to the extent anticipated this financial year. Consequently, a shortfall of £80k is currently projected. Opportunities have recently arisen to explore shared services with Medway and a preliminary agreement has been reached to deliver services on a pilot basis.
- 3.3.4 Some areas have now seen underspends that will assist with the above: Electoral Services is now seeing the benefits of new telephone and internet processes for registration providing an underspend of £32k, and Registrar's have seen an increase in the level of activity this quarter and now have a projected underspend of £23k.
- 3.3.5 To mitigate the above, all budget holders within the department are examining various strategies to address overspends, including options to accelerate savings, reduce running costs and generate additional income and charges.

3.4 Comments from the Director of Education and Care Services

Care Services Portfolio:

- 3.4.1 There is a forecast underspend of £2,474k in 2012/13 mainly due to retendering of the domiciliary care contracts, the learning disabilities grant funding relating to the campus reprovision programme and Supporting People budgets.

3.4.2 The main pressure on the budget in 2012/13 is around Bed & Breakfast numbers which continue to increase each month and potentially could result in cost pressures in excess of £1m by 2013/14. Officers continue to discuss various initiatives with Private Landlords to help mitigate these costs. Detailed work is being undertaken to model the financial implications if numbers increase, track when some of the initiatives are likely to impact on the budget and explore other options that might be available.

Education Portfolio:

3.4.3 There is a forecast underspend of £1,817k in 2012/13. Whilst some pressures on budgets remain, such as on trading accounts, other savings have more than offset these. Pressures that have emerged are being offset and have no longer term impact. Work is continuing to mitigate these pressures as far as possible. Savings have been obtained across the Education Portfolio. These have been achieved by keeping vacancies open, savings in contracts and from the restructure of services. In some instances this has led to an early achievement of 2013/14 savings and the identification of additional 2013/14 savings. For example the restructuring of the EDC has identified additional savings in 2013/14 of £600k. Moreover in the Youth Service an early achievement of a projected 2013/14 saving has meant that the savings will be achieved a year earlier.

3.5 Central Contingency Sum

3.5.1 Details of the variations in the 2012/13 Central Contingency are included in Appendix 3.

3.5.2 Members of the Executive on 9th January 2013 approved the release of the £75k Winter Health Project Funding from the Central Contingency to the Resources Portfolio.

3.5.3 The original Contingency provision included £162k for potential loss of income re: Land Charges (withdrawal of statutory fee) and changes in Building Control regulations. Executive on 11th April 2012 approved the release of £150k of the provision, with £12k remaining in the Central Contingency. Members are requested to agree the release of the £12k to the Renewal and Recreation Portfolio to cover costs that cannot be recovered within the Building Control charging account.

3.5.4 The original Contingency provision included £253k grant related expenditure for Lead Local Flood Authorities. Executive on 11th April 2012 approved the release of £220k of the provision, with £33k remaining in the Central Contingency. Latest indications are that the £33k will not be required and will therefore result in an underspend in the current year.

3.5.5 Members are asked to note that £69k has been allocated from the General Inflation Provision in the Central Contingency to fund the 2012/13 Inbucon Pay award.

3.5.6 The Resources Portfolio Holder announced details of the new pay arrangements to reflect the move to localised pay and conditions. There is money set aside for single status which is no longer required totalling £850k and Members are requested to agree that this provision is utilised to meet these costs estimated to be in the region of £800k.

3.5.7 The 2012/13 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. At this stage the report assumes that any underspend will be utilised to support an Income Risk reserve or set aside as a contribution to the insurance fund, (see para 3.1.8 Executive 28th November 2012).

3.6 General Government Grant Income

3.6.1 Since the last report to the Executive there have been no further changes that impact on the projections relating to non-ringfenced grant income.

3.7 Interest on Balances

3.7.1 A rate of 1.5% was assumed in the 2012/13 budget for interest on new investments and the budget for net interest earnings was set at £2,691k. Interest rates have continued to fall and, furthermore, counterparty credit ratings have continued to be downgraded, which has resulted in further restrictions to investment opportunities. In line with advice issued by Sector in September 2011, most new investments placed in the last year or so have been restricted to 3 months duration, although, also in line with that advice, investments have been placed for up to 1 year with the part-nationalised banks, Lloyds TSB and RBS. Sector has recently lifted the temporary duration cap they had put in place in September 2011, as a result of which we can invest for slightly longer at slightly better rates with one or two of the very few UK banks that remain on our lending list. This will not, however, make a significant difference to overall interest earnings. Rates for 3 months are currently around 0.50% and for 1 year with Lloyds TSB and RBS are around 1.1%, but, because of the difficulties in finding eligible counterparties, the amounts invested in instant access Money Market Funds at rates around or below 0.50% have increased considerably. At this stage, it is estimated that the outturn for net interest earnings in 2012/13 will be broadly in line with the budget.

3.8 Carry forwards from 2011/12 to 2012/13

3.8.1 A net total of £1,550k has been carried forward into 2012/13 funded from underspends in 2011/12. Details were reported to the Executive on 20th June 2012.

3.9 General Fund Balance

3.9.1 The level of general reserves is currently projected to increase by £1,711k to £33,320k at 31st March 2013. Further details are provided below:

	2012/13 Projected Outturn £'000
General Fund Balance at 1 st April 2012	(31,609)
Total Variation (para. 3.1)	(3,261)
Adjustments to Balances:	
Carry Forwards (funded from underspends in 2011/12)	1,550
Projected General Fund Balance at 31st March 2013	(33,320)

3.10 The Schools' Budget

3.10.1 There is currently a £1,091k underspend projected on the Schools' Budget. This will be carried forward into the following financial year resulting in a neutral in year position. 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 2012/13 monitoring for the Schools' Budget will be reported to the Education Portfolio Holder.

3.11 Funding from Health

3.11.1 Bromley Primary Health Care Trust (PCT) has identified funding to support investment in further integration of health and social care 'Promise Programme' and have indicated an initial contribution of £2.5m, which is expected to be followed by a further contribution at the end of the financial year. On 9th January the Executive agreed to recommend to Council that the monies be set aside as an earmarked reserve to support future integration of health and social care initiatives and the 'Promise Programme'. This was approved at by Council on 21st January 2013. The utilisation of the monies will be determined within a formal Section 256 agreement between the Council and the PCT. Any future release of the monies will require the approval of the Executive.

3.11.2 Winter Pressures Funding - Bromley PCT was allocated £808k at the end of December 2012 for transfer to LBB for investment in social care services that also benefit the health system. The funding is to support joint working between health and social care services including continued focus on reablement and improving the interface between health and social care. It is expected that there will be a direct impact of this funding in terms of continued improvement in the number of delayed transfers of care attributable to social care. The transfer of funding will take place via an agreement under section 256 of the 2006 NHS Act. This funding will be held in the Council's central contingency.

3.12 Impact on Future Years

3.12.1 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:

	2012/13 Budget	2013/14 Impact
	£'000	£'000
Care Services Portfolio:		
Residential and Domiciliary Care		
- Older People and People with Physical Disabilities	23,619	55
- Learning Disabilities *	25,697	400
- Mental Health	2,989	(60)
Operational Housing:		
- Temporary Accommodation (net of H B)	254	157
Total Care Services Portfolio		552
Environment Portfolio:		
- Shortfall of Parking Income	(6,754)	180
- Waste Services	16,453	(180)
Total Environment Portfolio		0
Resources Portfolio:		
Resources Department		
- Exchequer – Revenues and Benefits	5,525	(99)
- Legal Services	1,472	80
Renewal & Recreation Department		
- Investment Income	(5,144)	352
Total Resources Portfolio		333

4 EARMARKED RESERVES

4.1 LPSA / LAA Reward Grant

4.1.1 A total of £8,049k was received in recent years from the achievement of various LPSA and LAA service improvement targets and a further £143k was available on the closure of the Partnership Fund, bringing the total available funding up to £8,192k. Schemes totalling £7,372k have been allocated funding to date, leaving an uncommitted balance of £820k.

4.2 Regeneration/Investment Fund and Invest to Save Fund

4.2.1 In October 2011, the Council approved the creation of two new earmarked reserves; a Regeneration/Investment Fund of £10m to fund property acquisitions to generate long-term income streams and an Invest to Save Fund of £14m to fund initiatives generating long-term revenue savings.

Regeneration/Investment Fund

4.2.2 To date, only one property acquisition has been completed, that being 95 High Street in the total sum of £1,622k (including costs). At a special meeting in December, the Executive approved the acquisition of three further properties in Bromley High Street, numbers 98, 101 and 107/109 at a total cost of around £8.2m. Exchange of contracts on these was originally required before Christmas, but last-minute issues caused this to be delayed and, as was reported to the January meeting, it is now no longer certain these acquisitions will proceed. A further report will be brought to the Executive by the Director of Renewal and Recreation in due course. If the 3 acquisitions do proceed at the previously reported prices, the balance on the Fund would reduce to £177k, but, if they do not proceed, it would remain at £8,378k. Updates on the position of the Fund are provided to the Executive in quarterly capital monitoring reports, which is included elsewhere on this agenda.

Invest to Save Fund

4.2.3 With regard to the Invest to Save Fund, the Executive agreed in February that the one-off Council Tax Freeze grant receivable in 2012/13 (£3,304k) should be added to the Invest to Save Fund, bringing the total Fund up to £17,304k. Two schemes have been approved to date; firstly, the allocation of £220k to fund the introduction of a trial of a revised green garden waste and textile collection service, approved by the Executive in December 2011 and secondly, an allocation of £8,507k for the replacement of expired and inefficient street lighting lamp columns (including £520k for a central management system), approved by the Executive in November 2012. The uncommitted balance on the Fund, therefore, stands at £8,577k. Details of all invest to save schemes will be reported to the next meeting of the Improvement & Efficiency Sub-Committee.

5. POLICY IMPLICATIONS

5.1 “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.

5.2 The “2012/13 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2012/13 to minimise the risk of compounding financial pressures in future years.

6. FINANCIAL IMPLICATIONS

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

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	Budget Monitoring 2012/13 – Executive 25 th July 2012, Executive 12 th September 2012 and Executive 28 th November. Provisional Final Accounts 2011/12 – Executive 20 th June 2012. 2012/13 Council Tax Report – Executive 1 st February 2012. Draft 2012/13 Budget and Update on Council’s Financial Strategy 2013/14 to 2015/16 – Executive 11 th January 2012. 2012/13 Budget Monitoring file held by Technical and Control Finance Section.

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Portfolio	2012/13 Original Budget £'000	Budget Variations allocated in year # £'000	2012/13 Latest Approved Budget £'000	2012/13 Projected Outturn £'000	Variation £'000	Variation previously reported to Exec 28.11.12 £'000
Care Services	103,480	430	103,910	101,436	Cr 2,474	Cr 1,935
Education (incl. Schools' Budget)	Cr 863	557	Cr 306	Cr 2,123	Cr 1,817	Cr 1,537
Environment	31,309	345	31,654	31,500	Cr 154	Cr 250
Public Protection & Safety	3,273	32	3,305	3,305	0	0
Renewal and Recreation	9,074	258	9,332	9,352	20	0
Resources	38,999	664	39,663	40,578	915	609
Total Controllable Budgets	185,272	2,286	187,558	184,048	Cr 3,510	Cr 3,113
Capital and Insurances (see note 2)	30,161	0	30,161	30,161	0	0
Non General Fund Recharges	Cr 811	0	Cr 811	Cr 811	0	0
Total Portfolios (see note 1)	214,622	2,286	216,908	213,398	Cr 3,510	Cr 3,113
Central Items:						
Interest on General Fund Balances	Cr 2,691	0	Cr 2,691	Cr 2,691	0	0
Contingency Provision (see Appendix 3)	7,254	Cr 736	6,518	6,485	Cr 33	0
Other central items						
Reversal of Net Capital Charges (see note 2)	Cr 29,353	0	Cr 29,353	Cr 29,353	0	0
Provision for Invest to Save, Capital Works and Other Provisions	12,642	0	12,642	12,642	0	0
Commissioning Authority Programme earmarked reserve	0		0	300	300	0
Health & Social Care Initiatives Reserve			0	2,500	2,500	0
Funding from Bromley Primary Care Trust (PCT)				Cr 2,500	Cr 2,500	0
Levies	1,514	0	1,514	1,514	0	0
Total other central items	Cr 15,197	0	Cr 15,197	Cr 14,897	300	0
Total All Central Items	Cr 10,634	Cr 736	Cr 11,370	Cr 11,103	267	0
Bromley's Requirement before balances	203,988	1,550	205,538	202,295	Cr 3,243	Cr 3,113
Carry Forwards from 2011/12 (see note 3)	0	Cr 1,550	Cr 1,550	0	1,550	1,550
Adjustment to Balances	0	0	0	1,711	1,711	1,581
Formula Grant (Revenue Support Grant / Business Rates)	Cr 59,636	0	Cr 59,636	Cr 59,636	0	0
Council Tax Freeze Grant 2011/12 (subsumed into Formula Grant)	Cr 3,304	0	Cr 3,304	Cr 3,304	0	0
Council Tax Freeze Grant 2012/13	Cr 3,304	0	Cr 3,304	Cr 3,322	Cr 18	Cr 18
New Homes Bonus	Cr 2,025	0	Cr 2,025	Cr 2,025	0	0
Local Services Support Grant	Cr 823	0	Cr 823	Cr 823	0	0
Collection Fund Surplus	Cr 2,000	0	Cr 2,000	Cr 2,000	0	0
Bromley's Requirement	132,896	0	132,896	132,896	0	0
GLA Precept	41,119	0	41,119	41,119	0	0
Council Tax Requirement	174,015	0	174,015	174,015	0	0

Budget Variations allocated to portfolios in year consists of:

- | | |
|--|--------------|
| 1) Carry forwards from 2011/12 (see note 3) | £'000 |
| 2) Allocations from the central contingency provision (see Appendix 3) | 1,550 |
| | 736 |
| | <u>2,286</u> |

1) **NOTES**

Portfolio Latest Approved Budgets analysed over Departments as follows:

	2012/13 Original Budget £'000	Budget Variations allocated in year # £'000	2012/13 Latest Approved Budget £'000	2012/13 Projected Outturn £'000	Variation £'000	Variation previously reported to Executive £'000
Education & Care Services	136,594	1,158	137,752	133,456	Cr 4,296	Cr 3,477
Environmental Services	43,945	725	44,670	44,502	Cr 168	Cr 255
Renewal and Recreation	9,361	108	9,469	10,618	1,149	740
Corporate Services	24,722	295	25,017	24,822	Cr 195	Cr 121
	<u>214,622</u>	<u>2,286</u>	<u>216,908</u>	<u>213,398</u>	<u>Cr 3,510</u>	<u>Cr 3,113</u>

2) **Reversal of Net Capital Charges**

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

3) **Carry Forwards from 2011/12**

Carry forwards from 2011/12 into 2012/13 totalling £1,550k were approved by the Executive and under the delegated authority of the Finance Director. Full details were reported to the June meeting of the Executive in the "Provisional Final Accounts 2011/12" report.

Care Services Portfolio Budget Monitoring Summary

2011/12 Actuals	Division Service Areas	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	Adult Social Care							
124	AIDS-HIV service	120	45	45	0		0	0
32,766	Assessment and Care Management	31,603	32,211	32,325	114	1	83	55
5,617	Direct Services	4,626	4,125	4,193	68	2	15	0
2,241	Learning Disabilities Care Management	2,451	2,401	2,439	38	3	9	0
1,981	Learning Disabilities Day Services	2,050	2,050	1,975	(75)	4	(75)	0
1,273	Learning Disabilities Housing & Support	1,211	1,259	1,236	(23)	5	(23)	0
44,002		42,061	42,091	42,213	122		9	55
	Operational Housing							
2,519	Housing Needs	2,160	2,550	3,141	591	6	531	157
(4)	Enabling Activities	(4)	(4)	(4)	0		0	0
(954)	Housing Benefits	(1,017)	(1,017)	(1,017)	0		0	0
1,561		1,139	1,529	2,120	591		531	157
	Strategic and Business Support Service							
1,487	Performance & Information	2,510	2,553	2,275	(278)	} 7	(172)	0
197	Quality Assurance	188	199	188	(11)		(7)	0
0	Transforming Social Care	0	0	14	14		14	0
1,684		2,698	2,752	2,477	(275)		(165)	0
	Commissioning							
2,777	Commissioning	3,621	3,951	3,953	2		158	0
15,345	Learning Disabilities Services	17,144	17,008	15,338	(1,670)	11	(1,278)	400
4,670	Mental Health Services	5,193	5,113	4,825	(288)	12	(208)	(60)
3,898	Supporting People	4,052	4,052	3,252	(800)	13	(800)	0
201	Drugs and Alcohol	254	254	185	(69)		(49)	0
0	PCT Funding (Social Care & Health)	0	0	0	0		0	0
26,891		30,264	30,378	27,553	(2,825)		(2,177)	340
	Children's Social Care							
14,174	Care and Resources	13,125	13,123	13,123	0	} 8	0	0
2,304	Safeguarding and Quality Assurance	1,872	1,828	1,828	0		0	0
2,841	Safeguarding and Care Planning	2,871	2,871	2,871	0		0	0
2,954	Referral and Assessment	2,991	2,991	3,191	200		0	0
837	Bromley Youth Support Programme	911	911	911	0		0	0
23,110		21,770	21,724	21,924	200		0	0
	Education							
4,489	SEN and Inclusion Childrens Disability Service	4,258	4,220	4,220	0	9	0	0
443	School Improvement Looked After Children	560	560	523	(37)	10	0	0
4,932		4,818	4,780	4,743	(37)		0	0
0	Learning Disabilities Services - previous years	0	0	(250)	(250)	11	(133)	0
102,180	TOTAL CONTROLLABLE FOR CARE SERVICES	102,750	103,254	100,780	(2,474)		(1,935)	552
6,021	TOTAL NON CONTROLLABLE	2,487	2,507	2,510	3		(5)	0
11,238	TOTAL EXCLUDED RECHARGES	8,901	9,024	9,024	0		0	0
119,439	TOTAL CARE SERVICES ECS DEPARTMENT	114,138	114,785	112,314	(2,471)		(1,940)	552
	Environmental Services Dept - Housing							
728	Housing Improvement	476	402	402	0	14	0	0
280	Housing Enforcement	254	254	254	0		0	0
1,008	TOTAL CONTROLLABLE FOR ENV SVCES DEPT	730	656	656	0		0	0
559	TOTAL NON CONTROLLABLE	1,500	1,500	1,500	0		0	0
344	TOTAL EXCLUDED RECHARGES	146	146	146	0		0	0
1,911	TOTAL FOR ENVIRONMENTAL SVCES DEPT	2,376	2,302	2,302	0		0	0
121,350	TOTAL CARE SERVICES PORTFOLIO	116,514	117,087	114,616	(2,471)		(1,940)	552

Memorandum Item							
Sold Services							
Trading Account - Performance & Research	0	0	(20)	(20)	0	0	
Invest to Save projects: Savings							
Dementia Investment Plan	(100)	(100)	(60)	40	60	0	
PD Investment Plan	(100)	(100)	(40)	60	60	0	
LD Investment Plan (re Younger Adults)	(100)	(100)	(20)	80	80	0	
Sub Total Invest to Save projects	(300)	(300)	(120)	180	200	0	

	£'000
2012/13 Original Budget	116,514
Support services recharge adjustment for Appointeeship (from Corporate)	124
2011/12 Carry Forwards agreed by Executive 20/06/12	388
2012/13 Budget Adjustments	
Posts transferred to / from Commissioning to / from Children's / Education	(6)
0.25fte for additional AP processing for ICES retail prescription invoices	(6)
Posts transferred between Care Services & Education Portfolio	30
Rent income adjustment (from Corporate)	20
Allocation from Contingency Inbucon 0.5% Pay Awards	23
2012/13 Latest Approved Budget	117,087

REASONS FOR VARIATIONS

1. Assessment & Care Management - Dr £114k

The variation can be analysed as follows:-

	£'000
a) Residential/Nursing care and respite for older people	(591)
b) Domiciliary care & direct payments for older people	521
c) less part year saving on retendering of domiciliary care contracts	(258)
d) Residential and domiciliary care for people with physical disabilities	92
e) Community Equipment Service	350
	<u>114</u>

- a) The number of nursing and residential placements continue to be below budget resulting in a projected underspend of £591k. An invest to save proposal was agreed at Executive on 7 September 2011 relating to dementia and officers are currently implementing the initiatives agreed, with expected savings already included in the projected outturn. To September it is projected that £45k of cost pressure has been avoided, and an update to this figure will be provided at the next meeting in February.
- b) There continues to be pressure on the community based budgets for older people, with a projected overspend of £521k reported. The priority is to keep older people in their own homes rather than placed in residential care, especially following discharge from hospital, and this can be seen in the reduced costs of residential and nursing placements above, however this has placed pressure on the domiciliary care and direct payments budgets which continue to overspend. Savings being delivered by the reablement team, which continues to support and reable clients and avoid ongoing care costs, have avoided annual costs of approximately £500k, which has been factored into the 12/13 budgets as part of the savings to be delivered.
- c) The above overspend is partly offset by savings being delivered from the retendering of domiciliary care contracts which are expected to save approximately £400k this year and £1m in a full year. Currently it is estimated that the retendering has realised £142k of savings, with another £258k still to be realised. This is based on data from early September, and changes to packages would continue to be made after this period. The saving in 2013/14 is £1m, so next year the service will not have the benefit of this underspend.
- d) Services for clients with physical disabilities were showing an overspend of £88k at the last budget monitoring, this has increased by £4k to £92k this month. An invest to save proposal to help avoid future growth was agreed at Executive on 19 October 2011 and officers are currently implementing the initiatives agreed, with expected savings already included in the projected outturn.
- e) The Community Equipment Service has moved to a new model of working, with the service having been outsourced. The service is now run on the basis of a sum being charged each time an item is required (based on 112% of the purchase price), together with associated delivery costs, whilst a credit for the item is raised when it is collected (based on 100% of the purchase price), together with associated collection and cleaning costs. Invoices received to date indicate an increasing monthly cost, and officers are currently investigating levels of spending by teams. It is anticipated that the overspend will be at least £350k, but a significant contribution will also be required from Bromley PCT to ensure this overspend is not exceeded.

2. Direct Services - Dr £68k

- a) Reablement - The budget for the reablement team is expected to underspend by £19k this year.
- b) Carelink - The staffing budget is projected to be underspent by £50k this year, as a result of a minor reorganisation of the service.
- c) Admissions Avoidance service - The overspend of £96k relates to the full staffing costs of the team. The service was jointly commissioned with Bromley PCT and the business case was built on the basis of savings in hospital tariffs, with the risk and benefits being shared by the two organisations. Although the activity levels for the service in 2011/12 resulted in avoided admissions (and therefore notional reductions in cost), the PCT had experienced an overall increased spend on emergency acute activity during the year and was not in a position to reimburse any funding to the Council. As a result of this the Council overspent the budget in 2011/12 and with no likely reimbursements in the future, proposals to withdraw from the service were submitted to ACS PDS on 10th April. The service has now closed and the overspend reported is the final cost for the year.
- d) C.A.R.T's - The projected spend on staffing for the Community Assessment and Rehabilitation team is expected to be £9k below budget this year.
- e) Extra Care Housing - There is currently pressure on the inhouse ECH service, with an underachievement of income being projected. This is due to a short term increase in void properties, and hence lower client numbers as a result of the new ECH schemes at Regency Court and Sutherland Court recently opening.

3. Learning Disabilities Care Management - Dr £38k

The overspend relates to turnover on the staffing budget not being achieved.

4. Learning Disabilities Day and Respite Services - Cr £75k

There are 2 services for clients with Learning Disabilities provided under this budget head, day services and respite services. Day services are provided at various council owned premises, as well as in the community, whilst respite services were previously provided at 2 locations in the borough, but the service has now relocated to one premises in Bromley. There is a net underspend of £75k projected for these services.

5. Learning Disabilities Housing and Support - Cr £23k

A savings target of £100k was included in the 2012/13 budget for the decommissioning of an LD small home. To date several small homes have been closed, resulting in the achievement of the saving. Longer term changes to achieve further savings in 2013/14 include the deregistration of Orchard Grove and St Blaise.

Monitoring of the service overall shows a projected underspend in the region of £23k, after taking account of the £100k saving.

6. Housing Needs - Dr £591k

The forecast net overspend of £591k comprises:

	£'000
Nightly paid accommodation (B&B) projected overspend	1,067
Use of Housing Grants to mitigate overspend	(453)
Other	(23)
	<u>591</u>

The number of B&B placements is currently fairly stable, largely as a result of the impact of invest to save initiatives, including the 26 units now available at Cranbrook Court. However, numbers are expected to increase at an average rate of 6 per month (net) for the remainder of the year and this is reflected in the projected overspend. This is a continuation of the trend seen in 2011/12.

The savings from the invest to save initiatives are set out below. It should be noted that there is still an element of projection in some of the figures and the actual position may vary.

	2012/13	FYE
	£'000	£'000
Top up on existing leasing programme (golden hellos)	(151)	(225)
Enhanced initiatives on homeless prevention and enhanced incentives for access to private rented sector	(414)	(670)
Building conversion (Cranbrook Court)	(73)	(111)
	<u>(638)</u>	<u>(1,006)</u>

Increases in client numbers and rising unit costs have been noticeable across all London boroughs and are the result of the pressures of rent and mortgage arrears coupled with a reduction in the number of properties available for temporary accommodation. There are high levels of competition and there is evidence of 'out-bidding' between London boroughs to secure properties. This has contributed towards the high cost of nightly paid accommodation.

Given the size of the projected overspend, £453k of Housing grant funding has been used to help offset these cost pressures in the current year. This is a short term measure and doesn't address the increasing cost pressures going forward.

The full year effect of the projected overspend is forecast to be £1,157k in 2013/14. This is based on projected activity to the end of March 2013 and includes assumptions on savings arising from invest to save initiatives. It does not include any projected further growth in numbers beyond the end of March 2013 nor the impact of welfare reform. £1m growth has been included in the 2013/14 draft budget which leaves a residual pressure of £157k going in to 2013/14.

7. Strategic & Business Support Services - Cr £275k

The projected underspend of £275k relates to:

	£'000
Social Care Workforce training	(164)
Staffing	(76)
Overachievement of income	(20)
Other, mainly general running expenses	(15)
	<u>(275)</u>

The savings on Social Care Workforce training partly relate to early achievement of savings required in 2013/14 (recurrent saving) and partly to delayed commissioning of training services in 2012/13 following a strategic workforce learning needs analysis (non-recurrent saving).

The underspend on staffing relates mainly to vacant posts, the majority of which have now been filled.

The Performance and Research trading account is projected to generate £20k income in excess of budget in 2012/13 from services sold to schools.

8. Children's Social Care - Dr £200k

Staffing

It is anticipated that staffing costs will come in broadly on budget this year. Some areas are managing to maintain vacancies, however there is an ongoing need to rely on agency staff due to the usual reasons of delays in recruitment, sick and maternity leave.

The Recruitment and Retention package brought in in 2010/11 has been successful in its aim of reducing the overspend within the Social Care teams.

Step Up to Social Work Grant

This is the second year of the two year grant funding and the budget for this year is £465k, plus a carry forward of £51k from 2011/12, which was approved by Executive on 20th June. The DfE has confirmed that any underspend on the grant this year can be carried forward to 2013/14.

Placements

The Placement Budget has had growth of £500k added in 2012/3 to address the high level of overspend in the last 2 financial years. There has been 62% increase nationally in the numbers of children taken into care during this period, and during the last 2 months Bromley itself has seen an increase in the number of placements having to be made. At this stage it is expected that expenditure will be approximately £100k over budget, assuming the invest to contain strategy and tight gatekeeping continue to be managed. This overspend is offset by underspends in other areas of children's social care.

Unaccompanied Asylum Seeking Children

Grant funding is reducing for these clients as the numbers have fallen over the last few years. Leaving Care clients are now below the de minimus level of 25 so no funding will be received. This resulted in an overspend in 2011/12 and is being monitored closely in 2012/13.

No Recourse to Public Funds - Dr £200k

The number of people in Bromley with no recourse to public funding continues to increase. As these people have children we have a duty to ensure their safety. The current expenditure is projected to be £300k against a budget of £100k.

9. SEN & Inclusion Children's Disability Services

Although relating to Care Services Portfolio, the Children's Disability Service comes under the responsibility of the Assistant Director of Education.

There is a projected underspend of £140k in the Short Breaks Service mainly due to travel and escort costs, and grants and subscriptions. Looked After Children placements are forecast to overspend by £403k, mainly due to two new children (above projections) starting this year. Also, the contract for Hollybank will underspend by £20k. This is offset by prior year provisions that have now been identified as no longer required.

	Projected Variations
	£'000
Short Breaks	(140)
Hollybank	(20)
Children's Disability Team	403
Prior year provisions no longer required	(243)
Total Children's Disability Services	<u>0</u>

10. School Improvement Looked After Children - Cr £37k

An underspend of £37k is expected in the Children in Care Education team due to a vacant post, which will be deleted in 2013/14 to help meet the impact of LACSEG changes.

11. Learning Disabilities Services - Cr £1,670k

Budgets for learning disabilities placements (including supported living and shared lives) are forecast to underspend by £1,670k.

The savings arise mainly from commissioning cost efficient placements for some of the ex-PCT re-provision clients, limiting inflationary increases and attrition. The projected spend includes assumptions in relation to future volume-related changes (i.e. increased numbers of clients from: transition, carer breakdowns, increased client needs and Ordinary Residence transfers) which may not occur. This would result in an increased level of underspend.

A range of growth and savings have been included in the 2013/14 draft budget for Learning Disabilities. Once these have been taken into account, the full year effect of the current year's projection, added to anticipated new activity in 2013/14, is a budget pressure of approximately £400k.

In addition to the underspend of £1,670k, there is a further, non-recurrent underspend of £250k relating to previous years items. The accounts are closed each year on the basis of the best information available at that point in time and, subsequent to that, additional information has indicated that actual costs are not as high as anticipated when the accounts were closed.

12. Mental Health Services - Cr £288k

The projected underspend arises partly from the full year effect of client moves during 2011/12 which resulted in more cost effective placements, from increased use of flexible support rather than residential placements and from containing annual contract price increases to providers. Some of the underspend relating to restricting price increases has been attributed to the 2012/13 budget saving for commissioning contract efficiencies.

£75k of the underspend relates to early achievement of savings required in 2013/14 on the s75 Agreement with Oxleas NHS Trust for delivery of community mental health services.

13. Supporting People - Cr £800k

There is a projected underspend of £800k on Supporting People budgets. This is in addition to the savings required to achieve the savings targets built in to the 2012/13 budget (further £400k reduced funding for sheltered housing and £300k reduced commissioning of Supporting People services).

The £800k underspend relates mainly to savings arising from the gateway review of Supporting People funded tenancy support services, from limiting inflationary increases and from the tendering of mental health flexible support services. This represents early achievement of savings required in 2013/14.

14. Housing Improvement - Nil Variation

There is a projected overspend of £17k within employee costs due to non-achievement of the turnover budget. This is fully offset by extra income received as a result of repayment of home improvement loans.

Management Team Comments

There is a forecast underspend of £2,474k in 2012/13 mainly due to retendering of the domiciliary care contracts, the learning disabilities grant funding relating to the campus re-provision programme and Supporting People budgets.

The main pressure on the budget in 2012/13 is around Bed & Breakfast numbers which continue to increase each month and potentially could result in unfunded cost pressures in excess of £1m by 2013/14. Officers continue to discuss various initiatives with Private Landlords to help mitigate these costs. Detailed work is being undertaken to model the financial implications if numbers increase, track when some of the initiatives are likely to impact on the budget and explore other options that might be available.

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, waivers were approved as follows:

Adult Social Care

- (a) 7 residential placements between £50k and £100k and 4 exceeding £100k.
- (b) There were also contract waivers agreed for £76k, £137k, £168k and £540k for extension of current contracts.

Children's Social Care

- (a) 4 residential placements between £50k and £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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

2011/12 Actuals £'000	Division Service Areas	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	Education and Care Services Department							
1,904	Education Division Access	1,813	2,561	2,424	(137)	1	(123)	0
3,440	SEN and Inclusion	3,961	3,914	3,291	(623)	2	(344)	0
0	Schools Budgets	0	0	0	0	3	0	0
1,845	Education Commissioning and Business Services	941	811	425	(386)	4	(368)	0
1,055	School Improvement	653	429	252	(177)	5	(203)	0
8,244		7,368	7,715	6,392	(1,323)		(1,038)	0
	Children's Social Care							
3,118	Bromley Youth Support Programme	2,322	2,322	1,852	(470)	} 6	(475)	0
2,395	Children's Centres	2,027	2,237	2,213	(24)		(24)	0
5,513		4,349	4,559	4,065	(494)		(499)	0
	Adult Education Centres							
(291)	Adult Education Centres	(570)	(570)	(570)	0		0	0
(291)		(570)	(570)	(570)	0		0	0
	Early Intervention Grant							
(11,001)	Early Intervention Grant	(12,010)	(12,010)	(12,010)	0		0	0
(11,001)		(12,010)	(12,010)	(12,010)	0		0	0
2,465	TOTAL CONTROLLABLE FOR EDUCATION - ECS	(863)	(306)	(2,123)	(1,817)		(1,537)	0
36,666	Total Non-Controllable	16,344	16,344	16,336	(8)		0	0
3,333	Total Excluded Recharges	4,599	4,627	4,627	0		0	0
42,464	TOTAL FOR EDUCATION PORTFOLIO - ECS	20,080	20,665	18,840	(1,825)		(1,537)	0
	Memorandum Item							
	Sold Services							
	Education Development Centre (RSG Funded)	0	0	99	99	} 7	55	
	Education Development Centre (DSG Funded)	1,115	1,115	1,177	62		34	
	Education Psychology Service (RSG Funded)	0	0	25	25		25	
	Education Welfare Service (RSG Funded)	0	0	(22)	(22)		0	
	Behaviour Support (Secondary) (DSG Funded)	57	0	58	58		0	
	Behaviour Support (Primary) (DSG Funded)	76	0	(65)	(65)		0	
	Free School Meals (RSG Funded)	0	0	0	0		0	
	Business Partnerships (RSG Funded)	0	0	(112)	(112)		8	
	Total Sold Services	1,248	1,115	1,160	45		122	0

Reconciliation of latest approved budget

£'000

Original budget 2012/13	20,080
Carry forward from 2011/12	120
Transfer of Strategic Property Manager from Resources	76
Restructure of Care services Commissioning	(25)
Early Years funding from contingency	400
Transfer of Education Client (Catering & Cleaning) to ECS	14
Latest Approved Budget for 2012/13	20,665

REASONS FOR VARIATIONS

1. Access Cr £137k

An underspend of £137k is forecast for Access. This comprises £46k staffing and £54k running costs as a result of the Early Years restructure, and £43k within the Education Welfare Service is the result of vacant posts and an overachievement of trading account income.

There is also a £30k underspend relating to Pupil Clothing expenditure. This service will cease in 2013/14, creating a saving of £100k as reported in February 2012.

There is an overspend of £51k in Access & Admissions, mainly due to lower levels of staff turnover than budgeted for, and on printing brochures, posters and application forms etc

	Projected Variation £'000
Early Years	(100)
Pupil Clothing	(30)
Access & Admissions	51
Catering & Cleaning Trading Account	(15)
Education Welfare Service - equipment	(43)
	<u>(137)</u>

2. SEN and Inclusion Cr £623k

Transport for children with special education needs is currently forecast to underspend by £442k. This is due to price increases below inflation and optimisation of route planning, a one-off overachievement of recoupment income, and an overspend on vehicle repairs.

In addition, there is a one-off underspend of £200k relating to previous years items. The accounts are closed each year on the basis of the best information available at that point in time and, subsequent to that, additional information has indicated that actual costs are not as high as anticipated when the accounts were closed.

There's also a total overspend of £19k in other areas of SEN and Inclusion.

	Projected Variations	
	£'000	£'000
Education psychology service		(9)
SEN admin		29
SEN pre-school service		(1)
SEN transport		
-Transport contract	(357)	
-Recoupment income	(100)	
-Creditor provision	(200)	
-Vehicle repairs	15	(642)
		<u>(623)</u>

3. Schools Budgets (no impact on General Fund)

Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided for by the Department for Education (DfE). DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget. Any overspend or underspend must be carried forward to the following years Schools Budget. A total net underspend of £1,091k is currently projected on DSG funded services as outlined below.

SEN placements are currently expected to create an underspend of £400k. This is mainly due to a reduction in expected growth in the number of pupils receiving statements as a result of Pupil Resource Agreements put in place to support pupils in mainstream schools. There is also £135k underspend on the DSG funded element of SEN transport, and a small underspend in other areas of SEN and Inclusion.

An underspend of £164k is forecast for the Behaviour Service, primarily due to various posts which are currently vacant, and which are expected to remain so in the near future, and several full time posts only being filled by part-time employees. There is also a projected overspend on transport costs.

Nursery Education payments for 3 and 4 year olds is estimated to overspend by £375k due to a higher level of demand than expected. The budget for this part of the early years service is £9.8m.

An underspend of £57k has arisen now that the Carbon Reduction Commitment allowances for 2011/12 have been paid below the value estimated when closing the 2011/12 accounts.

Due to early repayment of an invest to save loan in 2011/12, there will now be an underspend of £570k on the interest payments.

Finally, the restructure of the EDC has resulted in part-year savings of £96k.

	Projected Variations	
	£'000	£'000
Behaviour service	(164)	
Early years - NEG payments	<u>375</u>	211
SEN Central budget	(400)	
SEN Transport	(135)	
Deaf centres & sensory support	9	
SEN pre-school service	<u>(53)</u>	(579)
EDC Trading A/C - DSG		62
Carbon reduction creditor		(57)
Interest payments		(570)
School Improvement		(158)
Underspend to be carried forward to 13/14		<u>(1,091)</u>

4. Education Commissioning and Business Services Cr £386k

The commissioning team has an underspend of £343k, primarily due to 8 vacant posts not being filled. This is partially offset by a shortfall of income anticipated for the EDC trading account. There's also an underspend within the Primary Business Partnerships budget due to a staff vacancy, an overachievement of income on the trading account.

	Projected Variation
	£'000
Commissioning - EDC	(343)
EDC Trading A/C - RSG	99
Business Partnership Trading A/C - RSG	(112)
Primary Central Business Partnerships	(30)
	<u>(386)</u>

5. School Improvement Cr £177k

The school improvement service was also part of the EDC restructure, resulting in part year savings of £177k, mainly from employee costs.

6. Children's Centres & Bromley Youth Support Programme Cr £494k

Although relating to Education, these budgets for Children's Centres, The Music Service and Youth Support, come under the management responsibility of the Assistant Director for Children's Social Care.

There is an expected underspend in Youth Support of £470k as a result of early achievement of 2013/14 savings for the service (£580k), and an underspend of £24k in Referral and Assessment, due to 3 currently vacant posts in Parent Partnership.

7. Sold Services

Services sold to schools have, for the first time in 2012/13, been separated out to provide clarity in terms of the services being provided and the income generated from those services. DSG funded services are ultimately funded from the ring fenced DSG grant if there is any shortfall. RSG funded services would have to be funded from core Bromley funding.

Work is being carried out with Budget Managers to minimise the risk of a financial shortfall in these areas. Additional funding streams are being explored/tapped into and costs are being reduced in order to stay with financial limits. Major reorganisations have been carried out in the Education Development Centre which will have an impact on sold services. Other areas such as Education Psychology, Education Welfare and Behaviour Support have made adjustments to their staffing, running costs and service offer to reduce costs and increase income potential.

Sold services will continue to be monitored closely throughout the year. Current projections show an adverse variation in the EDC and secondary provision behaviour service trading accounts as shown in notes 3 and 4 above. This is due to a revision of the costs that are allocated to sold services.

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive one contract waiver has been approved relating to the placement of a child with SEN for £80k p.a.

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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

2011/12 Actuals £'000	Division Service Areas	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
(5,610)	Customer & Support Services							
1,932	Parking	(6,697)	(6,754)	(6,508)	246	1 - 4	290	180
	Support Services	1,402	1,374	1,374	0		0	0
(3,678)		(5,295)	(5,380)	(5,134)	246		290	180
101	Public Protection - ES							
	Emergency Planning	113	113	113	0		0	0
101		113	113	113	0		0	0
5,904	Street Scene & Green Space							
2,454	Area Management/Street Cleansing	4,535	4,457	4,457	0	5	0	0
(18)	Highways	2,385	2,385	2,385	0	6	0	0
6,057	Markets	(29)	(29)	(29)	0		0	0
567	Parks and Green Space	6,042	6,130	6,130	0		0	0
16,549	Street Regulation	628	577	577	0		0	0
	Waste Services	16,254	16,453	16,163	(290)	7	(290)	(180)
31,513		29,815	29,973	29,683	(290)		(290)	(180)
6,613	Transport & Highways							
161	Highways incl London Permit Scheme	6,188	6,470	6,360	(110)	8	(250)	0
866	Highways Planning	142	167	167	0		0	0
	Traffic & Road Safety	346	311	311	0		0	0
7,640		6,676	6,948	6,838	(110)		(250)	0
35,576	TOTAL CONTROLLABLE	31,309	31,654	31,500	(154)		(250)	0
7,652	TOTAL NON-CONTROLLABLE	6,937	7,160	7,146	(14)	9	(5)	0
2,614	TOTAL EXCLUDED RECHARGES	2,103	2,228	2,228	0		0	0
45,842	PORTFOLIO TOTAL	40,349	41,042	40,874	(168)		(255)	0

Reconciliation of latest approved budget

£'000

Original budget 2012/13

40,349

Carry forwards from 2011/12

248

Repairs and Maintenance

167

Supplementary estimate for implementation of Flooding and Water Act

220

Budget Adjustments for rental Income

60

Property Services Rental Income

(4)

Allocation from Contingency Inbucon 0.5% Pay Awards

7

Fibre Optic Cable Chartwell transfer from ES to Resources

(5)

Latest Approved Budget for 2012/13

41,042

REASONS FOR VARIATIONS

1. Income from bus lane contraventions Cr £110k

An increase in bus lane contraventions has meant that income is above estimated levels by £116k offset by £6k less income received for tickets issued in 2011/12 than expected. The net effect is a surplus of £110k.

2. Off Street Car Parking Dr £233k

The parking charges income budget assumed that the new charges would be in place for the full financial year 2012-13 but these came into effect in late April 2012, as advised in the increase in charges report. The impact of this slight delay is Dr £20k.

Using the data available from the seven months following the increase, off-street car parking income is projected to be £270k below budget expectation, although this could be as high as £340k. Within this variation, around £100k relates to the four multi-storey car parks, and £170k other surface car parks. The income will continue to be closely monitored and any major variances reported to Members.

The projected income deficit is partly being offset by savings from management action of £57k from reducing running expenses, including contract costs.

3. On Street Car Parking Dr £200k

Income shortfall in April was £40k as the fees were introduced at the end of the month. After analysing the data to 30th November 2012, it is clear that income is well below expected levels in the Bromley town centre, Beckenham and Orpington. Overall a shortfall in income of £270k is projected, although this could be as high as £300k.

Management action has been taken to freeze the equipment replacement budget of £70k on the assumption that, following the introduction of mobile phone parking, the programme of recycling surplus pay and display machines is continued.

The full year effect of the deficit currently projected for parking will be balanced by a combination of additional income generated from the extra parking capacity being provided within Bromley Town Centre following the closure of Westmoreland Road Car Park, and the balance will be funded from the underspend within waste management.

4. Car Parking Enforcement Cr £77k

There is a projected net surplus of £153k from PCNs issued by Vinci due to an increase in contraventions. As a result of a range of performance indicators being met, there is a performance payment due to the contractor of around £50k.

There is a projected net surplus of £8k for mobile and static cameras. There have been reduced contraventions in 2012/13, however a slight increase in income expected from previous years. Contraventions have begun to increase over the last couple of months which could improve the overall position if the trend continues.

There is a projected overspend within staffing budgets of £29k and £5k on Credit Card Commission.

Summary of variations within Parking:

£'000

Bus Routes Enforcement	(110)
Off Street Car Parking	290
On Street Car Parking	270
Deficit in income from CCTV parking contraventions	7
Net additional income from other parking contraventions	(118)
Savings resulting from management action	(127)
Overspend within Enforcement staffing costs	29
Increased credit card commission costs	5
Total variation for parking	246

5. Area Management & Street Cleansing £0k

There is a projected overspend within employee costs of £13k. This is a result of delays in implementing the Street Scene & Green Space review of back-office functions.

There is also a projected net overspend within premises costs of £19k, and toilet cleaning contract payments of £13k, as a result of delays in the planned closure of public conveniences. These overspends are being met by underspends within graffiti removal of £45k.

6. Highways - SS&GS £0k

Although no overall variation is being projected, it is anticipated that there will be an underspend of around £43k on gully cleansing, and £5k on soakaways which form part of the Street Cleansing contract. Whilst the contractor has carried out the first year of the contract with new cyclic programme of works, the volume of drainage investigatory works has been lower than forecast.

This projected underspend is being used to finance additional minor repairs and potholes as a result of root upheaval of paving stones and tarmac.

7. Waste Management Cr £290k

There is currently a total projected underspend within waste disposal tonnages of £153k. £122k has arisen from 1,580 lower tonnes than budgeted between April and November, with a further projected underspend of £31k relating to a variation of 400 tonnes projected for the rest of 2012-13.

Within the total projected variation of 2,000 tonnes, approximately 1,000 tonnes relates to decreased activity from builders and other tradesmen bringing waste to the depots. This has resulted in a projected underspend of £77k, which partly offsets the income shortfall described below.

A deficit of £150k is being projected for trade waste delivered income due to reduced activity as described above. The bad weather in this period, especially during April and May, may have had an impact and it has been hoped that this activity would pick up later in the year. So far, this appears not to have happened, hence the deficit continues to be projected. The projected net deficit relating to this service is therefore £73k.

Within trade waste collection income, there is a projected surplus of £150k. Prices were increased by 17% from 1st April 2012 and expectation was built into the 2012-13 for a dropout of 11% of customers. However, it would appear that the actual net loss of total customers has only been around 3.5%, resulting in the projected surplus income.

As a result of a reduced dropout of customers than budgeted, there are increased costs within the collection contract of approximately £25k. These are offset by various underspends across other aspects of the collection contract, resulting in a net collection contract underspend of £107k.

There is a small projected underspend within staffing of £8k.

Due to legislative changes, detritus collected from street cleansing can no longer be composted. Veolia have offered to dispose of this tonnage estimated to be 1,700 tonnes per annum at a price of £73 per tonne instead of landfilling it at a cost of £122. This tonnage used to be disposed of by composting at a cost of £43 per tonne. The change in legislation has meant that the Council has to incur additional annual disposal costs of approximately £51k.

A provision of £73k that is no longer required has been released.

Summary of variations within Waste Management

	£'000
Decrease in waste disposal tonnage	(76)
Reduction in disposal tonnage as a direct result of a decrease in trade waste delivered customers	(77)
Shortfall of income due to drop in customers delivering trade waste to depots	150
Additional income from trade waste collections	(150)
Underspend within staffing	(8)
Extra cost of disposing of detritus	51
Release of provision balance	(73)
Underspend within collection contract	(107)
	<u>(290)</u>

8. Highways including London Permit Scheme Cr £110k

There is a projected underspend within the Street lighting electricity budget of £110k. This is largely the result of receiving unexpected rebates and credits of £80k.

The projected underspend has fallen from the last reported projected underspend of £250k, due to unit price rises in October of around 40% (whereas previously an increase of around 18% had been anticipated).

9. Non-controllable budgets Cr £14k

For information here, the variation relates to a net surplus within property rental income budgets across the division. Property Division are accountable for these variations.

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, no waivers have been actioned.

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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

2011/12 Actuals £'000	Division Service Areas	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
454	Public Protection Community Safety	538	568	568	0		0	0
323	Mortuary & Coroners Service	344	336	301	(35)	1	(35)	0
2,580	Public Protection	2,391	2,401	2,436	35	2	35	0
3,357	TOTAL CONTROLLABLE FOR PUBLIC PROTECTION & SAFETY	3,273	3,305	3,305	0		0	0
129	TOTAL NON CONTROLLABLE	6	6	6	0		0	0
330	TOTAL EXCLUDED RECHARGES	317	317	317	0		0	0
3,816	PORTFOLIO TOTAL	3,596	3,628	3,628	0		0	0

Reconciliation of latest approved budget

£'000

Original budget 2012/13

3,596

Carry forwards from 2011/12 re: Community Safety

30

Allocation from Contingency Inbucon 0.5% Pay Awards

2

Latest Approved Budget for 2012/13

3,628

REASONS FOR VARIATIONS

1.Mortuary & Coroners Service Cr £35k

Officers have recently been given an indication that Bromley will be receiving a one-off refund for the Mortuary/Coroners service for 2012/13. At this stage it is estimated to be in the region of £35k.

2.Public Protection Dr £35k

There is likely to be a deficit of £100k within Public Protection as planned savings for the shared Regulatory Services within the 2012/13 budget are unlikely to be achieved this financial year. However, this overspend has been offset by other savings in order to achieve a balanced budget. It is hoped that Officers will be able to achieve this saving from 1st April 2013 or find permanent alternative compensating savings.

The retendering of the CCTV contract resulted in £59k saving of which £35k was built into the budget. £24k is therefore available for 2012/13 to offset the overspend detailed above.

It is estimated that additional income of £10k will be raised from the new fees that were introduced for a noise assessment and CCTV deployment service for Registered Social Landlords for 2012/13.

Management action to reduce costs within running expenses has achieved a saving of £31k to offset the non achievement of the savings target relating to shared services for 2012/13.

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive no waivers have been actioned.

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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

2011/12 Actuals £'000	Division Service Areas	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	R&R PORTFOLIO							
73	Housing Strategy & Development Housing Strategy & Development	(16)	(16)	(4)	12	1	12	0
73		(16)	(16)	(4)	12		12	0
	Planning							
15	Building Control	(22)	17	17	0	2	0	0
(169)	Land Charges	(281)	(168)	(168)	0		0	0
1,011	Planning	801	803	823	20	3	0	0
1,264	Renewal	1,167	1,229	1,217	(12)	4	(12)	0
2,121		1,665	1,881	1,889	8		(12)	0
	Recreation							
2,610	Culture	2,315	2,313	2,313	0		0	0
5,285	Libraries	4,816	4,842	4,842	0	5	0	0
374	Town Centre Management & Business Support	294	312	312	0		0	0
8,269		7,425	7,467	7,467	0		0	0
10,463	Total Controllable R&R Portfolio	9,074	9,332	9,352	20		0	0
4,181	TOTAL NON CONTROLLABLE	2,207	2,211	2,181	(30)	6	0	0
2,294	TOTAL EXCLUDED RECHARGES	1,957	1,957	1,957	0		0	0
16,938	PORTFOLIO TOTAL	13,238	13,500	13,490	(10)		0	0

Reconciliation of latest approved budget

£'000

Original budget 2012/13

13,238

Carry forwards from 2011/12

100

Allocation from contingency for Land Charges

112

Allocation from contingency for Building Control Charges

38

All Allocation from Contingency Inbucon 0.5% Pay Awards

8

Property Services Rental Income

4

Latest Approved Budget for 2012/13

13,500

REASONS FOR VARIATIONS

1. Housing Strategy & Development Dr £12k

As a result of deferral of part of the 2012-13 savings initiatives and following final settlement in September, there is an overspend of £12k.

Within income from affordable housing charges, there is a projected deficit of £60k. This is largely due to the on-going effects of the economic downturn, which have seen reduced planning & building initiatives and therefore a reduced requirement to provide affordable housing.

This deficit is being offset by a projected underspend within salaries of £60k, resulting from two vacant posts being held vacant.

2. Building Control £0k

Based on information to date, an income deficit is projected of £180k. This is being offset by savings of £180k from management action to reduce costs, including holding 3.7ftes vacant.

3. Planning Dr £20k

Income from non-major planning applications is £235k below budget for the first eight months of the year and a deficit of £300k is projected for the year. The actual income for the April to November 2012 is £60k higher than that received for the first eight months last year. Total income is therefore expected to be £72k higher than 2011/12, however, still some £300k below budget. The income projections have taken into account the statutory price increase in November. Full year effect of the price increase is expected to be around Cr £130k and will not therefore offset the current deficit forecast.

£159k has been received for major applications this year, compared to £137k for the same period last year. Planning officers within the major team have provided a schedule of potential future income that may be received before the year end of approximately £155k, and therefore a shortfall of income totalling £50k is projected from major planning applications.

There is a projected surplus within income from pre-application meetings of £50k, (which could be as high as £60k), due to higher than budgeted activity levels. Overall, this gives rise to a net projected deficit within income of £300k.

Continuing management action to hold 6.6fte posts vacant, has resulted in a projected underspend within salaries of £255k. There are further projected underspends across supplies and services budgets of £45k, which fully meet the income deficit.

There will be a £20k overspend on the Community Infrastructure Levy (CIL), a new scheme introduced in 2012/13. This is partly due to initial set-up costs of £10k for the purchase of a new computer software package and slower than anticipated receipt of CIL income. This is not expected to occur in future years. In accordance with legislation, it is hoped that future CIL income received during the next 2 years will cover these set up costs.

Summary of variations within Planning:

£'000

Shortfall within income from non-major applications	300
Shortfall within income from major applications	50
Surplus within income from pre-application meetings	(50)
Management action - underspends within salaries	(255)
Management action - underspends within supplies & services	(45)
CIL overspend	20
Total variation for planning	20

The full year effect of the shortfall of income is likely to be £290k and Officers have reviewed income, staffing and supplies and services in order to ensure that there will be a balanced budget in future years.

4. Renewal Cr £12k

There is a projected underspend within salaries of £7k as a result of vacancies occurring during the year and a small variance of Cr £5k within running expenses.

5. Libraries £0k

There is an anticipated overspend on the Library IT budgets of £103k. This is largely due to two projects, the replacement of the Library Management System and the handover of responsibility for maintenance of hardware to Capita. Part of this process involved approximately 100 new PCs being installed for frontline staff, as well as costs associated with the transfer of data between the current and incumbent LMS suppliers. All efforts possible are being made to expedite these projects which involve a number of partners and third party contractors.

There is a projected under achievement of income of £60k. The main areas of shortfall are library fines £30k, DVD hire and CD hire £25k, with a net £5k across other income streams. Year on year customers are borrowing fewer items overall which significantly affects both hire charges as well as fines.

To partly offset the above income deficit, management action is being taken to reduce expenditure within the libraries acquisition fund, giving a projected underspend of £40k.

Within the staffing budget, there is a projected underspend of £90k. This is due to holding posts vacant pending Member decisions on potential reductions in opening hours (with consequent staff savings), as well as management action to help balance the overspend on IT budgets and income deficit.

There are also projected underspends within premises budgets of £50k. These comprise of £15k relating to a business rate rebate, £35k relating to lower contract cleaning and electricity costs than previously expected.

There is a further projected underspend within transport costs of £5k. This gives rise to an overall balanced budget across the library service.

There is a projected overspend across general supplies & services budgets of £22k. Within this, £12k relates to photocopier expenses, with the remaining net £10k across other budget lines.

Summary of variations within Libraries	£'000
Overspend within IT budgets	103
Income deficit	60
Underspend from libraries acquisition fund	(40)
Underspend within staffing budget	(90)
Underspend within premises costs	(50)
Underspend within transport costs	(5)
Overspend within general supplies & services	22
Total variation for libraries	0

6. Non-controllable budgets Cr £30k

For information here, the variation relates to a net surplus within property rental income budgets across the division. Property Division are accountable for these variations.

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive no waivers have been actioned.

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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

Resources Portfolio Budget Monitoring Summary

2011/12 Actual £'000	Financial Summary	2012/13 Original Budget £'000	2012/13 Latest Approved £'000	2012/13 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	CHIEF EXECUTIVE'S DEPARTMENT							
941	Audit	896	814	752	(62)	1	(62)	0
120	Comms	115	115	116	1		1	0
369	Organisation & Improvement	158	159	129	(30)	2	(30)	0
	Human Resources							
245	Health & Safety	193	193	204	11		2	0
307	HR Management	315	286	283	(3)		3	0
507	HR Strategy and L & D	446	435	420	(15)	3	(8)	0
664	Operational HR	638	716	688	(28)	4	(18)	0
	Management and Other (C.Exec)							0
560	Management	615	665	540	(125)	5	(132)	
150	Mayoral	174	174	142	(32)	6	(36)	
3,863	Sub Total - Chief Executive's Department	3,550	3,557	3,274	(283)		(280)	0
	RESOURCES DEPARTMENT							
	Financial Services & Procurement							
1,537	Exchequer - Payments & Income	1,527	1,533	1,549	16	7	(44)	0
5,190	Exchequer - Revenue & Benefits	5,607	5,525	5,469	(56)	8	(50)	(99)
230	Finance Director & Other	181	182	182	0		0	0
572	Financial Accounting	551	536	532	(4)		(10)	0
1,811	Management Accounting & Systems	1,655	1,693	1,680	(13)		(34)	0
402	Procurement	368	369	369	0		0	0
4,792	Information Systems & Telephony	4,625	4,832	4,832	0		0	0
	Operational Property Services							
8	CDM	0	0	(4)	(4)		0	0
(10)	Client & Facilities Services	133	162	174	12		15	0
332	Property Services Planned	126	81	74	(7)		(6)	0
442	Property Services Reactive	147	165	273	108	9	47	0
3,152	Repairs & Maintenance (All LBB)	2,240	2,742	2,629	(113)	10	0	0
	Customer Services & Bromley Knowledge							
238	Bromley Knowledge	183	183	184	1		2	0
1,039	Contact Centre	917	916	947	31	11	39	0
	Legal, Democratic and Registration							
1,651	Democratic Services	1,597	1,553	1,526	(27)	12	(31)	0
359	Electoral	270	310	278	(32)	13	(8)	0
1,784	Legal Services	1,476	1,472	1,571	99	14	97	80
(50)	Registration of Births, Deaths & Marriages	(75)	(78)	(101)	(23)	15	3	0
132	Customer Service Development	0	0	0	0		0	0
	Facilities							
1,454	Admin. Buildings	1,674	1,673	1,705	32	16	109	0
581	Facilities & Support	476	509	531	22		22	0
158	Management and Other	143	163	163	0		2	0
25,804	Sub Total - Resources Department	23,821	24,521	24,563	42		153	(19)
	RENEWAL & RECREATION DEPARTMENT							
	Strategic Property Services							
508	Investment & Non-Operational Property	395	395	555	160	17	152	0
622	Strategic Property Services	623	580	633	53	18	43	0
(4,412)	Investment Income	(5,095)	(5,144)	(4,190)	954	19	551	352
(725)	Other Rental Income - Other Portfolios	(722)	(673)	(684)	(11)		(10)	0
(4,007)	Sub Total Renewal & Recreation Department	(4,799)	(4,842)	(3,686)	1,156		736	352
25,660	Total Controllable Departmental Budgets	22,572	23,236	24,151	915		609	333
	CENTRAL ITEMS							
6,942	CDC & Non Distributed Costs (Past Deficit etc.)	7,223	7,223	7,223	0		0	0
8,770	Concessionary Fares	9,204	9,204	9,204	0		0	0
41,372	Total Controllable	38,999	39,663	40,578	915		609	333
1,442	Total Non Controllable	2,186	2,037	2,037	0		0	0
(21,804)	Total Excluded Recharges	(18,834)	(19,110)	(19,110)	0		0	
(1,675)	Less: R&M allocated across other Portfolios	(2,228)	(2,277)	(2,239)	38		0	
725	Less: Rent allocated across other Portfolios	722	673	684	11		10	
20,060	Total Corporate Services / Resources Portfolio	20,845	20,986	21,950	964		619	333

Memorandum Item							
Sold Services					20		
Audit (Schools) Trading Account	0	0	(1)	(1)		(2)	0
Health & Safety Schools Trading Account	0	0	4	4		0	0
HR Schools Trading Account	0	0	(4)	(4)		0	0
Finance Schools Trading Account	0	(17)	(27)	(10)		(10)	0
Facilities Schools Trading Account	0	0	0	0		0	0
Reactive Maintenance Schools Trading Account	0	0	55	55		0	0
Total Sold Services	0	(17)	27	44		(12)	0

Reconciliation of latest approved budget	£'000
Original budget 2012/13	20,845
Recharge of Appointeeship to ECS	(124)
Budget virement on Rental Income	(80)
Carry forwards from 2011/12	
- R & M	352
- Operational HR	35
- IT Services	75
- Design Studio	35
Transfer from Care Services to AP re ICES	6
Transfer of Strategic Property Manager to ECS	(76)
Karen Stevens Catering & Cleaning to ECS	(14)
Allocation of savings from Central Contingency	(102)
Allocation from Contingency Inbucon 0.5% Pay Awards	29
Fibre Optic Cable Chartwell transfer from ES to Resources	5
Latest Approved Budget for 2012/13	20,986

REASONS FOR VARIATIONS

1. Audit Cr £62k

A reduction in external Audit fees of £113k is projected as a result of the Audit Commission reducing fees by 40% following consultation, however this is offset by a budget reduction of £50k relating to savings identified as part of the 2012/13 budget. A virement of £49k was actioned to contribute to the cost of consultancy services relating to the Council Wide Management Review. The effect of taking staff savings early is £50k Cr and other minor items amount to £2k Dr.

2. Organisation & Improvement Cr £30k

An underspend of £30k is currently projected on the staffing budget, mainly as a result of restructuring and changes in staff hours.

3. HR Strategy and L&D Cr £15k

2 out of 4 of the new internship scheme posts are yet to be filled which are generating savings on the salary budgets. These posts will hopefully be filled early Feb 13.

4. Operational HR Cr £28k

This mainly relates to savings on staffing budgets in Business Support.

5. Management (C.E) Cr £125k

Provision has been made in the accounts for a number of years for potential costs of £156k relating to Bromley's withdrawal from the LGA. We have not been called upon to pay this sum and it is now considered that there is no longer a liability, and that this sum can be written back this year. Additional project staff costs of £64k are offset by additional income of £49k from administrative work for PCTs and the NHS etc. Other net variations total £16k.

6. Mayoral Cr £32k

The projected underspend of £32k mainly relates to a vacant Mayoral Attendant post.

7. Exchequer Services - Payments & Income Dr £16k

The payments and income teams are currently projecting an overspend of £16k. Staff savings of £49k relating to 2013/14 have been taken early to fund future savings requirements. This is offset by one-off set up and legal costs relating to the outsourcing of Accounts Payable.

8. Exchequer Services - Revenue & Benefits Cr £56k

A net underspend of £56k Cr is projected for Revenues and Benefits, of which £78k Cr is on staffing, relating to vacancies not being filled and the provision for temporary staff not being called upon. Additional income of £50k Cr is forecast on court costs recovered following the decision to increase charges last year. These projected underspends are offset by a virement of £49k to the Contact Centre and Democratic Services and additional running expenses etc. of £23k.

9. Operational Property Services - Reactive Dr £108k

The projected overspend of £108k relates to a net shortfall in income on the Reactive Trading account of £55k and additional staffing costs of £53k on the rest of Reactive Maintenance.

10. Repair & Maintenance (All LBB) Cr £113k

Operational Property is responsible for Repair and Maintenance budgets across all departments. An underspend of £113k is forecast relating to projects which are likely to be delayed until next year of which £63k relates to subsidence at Anerley Town Hall and £50k relates to water treatment works.

11. Contact Centre Dr £31k

The contact centre is projecting an overspend of £31k. The bulk of this overspend is due to the delay in the finalisation of the North Block. Savings had been anticipated on the amalgamation of receptions, however the delay has resulted in the reception area at Joseph Lancaster Hall still needing provision for an additional 5 months (costing £10k) and the reception at the Old Town Hall still requiring reception services until the end of this financial year (costing £19k). Other minor variations total £2k.

12. Democratic Services Cr £27k

Democratic Services is projecting an overall underspend of £27k. This consists of Democratic Representation £56k Cr and Democratic Support & Response £29k Dr. The variation on Democratic Support & Response relates to 2 posts which were deleted as part of the 12-13 Budget savings. Both these posts have now been vacated. The underspend on Democratic Services relates to Members Allowances £31k, Members telephones £23k and other running expenses £2k.

13. Electoral Services Cr 32k

An underspend of £32k is now projected for electoral registration. The introduction of new processes regarding the use of telephones and the internet has brought costs down which are now being reflected in projections.

14. Legal Services Dr £99k

The staffing budget within Legal Services is currently projected to overspend by £19k mainly as a result of the non-achievement of turnover. The planned Shared Services with Bexley are not progressing at this point in time, however, new Shared Services are being explored with Medway. Income targets are of concern within this service. £50k additional income was built into the 12-13 budget and there was a shortfall in income in 11-12 of £28k. Whilst charges have been increased where possible, it seems likely that there will be a shortfall in income this year of the order of £80k.

15. Registration of Births, Deaths & Marriages Cr £23k

An increase in the level of activity in the last quarter has resulted in a projected increase in income of £23K.

16. Admin Buildings Dr £32k

Issues raised during consultation have delayed the implementation of the staff car parking charges. The budget for car park income is £150k, however only £27k is currently anticipated generating a shortfall of £123k Dr. An underspend of £73k Cr on NNDR is expected for the Civic Centre as a result of the North Block building works which meant the building was empty for approx 4 months this year. Other variations across sites total £18k Cr. For 13/14 the car parking income target has been adjusted to £75k with £60k being funded by depts. and the remainder expected from actual revenue collected.

Strategic Property Services:

17. Investment & Non-Operational Property Dr £160k

Additional utility costs for Surplus Properties are projected at £103k. Security costs at Oakfield, Kingswood and Bellgrove, plus agency fees on South Eden Park and Cowper Lodge are projected to be £84k. These costs are partly offset by extra income of £19k Cr at Anerley Business Centre, reduced Business Rates on Investment Properties of £14k Cr and other minor variations of £6k.

18. Strategic Property Services Dr £53k

The projected overspend of £53k mainly relates to staffing costs - Delays in implementing savings for 12-13 are projected at £48k (mainly the Head of V & E) and the non - achievement of turnover £10k. The vacant Asset Management Officer post is saving £40k Cr, however this is offset by agency staff of £22k. Other minor variations total £13k.

19. Investment Income Dr £954k

The overspend of £954k relates to a net shortfall on rental income. A sum of £10m was set aside for investment in property and £1m was built into the 12-13 budget for the expected income. Purchases to date amount to £1.6m and the income currently forecast is £102k, i.e. a reduction of £898k.

Additional income from other commercial rents, including the Former Town Hall and Biggin Hill, of £386k Cr is helping to reduce the shortfall. Vacancies at Cotmandene Crescent and Anerley Business Centre are costing £82k.

The latest information, from the managing agents for The Glades, suggests that we will only receive the minimum rent share of approx. £1.9m this year compared to the budget of £2.26m. The projected shortfall in income is therefore £360k.

20. Sold Services

Services sold to schools have, for the first time in 2012-13, been separately identified to provide clarity in terms of what is being provided. The Schools Finance Trading Account is forecasting additional income of £10k. The Reactive Maintenance Trading Account is now forecasting a net shortfall in income of £55k. In order to try and improve the position on the Reactive Maintenance Trading Account, the manager is reviewing the allocation of staffing between Trading and non-trading activities. A small anticipated shortfall of £4k on income is now reported on Health & Safety but this is offset by additional income on the HR Trading Account. These accounts are shown as memorandum items as the figures are included in the appropriate Service Area in the main report.

EARLY WARNINGS

None

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 Finance Director and (where over £100,000) approval of the Portfolio Holder, and report use of this exemption to Audit Sub committee bi-annually. Since the last report report to the Executive, waivers have been actioned for the following items :

- Award of contract for administration of the Social Fund (total value £299,200 assuming 2 years + 1 further year extension)
- Variation of contract for Electrical Maintenance (total value £100k)
- Contract variation order for replacement of windows at Red Hill Primary School (£86k)
- Urgent maintenance works for North Block Lift (£20k)
- Hall floor works at Alexandra Junior School (£18k)

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 financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no new virements have been actioned.

Allocation of Contingency Provision for 2012/13

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	
	£	£	£	£	£	£
Environmental Services						
Net loss of income from proposed sale of car parks	297,000			297,000	297,000	0
Street Environment contract	200,000			200,000	200,000	0
Renewal and Recreation						
Potential loss of income re land charges and building control (change in regulations)	162,000	150,000	12,000	0	162,000	(2)
Planning appeals - change in legislation	150,000			150,000	150,000	0
Care Services						
* New growth pressures - Childrens placements & children with disabilities	570,000			570,000	570,000	0
NHS funding to support social care (2012/13 allocation):						
- expenditure	1,435,000			1,435,000	1,435,000	0
- income	Cr 1,435,000			Cr 1,435,000	Cr 1,435,000	0
NHS funding to support social care (2011/12 carry forward)						
- expenditure		123,782		1,467,608	1,591,390	(4)
- income		Cr 123,782		Cr 1,467,608	Cr 1,591,390	(3)
Public Health						
Expenditure 2012/13		104,000		0	104,000	(8)
Funding 2012/13		Cr 104,000		0	Cr 104,000	Cr
Expenditure 2013/14		106,000		0	106,000	(8)
Funding 2013/14		Cr 106,000		0	Cr 106,000	Cr
*General						
Provision for risk/uncertainty	2,000,000			2,000,000	2,000,000	0
Provision for risk/investment relating to volume and cost pressures	635,000			635,000	635,000	0
Provision for uncertainty relating to grant income	565,000			565,000	565,000	0
Further increases in fuel costs	450,000			450,000	450,000	0
General Inflation	441,000	69,184		371,816	441,000	0
Provision for uncertain items	290,000			290,000	290,000	0
Grants to voluntary organisations	275,000			275,000	275,000	0
Other grant reductions	249,000			249,000	249,000	0
Carbon tax	166,000			166,000	166,000	0
National Insurance - reduction to contracted out rates	100,000			100,000	100,000	0
Review of Corporate Services to be allocated	Cr 103,000	Cr 103,000		0	Cr 103,000	0
Other changes	154,000			154,000	154,000	0
Total General Items	6,601,000	116,184	12,000	6,472,816	6,601,000	0
Grants included within Central Contingency Sum						
Early intervention grant						
Grant related expenditure	400,000	400,000		0	400,000	(5)
Early intervention grant KS2 writing moderation work						
Grant related expenditure				14,223	14,223	14,223
Grant related income				Cr 14,223	Cr 14,223	Cr
SEND Pathfinder Grant						
Grant related expenditure	150,000	165,000		0	165,000	(7)
Grant related income	Cr 150,000	Cr 165,000		0	Cr 165,000	Cr
Lead Local Flood Authorities						
Grant related expenditure	253,000	220,000		0	220,000	(2)
Step Up to Social Work Programme						
Grant related expenditure		465,333			465,333	(1)
Grant related income		Cr 465,333			Cr 465,333	Cr
Outer London Fund 2						
Grant related expenditure		126,500		0	126,500	(2)
Grant related income		Cr 126,500		0	Cr 126,500	Cr
Council Tax Support Grant						
Grant related expenditure		84,000		0	84,000	(6)
Grant related income		Cr 84,000		0	Cr 84,000	Cr
Tackling Troubled Families Grant						
Grant related expenditure		170,121		265,079	435,200	(6)
Grant related income		Cr 170,121		Cr 265,079	Cr 435,200	Cr
Tackling Troubled Families Co-ordinator Grant						
Grant related expenditure		100,000		0	100,000	(6)
Grant related income		Cr 100,000		0	Cr 100,000	Cr
Winter Health Project Funding						
Grant related expenditure		74,817		0	74,817	(9)
Grant related income		Cr 74,817		0	Cr 74,817	Cr
Winter Pressures Funding						
Grant related expenditure				808,000	808,000	808,000
Grant related income				Cr 808,000	Cr 808,000	Cr
Total Grants	653,000	620,000	0	0	620,000	Cr 33,000
GRAND TOTAL	7,254,000	736,184	12,000	6,472,816	7,221,000	Cr 33,000

Notes:

- (1) Approved by the Executive 14th December 2011
- (2) Approved by the Executive on 11th April 2012
- (3) £72,782 approved by the Executive 23rd May 2012 (NHS Social Care Investment Plan)
£51,000 approved by the Executive 20th June 2012 (Childrens Social Care Invest to Contain Proposal)
- (4) Carry Forward Approved by the Executive 20th June 2012
- (5) Approved by the Executive 25th July 2012
- (6) Approved by the Executive 12th September 2012
- (7) Approved by the Executive 24th October 2012
- (8) Approved by the Executive 28th November 2012
- (9) Approved by the Executive 9th January 2013

* No variation has been assumed at this stage on the basis that any underspend arising would be set aside as an Income Risk Reserve or a contribution to the Insurance Fund, as detailed in section 3.1 of the report. Any final utilisation of these monies would require approval at a future meeting of the Executive.

APPENDIX 4

Description	2012/13 Latest Approved Budget £'000	Variation To 2012/13 Budget £'000	Potential Impact in 2013/14
Residential and Domiciliary Care - Older People	20,111	(368)	The full year effect of the net overspend in domiciliary and residential care is forecast to be £102k in 2013/14 after allowing for the effects of savings in 2013/14 already being achieved in 2012/13 in relation to domiciliary care retendering.
Residential and Domiciliary Care - Physical Disabilities	3,508	32	The current full year effect is an underspend of £47k for physically disabled services. There is an invest to save initiative currently being undertaken to mitigate any future growth in this area.
Residential, Supported Living, Shared Lives - Learning Disabilities	25,697	(1,670)	A range of growth and savings have been included in the 2013/14 draft budget for Learning Disabilities. Once these have been taken into account, the full year effect of the current year's projection is a budget pressure of approximately £400k.
Residential Care, Supported Living, Flexible Support, Direct Payments - Mental Health	2,989	(160)	The full year effect of the 2012/13 underspend is forecast to be Cr £60k based on current year activity.
Housing Needs - Temporary Accommodation (net of HB)	254	591	The full year effect of the projected overspend is forecast to be £1,157k in 2013/14. This is based on projected activity to the end of March 2013 and includes assumptions on savings arising from invest to save initiatives. It does not include any projected further growth in numbers beyond the end of March 2013 nor the impact of welfare reform. £1m growth has been included in the 2013/14 draft budget which leaves a residual pressure of £157k going in to 2013/14.
Parking (net controllable)	(6,754)	246	<p>The current full year effect for parking is a deficit of £180k.</p> <p>Using the data available off street parking income is expected to be £290k below budget and on street parking is projected to be £270k below budget.</p> <p>This deficit is being offset by savings from management action of £127k from reduced running expenses including contract costs, including extra income from an increase in parking contraventions (Cr £221k). There is also a small projected overspend of £34k within enforcement staffing budgets and for credit card commission costs.</p> <p>The balance of the deficit is being offset by savings from the waste management budget. The full year effect of the deficit projected for parking will be balanced by a combination of additional income generated from the extra parking capacity being provided within Bromley Town Centre following the closure of Westmoreland Road Car Park, and the balance will be funded from the underspend within waste management.</p>
Waste Management (net controllable)	16,453	(290)	<p>The current full year effect for waste management is an underspend of £180k.</p> <p>Tonnage was 1,300 tonnes below budget for April and a further 240 tonnes below budget for the next seven months to 30th November. For the purposes of a full year projection, it is estimated that there will be a further 400 tonnes variation for the balance of the year.</p>

APPENDIX 4

Description	2012/13 Latest Approved Budget £'000	Variation To 2012/13 Budget £'000	Potential Impact in 2013/14
Waste Management (net controllable) continued			It is not known whether this will continue into 2013/14 and beyond. At the moment part of the underspend will offset the shortfall of income from parking for 2013/14 and beyond. The tonnage volume will be closely monitored and any variations reported to Members.
Planning & Renewal (net controllable)	2,032	8	The current full year effect for planning is nil. Income from planning applications has reduced due to the economic climate and a shortfall is projected of £350k for 2012/13. Savings from management action including holding posts vacant and achieving extra income from pre-application meetings has meant that the deficit has been more than offset. Central Government has given an indication that the statutory fees are likely to increase by 15% from January 2013 and this has been built into the year end projections. The level of shortfall of £290k FYE is likely to continue into 2013/14 and management have reviewed the service to ensure that the budget will balance in future years.
Exchequer Services - Revenue & Benefits	5,525	(56)	The full year effect of Cr £99k relates to additional income of £50k forecast on court costs recovered, following the decision to increase charges and staff savings of £49k which are forecast this year and are currently expected to be ongoing.
Legal Services	1,472	99	This years projected shortfall in income of £80k is expected to be ongoing.
Investment Income	(5,144)	954	An income shortfall of £352k is expected in 13-14 on the £10m Property Investment Fund for which income of £1,025k is budgeted. This takes into account the 3 properties which are in the process of being purchased. However, if 2 out of the 3 fall through, the shortfall in income is anticipated to be £775k.

SECTION 106 RECEIPTS

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (e.g. provision of affordable housing, healthcare facilities & secondary school places). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

The major balances of Section 106 receipts held by the Council are as follows:

31 March				Transfers	Actual
2012	Service	Income	Expenditure	to / from	as at
£'000		£'000	£'000	Capital	November
				£'000	2012
					£'000
<u>Revenue</u>					
521	Highway Improvement works	-	53	-	468
5	CCTV	-	-	-	5
30	Road Safety Schemes	15	-	-	45
95	Local Economy & Town Centres	-	-	-	95
53	Parking	-	(5)	-	58
40	Community Facilities (to be transferred to capital)	-	-	-	40
81	Education	-	-	(81)	-
489	Healthcare Services	-	-	-	489
35	Landscaping	-	-	-	35
10	Other	-	-	-	10
1,359		15	48	(81)	1,245
<u>Capital</u>					
43	Local Economy & Town Centres	-	-	-	43
485	Education	-	-	81	566
2,318	Housing	2,276	333	-	4,261
844	Community Facilities	-	71	-	773
3,690		2,276	404	81	5,643
5,049		2,291	452	-	6,888

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Decision Maker: **Executive**

Date: **6th February 2013**

Decision Type: Non-Urgent Executive Key

TITLE: 2013/14 Council Tax

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

Director: Finance Director

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report identifies the final issues affecting the 2013/14 revenue budget and seeks recommendations to the Council of the level of the Bromley element of the 2013/14 Council Tax. Confirmation of the final GLA precept will be reported to the Council meeting on 27th February 2013. The report also seeks final approval of the "schools budget". The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2013/14 but to have measures in place to deal with the medium term financial position (2014/15 to 2016/17).

2. RECOMMENDATIONS

- 2.1 The Executive is requested to recommend to Council that it:
- (a) Approves the schools budget of £127.4 million which matches the estimated level of Dedicated Schools Grant (DSG);
 - (b) Approves the draft revenue budgets (as in Appendix 2) for 2013/14;
 - (c) Agrees that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any proposed savings reported to the current and previous meeting of the Executive;
 - (d) Delegates responsibility for agreeing and signing the Transfer Scheme for Public Health to the Chief Executive and the Resources Portfolio Holder who will update the Executive and Resources PDS Chairman and the Leader accordingly;

- (e) Note the latest position of the net impact of changes in Local Authority Central Services Education Grant funding as shown in section 4.2;
- (f) Approves a contingency sum of £13,145k (see section 9);
- (g) Consider the utilisation of the unallocated collection fund monies detailed in section 10.2;
- (h) Approves the following provisions for levies for inclusion in the budget for 2013/14:

	£'000
London Pension Fund Authority *	523
London Boroughs Grant Committee	341
Environment Agency (Flood defence etc) *	251
Lee Valley Regional Park *	444
Total	1,559

* Provisional estimate at this stage

- (i) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 16);
- (j) Considers the “Bromley element” of the Council Tax for 2013/14 to be recommended to the Council, having regard to possible “referendum” issues (see section 21);
- (k) Approves the approach to reserves outlined by the Finance Director (see Appendix 5);
- (l) Notes that any decision on final council tax level will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 21.9);
- (m) Agrees that the Finance Director be authorised to report any further changes directly to Council on 27th February 2013

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

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 £123.6m, Draft 2013/14 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 details will be available with the Council's 2013/14 Financial Control Budget published in March 2013
 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 2013/14 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 An update on the financial strategy 2013/14 to 2016/17 and the 2013/14 Draft Budget was reported to the Executive in January 2013. Members should also refer to the presentation for the Members Finance Seminar on 27th June 2012 which is available on “One Bromley” to provide more background financial context.

4. 2013/14 Draft Budget and changes since last meeting of Executive

- 4.1 The current overall Council Tax (Band D equivalent) includes the “Bromley element” relating to the cost of the councils services and various levies of £991.31 in 2012/13 and a further sum of £306.72 for the GLA precept (providing a total Band D equivalent Council Tax of £1,298.03).
- 4.2 Since the last meeting, the Assistant Director (Education) has reviewed the latest activity relating to estimated number of maintained schools that may convert to academies. Latest estimates indicate a greater expected number of conversions which, coupled with in year adjustments to Education Services Grant (ESG) funding, is expected to lead to a further net grant loss of £480k in 2013/14 (£3,780k in total) with other changes in future years. Savings, to date, of £1m have been identified in 2013/14 to partly offset the impact of the loss of funding {see also 20.2 (c)}. The financial projections detailed below include a corresponding reduction of £480k in the draft 2013/14 central contingency sum to meet the further net impact of changes in LACSEG/ESG funding. There will a report to the Education PDS Committee in March 2013 providing details on the retained education functions required, including cross departmental sold services, to reflect the ongoing impact of the scale of conversion to academies.
- 4.3. The new council tax support scheme was approved by Council on 21st January 2013 and the changes have been reflected in the draft 2013/14 Budget. Full details of the scheme were reported to the previous meeting of the Executive.
- 4.4 Since the last meeting of the Executive, the Council has received the final 2013/14 and 2014/15 allocation of funding for public health. The changes have been included in the draft 2013/14 Budget and further details are provided in section 7 of this report.

- 4.5 A summary analysis of key variations in the draft 2013/14 Budget, compared with the 2012/13 Budget, including further saving options required to balance the budget for 2013/14 and changes since the last meeting of the Executive, are shown in Appendix 1 and summarised below.

Variations Compared with 2012/13 Budget

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Cost Pressures				
Inflation	5.9	12.5	18.6	25.0
Interest on balances (reduction in income)	1.1	0.8	0.8	0.8
Reduction in Government grants	5.1	12.1	19.1	26.1
Real Changes (reported to previous meeting)	1.3	4.2	5.9	8.1
Additional provision for homelessness costs/ impact of changes in welfare benefits	2.0	2.0	2.0	2.0
Provision for cost pressures arising from variables e.g. youth on remand etc.	2.0	2.0	2.0	2.0
Potential further loss of grant funding (LACSEG)	3.3	4.9	5.5	6.0
Further potential loss of grant funding (LACSEG) {see 4.2}	0.5	0.9	0.7	0.5
Provision for loss of income arising from localisation of business rates	1.0	1.0	1.0	1.0
Total Additional Costs	22.2	40.4	55.6	71.5
Income/ savings				
Saving proposals reported to previous meeting	-13.0	-14.6	-14.6	-14.6
Technical Reforms of Council Tax approved by Executive in November 2012	-1.1	-1.1	-1.1	-1.1
London Borough Grants Committee	-0.1	-0.1	-0.1	-0.1
Total income/ savings	-14.2	-15.8	-15.8	-15.8
Other Proposed Changes				
Fall out of one off provisions approved as part of 2012/13 Budget (includes impact of new homes bonus set aside as earmarked reserve)	-4.0	-5.3	-5.3	-5.3
Additional funding for Public Health (compared with previous assumptions) {see 4.4}	-1.6	-2.0	-2.0	-2.0
Public Health grant related expenditure (see 4.4)	1.6	2.0	2.0	2.0
Reduction in provision for uncertain grants (see 4.2)	-0.5	-0.5	-0.5	-0.5
Collection Fund Surplus (2012/13)	-1.8	0.0	0.0	0.0
- funding for transitional cost of council tax support (see 4.3)	0.8	0.0	0.0	0.0
- unallocated at this stage	1.0	0.0	0.0	0.0
Other changes	-1.0	-1.4	-1.6	-1.8
	-5.5	-7.2	-7.4	-7.6
Impact of 2.0% increase in Council tax	-2.4	-4.4	-6.6	-8.8
Remaining "Budget Gap"	0.1	13.0	25.8	39.3

The above table shows, for illustrative purposes, the impact of a council tax increase of 2% in 2013/14. Each 1% council tax increase generates ongoing annual income of £1.2m.

- 4.6 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,011.82 (2% increase) and Appendix 3 includes the Draft 2013/14 Central Contingency Sum. Appendix 2 is based on draft portfolio/departmental budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.
- 4.7 The above table identifies that a balanced budget can be achieved for 2013/14 and the Council will need to identify further savings in future years to achieve a balanced budget in the medium term. The remaining "budget gap" of £13m in 2014/15 rising to £39.3m per annum in 2016/17 highlights that the Council, on a roll forward basis, has a "structural deficit" as the ongoing budget has increasing costs relating to inflation and service pressures as well as the ongoing loss of Government grants. These changes are not being funded by a corresponding growth in income. The "budget gap" may increase or reduce as a result of a number of variables in future years.
- 4.8 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 Appendix 1, includes a planning assumption of ongoing reductions in Government funding in 2014/15, 2015/16 and 2016/17. Projections need to be treated with caution as there remains significant uncertainty with the impact of recent Government changes which includes for example, localisation of business rates, long term impact of changes in LACSEG/ESG funding and further funding reductions from 2015/16. It is important to recognise that the downside risks remain as well as limited opportunities for improvement in the overall financial position in future years.
- 4.9 Further changes will be required, prior to the report to full Council on 27th February, for the finalisation of the Council Tax, to reflect latest available information on levies and the GLA precept.
- 4.10 The key growth pressures reported to the previous meeting of Executive are summarised below:

	2013/14 £'000	2016/17 £'000
Adults with learning difficulties	903	1,793
Waste (mainly landfill tax)	398	1,284
Cost of freedom passes (above inflation)	224	1,849
Absorption of inflation increases PCNs and planning fees	100	512
Other growth pressures (net)	-323	2,703
Total	1,302	8,141

- 4.11 If further growth pressure continues in these areas, as well as other areas, then further cost pressures will increase the future years "budget gap".

- 4.12 In considering action required to address the medium term “budget gap” Chief Officers had identified further saving options which were reported to the previous meeting of the Executive for more detailed consideration through PDS committees as summarised below:

	2013/14 £'000	2014/15 £'000
Savings relating to ongoing impact of 2011/12 budget savings (mainly full year effect)	2,489	3,063
Additional savings identified	10,521	10,521
Additional income from investment properties	0	1,000
Total	13,010	14,584

5. Economic situation which can impact on public finances

- 5.1 The “Draft 2013/14 Budget and Update on Council’s Financial Strategy 2014/15 to 2016/17” report, considered by Executive on 9th January 2013, provided an update on the latest economic situation and the resultant negative impact on public finances. The Government have indicated that the planned reductions in funding over the next four years are likely to continue beyond that period (at least up to 2017/18 at this stage).

6. Financial Context and “Variables”

- 6.1 More background information on the Council’s spend levels, type of spend, sources of income and comparative grant and council tax levels as well as details of the significant “variables” that will impact on the Council’s four year financial forecast were provided in the “Draft 2013/14 Budget and Update on Council’s Financial Strategy 2014/15 to 2016/17” report to the previous meeting which should be considered alongside this report. Details of the “variables” are shown in Appendix 4.

7. Public Health

- 7.1 The Health and Social Care Act 2012 will transfer substantial health improvement duties to local authorities from 2013/14. Details of the required transfer arrangements of public health functions to the Council were reported to Executive in November 2012. Bromley PCT will be formally abolished on 1st April 2013 and replaced by the Bromley Clinical Commissioning Group. Public Health will formally join the London Borough of Bromley on 1st April 2013. The legal mechanism that will be used to transfer the assets and liabilities from the PCT to the Council is called a Transfer Scheme. As the ‘Receiver’ organisation Bromley Council must sign off their agreement that the transfer can take place. This is likely to happen in mid March and must be completed by the 25th March. As there is no Executive in March this report requests that this responsibility is delegated to the Resources Portfolio Holder along with the Chief Executive.
- 7.2 Prior to the transfer, the PCT has signed a number of contracts. Many of these are demand lead and officers will need to ensure that any future costs pressures can be contained through tight contract negotiations, change in service delivery models or identifying savings options, so that these budgets can be contain within the overall resources available.

7.3 The Council will receive funding of £12.6m in 2013/14 and £12.95m in 2014/15 for public health which compares with estimated funding of £11m. The additional funding of £1.6m, which is part of a ring fenced grant, has been included in the 2013/14 Draft Central Contingency Sum at this stage. Any allocation of these additional monies, including details of the associated grant conditions, will be subject to a separate report to the Executive. Final guidance on how this money will be spent is still awaited. Although the funding is ring fenced the Government have determined that it is for local authorities to determine what proportion of spending “should be devoted to different services” (e.g. mandated services as well as commissioning other services that meet needs of the population). The grant is based on the Government’s estimate of baseline spending and a “fair” share formula based on recommendations of an Advisory Committee for Resource Allocation (an independent expert group). The Government will move towards an allocations formula in the future that is based on the assessed needs of the local population, rather than reflecting historic costs.

8. Welfare Reforms and Grant Funding

- 8.1 The 2013/14 Draft Budget includes government funding of £143m towards council tax support, housing benefit, additional discretionary housing payments and the transfer of the responsibilities relating to the Social Fund from April 2013. Details for the proposed implementation of the new Social Fund, which includes external commission of services, will be reported to a future meeting.
- 8.2 The 2013/14 Budget includes the impact of changes to council tax support to reflect a reduction in government funding. Further details were reported to the previous meeting of the Executive.
- 8.3 As part of the Government’s welfare reform agenda there are changes, from April 2013, relating to housing benefit restrictions for working age social tenants for accommodation size (number of bedrooms). There will also be changes to Local Housing Allowance rates which will be based on the lower of Consumer Price Index or 30th percentile (rent levels) at previous September. There will also be the introduction of a weekly welfare benefit cap of £500 for couples/lone parents or £350 per week for single person - this cap applies to working age claimants only. Bromley is one of four authorities being required to implement the new benefit cap from April 2013. Other authorities are expected to implement the benefit cap at a later date. These changes are anticipated to result in additional cost pressures coupled with a general increase in homelessness. Additional homelessness costs of £1m have been included in the draft 2013/14 Budget together with a further sum of £1m to reflect the potential impact of welfare reforms.
- 8.4 The Executive Director for Education and Care Services is currently assessing the impact of the welfare reforms which is likely to initially lead to an increase in homelessness and households requiring social care support.
- 8.5 Housing Benefit will be replaced by Universal Credit with Housing Benefit phased out between October 2013 and October 2017. 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

9. Draft 2013/14 Central Contingency Sum

- 9.1 Details of the 2013/14 Draft Contingency Sum of £13,145k have been included in Appendix 3. This sum allows for proper financial planning and ensures the council is prepared for changes in financial circumstances. There may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council’s overall 2013/14 Budget.

10. Earmarked Reserves

- 10.1 As part of finalising the 2012/13 Council Tax, Members approved, a further sum of £4,878k being set aside as earmarked reserves to support key community initiatives (use of 2013/14 new homes bonus) and assist in reducing the risks arising from significant reductions in ongoing funding of the Council's infrastructure (e.g. building maintenance, highways and footpath works). Over the past two years, Members have agreed to create new earmarked reserves to support longer term investment and support a more sustainable longer term financial position. This includes setting aside resources to support the Council's future transformation programmes (invest to save), support acquisition of investment properties to generate sustainable income, and setting aside new homes bonus and other resources to support economic development and employment within the borough whilst generating income opportunities. Further details of earmarked reserves are provided in Appendix 5.
- 10.2 There is a surplus on the Council Tax Collection Fund of £1,840k of which £811k was set aside towards the transitional costs of changes to council tax support as reported to the previous meeting. Members may wish to set aside the remaining one off sum of £1,029k towards the Council's Invest to Save Fund or Acquisition of Investment Properties Fund (further details in section 16 and 17 of previous report to Executive). Both funds will help support the achievement of sustainable savings/income to the Council.

11. 2012/13 Financial Monitoring

- 11.1 The main service pressures area impacting on 2012/13 relates to homelessness. The wider impact of changes relating to welfare reform and the ongoing national economic situation are expected to provide additional cost pressures and a general provision of £2m has been assumed in the draft 2013/14 Budget (see 8.3).
- 11.2 The 2012/13 Budget Monitoring report elsewhere on this agenda identifies underspends arising from retendering of domiciliary care contracts and supporting people budgets as well as a combination of savings relating to the campus reprovision programme. There was also savings relating to the Education Portfolio. The draft 2013/14 Budget fully reflects the impact of these underspends.

12. The Schools Budget

- 12.1 The Schools' Budget includes the delegated budgets for individual schools and also other pupil-led services such as Special Educational Needs, pre school provision and pupils excluded from schools. The ring fenced Dedicated Schools Grant (DSG) funds the Schools' Budget, and so there is no funding required from the Revenue Support Grant or Council Tax.
- 12.2 Since 2003/04, the Council has received funding for Education services for the 'Schools Budget' through a ring fenced grant (more recently through the Dedicated Schools Grant).
- 12.3 The ringfencing of this grant results in a continuation of minimal scope to redirect resources from the Schools Budget to other services.
- 12.4 The use of the DSG will be subject to a full consultation with Members, Governors, Head Teachers, the Schools Forum and other interested parties. The Education Portfolio Holder will make a final decision, following this consultation, at his meeting on 19th March 2013.

13. Levies

- 13.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 27th February 2013 and will impact on the final council tax level. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

14. Collection Fund

- 14.1 It is a statutory requirement to maintain a Collection Fund at arms length from the remainder of the Council's accounts. The Fund is credited with income from Council Tax, which for 2011/12 amounted to some £176 million and meets the budgeted requirements of the precepting authorities, including Bromley. The final accounts report for 2011/12 advised Members of surplus income of £2.4m. This surplus income (one off) is partly due to good debt recovery levels and can be allocated in 2013/14. Of this surplus £1.8m will be allocated to the Council with the balance of £0.6m allocated to the Greater London Authority (GLA). Details of the use of the surplus to the Council are provided in section 10.2 of this report.

15. Council Tax Base

- 15.1 Latest projections indicate a tax base of 122,140 Band "D" equivalent properties for 2013/14, which assumes an allowance of 2.35% for non collection. The revised baseline reflects the "technical" changes arising from the technical reforms of council tax and the new council tax support system.

16. The Greater London Authority Precept

- 16.1 The 2013/14 draft GLA budget has been issued for consultation and includes proposals for a reduction of 1.2% in existing GLA precept levels for 2013/14. The final GLA precept for 2013/14 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2013.

17. Council's Capital Programme, Utilisation of General Reserves and Building Maintenance

- 17.1 The latest estimated general fund (revenue) balance at 31st March 2013 is £33.3 million as shown in the "Financial Monitoring 2012/13" report elsewhere on this agenda, is provided below:

	2012/13 Projected Outturn £Million
General Fund Balance as at 31 st March 2012	31.6
Impact of projected underspends reflected in the 2012/13 financial monitoring report elsewhere on this agenda	+3.3
Adjustment to Balances: Carry forwards (funded from underspends in 2011/12)	-1.6
Estimated General Fund Balance at 31 st March 2013 (end of year)	33.3

- 17.2 Bromley's Capital programme is mainly funded by external government grants and contributions from TfL. There are, however, a number of schemes funded from capital receipts. In the past Bromley has been very successful in achieving a high level of disposals. The recession/period of low economic growth has meant that generating capital receipts is becoming more challenging.
- 17.3 The "Capital Programme Monitoring Q3 2012/13 & Annual Capital Review 2013 to 2017" report, elsewhere on this agenda, highlights the current level of financing for the capital programme and the impact on revenue balances. Further consideration of the funding of the capital programme and its impact on revenue balances in the longer term is shown in Appendix 5 and Members will need to consider this as part of the council tax setting strategy.
- 17.4 The "Capital Programme Monitoring Q3 2012/13 & Annual Capital Review 2013 to 2017" report highlights the financial implications of the proposed capital programme and Members were previously advised of the importance of the financial strategy of retaining rolling programme schemes within the Council's revenue budget (final year of transfer of rolling programme to revenue was in 2009/10) and to avoid dependency on revenue reserves to support the revenue budget.
- 17.5 Alongside the introduction of the new prudential code for capital spending, the Finance Director is required to report to the council on the appropriateness of the level of reserves held by the council and the sustainability of any use of reserves to support the revenue budget. The detailed advice is contained in Appendix 5.
- 17.6 The 2013/14 Draft Budget includes the Council's building maintenance programme. Details of the utilisation of these monies are reported elsewhere on this agenda.

18. Consultation

- 18.1 Executive, at its last meeting, requested that the “Draft 2013/14 Budget and Update on Council’s Financial Strategy 2014/15 to 2016/17” report and the indicative saving options are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately (Appendix 6). Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 27th February 2013 where the 2013/14 Budget and Council Tax will be agreed.
- 18.2 Four “More Tough Choices – Your Council into the Future” public meetings were held during November seeking views of local people. Details of the outcome were reported to the previous meeting of the Executive.
- 18.3 Meetings will take place with Head Teachers, Governors and the Schools Forum. Following consultation, final spending decisions will be taken by the Education Portfolio Holder on 19th March 2013.
- 18.4 Consultation papers have been sent to Bromley Business Focus, Federation of Small Businesses (Sevenoaks & Bromley Branch) and the 20 largest business ratepayers in the borough. Responses have been requested by 17th January 2013 and at the time of writing this report no responses have been received. Any verbal updates on responses will be provided at the meeting of the Executive.
- 18.5 Chief Officers’ indicative saving options were referred by the Executive in January and, where appropriate, the consultation process is being undertaken and the outcome to date will be reported to the meeting.

19. Position by Department – Key Issues/Risks

- 19.1 There remains significant cost pressures in future years particularly relating to adults with physical and learning disabilities, cost of landfill tax and children’s social care. Without ongoing action to reduce these pressures, alternative savings will need to be identified.
- 19.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made and the financial pressures that the Council faces were reported to the previous meeting of the Executive. The substantial level of balances as well as the identification of earmarked reserves to reduce the impact of these risks provides significant safeguards against any adverse financial pressures.

20. Provisional 2013/14 Local Government Financial Settlement and Schools Budget

- 20.1 A summary of the main changes arising from the Provisional 2013/14 Local Government Financial Settlement were reported to the previous meeting of the Executive.
- 20.2 Since the last meeting of the Executive the Leader has written to the Department of Communities and Local Government in response to the 2013/14 and 2014/15 Local Government Financial Settlement reiterating his concerns that:
- (a) Bromley continues to have low funding levels that do not adequately recognise the service and financial pressures facing the authority;

- (b) the Council's level of damping (grant protection) has increased from £6.3m in 2012/13 to £12.6m in 2013/14 which leaves Bromley in a position where it is heavily dependent on grant damping which could be phased out in the medium term;
- (c) The way that Local Authority Central Services Education Grant is calculated disadvantages authorities like Bromley that have low costs and high level of schools that converted to academies – a separate letter has been written, with the Education Portfolio Holder, to David Laws (Minister of State for Schools) on this matter.

Bromley has also reiterated many of the settlement issues raised by London Councils on behalf of local authorities in London.

- 20.3 The Government has set a fiscal assumption that public spending in 2017/18 will continue to fall at the same rate compared with the Spending Review 2010 period (2011/12 to 2014/15) – in reality, funding reductions for local government will continue beyond 2017/18. According to an analysis by the Institute of Fiscal Studies, local government face cumulative cuts of more than 40% for the period 2011/12 to 2017/18.

21. Council Tax Level 2013/14

- 21.1 The Government offer of a council tax freeze in 2011/12 included ongoing funding throughout the spending review period. The Government has indicated that it will support councils that froze council tax in 2011/12 and it “will be a key consideration in funding of local government in the next spending review period”.
- 21.2 Funding was available for a council tax freeze in 2012/13 but this represented one year funding only for the equivalent income arising from a council tax increase of 2.5% equating to £3.3m. It is disappointing, however, that the funding for 2012/13 will be “one-off”.
- 21.3 In October the Chancellor announced that councils that freeze or reduce council tax in 2013/14 will get a grant equivalent to a 1% council tax increase in each of 2013/14 and 2014/15. The funding falls out beyond 2014/15. A 2% council tax increase would generate ongoing annual income of £2.4m. If Members consider a council tax freeze the one off grant of £1.3m per annum for two years could not be realistically utilised to support ongoing costs.
- 21.4 The Government may provide a council tax freeze grant in future years. Assuming any future grants are also “one-off” and the Council approved a council tax freeze in future years the “budget gap” assumed in the financial projections will increase by approximately £2.4m in the following financial year. For illustrative purposes, the forecast assumes council tax increases of 2% per annum from 2013/14.
- 21.5 Appendix 2 derives an illustrative ‘Bromley element’ Council Tax of £1,011.82 (2% increase). The Appendix is based on draft portfolio/departmental budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept and utilisation of any balances.
- 21.6 The table below identifies the changes required to the draft 2013/14 Budget to achieve different levels of increases in the Bromley element of the council tax and also illustrates that a decision to freeze council tax will result in a permanent loss of income. An increase of 2% has been assumed in the 2013/14 Draft Budget, at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2013/14	Additional Income 2013/14 £'m	Ongoing Income 2014/15 £'m
Freeze *	-1.3	*
1.0	-1.2	-1.2
2.0	-2.4	-2.4
2.5	-3.0	-3.3

* Further one off contribution of £1.3m will be received in 2014/15 as a result of a council tax freeze in 2013/14.

- 21.7 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2013/14 but also the longer term impact over the four year forecast period.
- 21.8 The government chose to exercise its capping powers under the Local Government Act 1999 on several Councils in previous financial years. Bromley remained below the capping threshold for 2004/05 to 2011/12. As part of the Localism Act, any council tax increases that exceed 2% in 2013/14 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support an increase above 2% then the Council would be required to meet the cost of rebilling of approx. £100k. The one off cost of a referendum is currently estimated to be £400k.
- 21.9 The statutory calculation for whether the Council is required to hold a referendum is based upon the “relevant” amount of council tax which, under accounting regulations, excludes levies. Any final recommendations on council tax levels will need to meet new statutory requirements and cannot be finalised until the outcome of levies are known.
- 21.10 Members should note that Bromley has the second lowest Band D Council tax in Outer London. Bromley had the second lowest Formula Grant per head in London partly reflecting a low perceived need to spend. Bromley’s second lowest Council Tax in outer London is particularly noticeable when compared to other low formula grant boroughs that in some cases have the highest level of Council Tax. More details were included in the “Draft 2013/14 Budget and Update on Council’s Financial Strategy 2014/15 to 2016/17” report to the previous meeting.
- 21.11 As a guide, a variation of £1 in Council tax for a Band D property is equivalent to £122,140 change in the budget. A budget change of £1m would change the “Bromley element” Council tax by £8.19 at Band D (0.8%).
- 21.12 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2013/14, having regard to all the above factors, including the Finance Director’s comments in Appendix 5.

22. Medium Term Financial Planning

- 22.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive in January 2013 and the draft 2013/14 Budget and future years forecasts reflect the impact of this approach.

- 22.2 The Council has had to take significant action to reduce the cost base while protecting priority front line services, keeping council tax low, continuing to provide resources for investing in the future and providing sustainable longer term solutions. The scale of savings required is evidence that this is the most challenging budget process undertaken by the Council in recent times. In order to continue to provide priority services the Council will need to continue to radically review existing service provision, reduce overall resources to match reduced funding and to continue to mitigate against cost pressures being forecast. In the future Bromley will be a different council – fewer staff numbers, probably a smaller proportion of staff in direct employment and certainly a smaller management structure.
- 22.3 Council tax has been kept low and the proposals include retaining investment resources to meet the “sustainability” requirements. There will be increasing and unprecedented financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic issues which creates uncertainty over the longer term direction of the Government’s austerity measures which impact on local government funding. It is probable that the situation will remain volatile in the medium term requiring ongoing changes in our detailed approach but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction.
- 22.4 The council has taken a prudent approach to identify and deliver front loading efficiency savings. This together with being debt free and healthy reserves positions the council in a strong position to respond to the challenges that will undoubtedly arise. The strategy needs to remain flexible and the Council’s reserves resilient to respond to the impact of volatile external events and the structural budget deficit during this austerity period.

23. POLICY IMPLICATIONS

- 23.1 The Council’s key priorities are included within the Council’s “Building a Better Bromley” statement and include:
- Safer Communities
 - A quality environment
 - Vibrant, thriving town centres
 - Supporting independence, especially of older people
 - Ensuring all children and young people have opportunities to achieve their potential
 - An Excellent Council
- 23.2 “Building a Better Bromley” refers to aims/outcomes that include “remaining amongst the lowest Council tax levels in Outer London” and achieving a “sustainable council tax and sound financial strategy”.

24. PERSONNEL IMPLICATIONS

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

25. LEGAL IMPLICATIONS

- 25.1 The Local Authorities (Standing Orders)(England) Regulations 2001 deal, amongst other things, with the process of approving the budget. Under these provisions and the constitution, the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. Sections 73-79 of the Localism Act 2011 has amended the calculations billing and precepting authorities need to make in determining the basic amount of Council tax. The changes include new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. These calculations are required to be presented to and be subject to formal resolution by the Council.
- 25.2 The new section 31A sets out how we calculate our council tax requirement each financial year. Firstly a billing authority must calculate our expected outgoings and income for the year under new section 31A (2) and (3). Where the authority's expected outgoings exceed its expected income the difference is the authority's council tax requirement for that year (new Section 31A (4)).
- 25.3 The new section 31B (1) requires a billing authority to calculate its basic amount of council tax for the year by dividing its council tax requirement by its council tax base.
- 25.4 Schedule 5 to the Localism Act 2011 inserts a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum set out in paragraph 21.5 apply. The new recommendation 2.3.6 makes it clear that in setting a nil increase the Council is entitled to conclude that in accordance with the Direction issued by the Secretary of State the basic amount of Council Tax proposed is not excessive.
- 25.5 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 25.6 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.
- 25.7 The making of these budget decisions is a statutory responsibility for all Members. Members should also have regard to the new changes from the Localism Act relating to council tax increases (see 21.5 and 25.4). As previously a lawful Council Tax must be set by 11th March.
- 25.8 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future year's reserves in making budget decisions.

- 25.9 “The Public Sector Equality Duty, at section 149 of the Equality Act 2010, requires public bodies such as the Local Authority to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. The Act covers discrimination because of a ‘protected characteristic’-age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 25.10 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with ‘protected characteristics’. As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them.
- 25.11 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes
- 25.12 Additionally overarching analysis to consider the potential compound impact of savings options both geographically and by category has been performed. The majority of savings are predicted to have no geographic impact at all, or are anticipated to have a universal geographic impact indicating that they reflect changes to universal services. Of those savings which impact universally across the borough none represent a disproportionate impact on those within a protected group. In a small number of instances there are very specific impacts on certain geographic areas, but, these do not represent a risk from an equalities perspective as they do not disproportionately impact any of the protected groups. Similarly, a majority of savings options are projected to have no impact on any client group and do not adversely impact on service provision. Also as per the geographic analysis the next largest category are budget options which are anticipated to impact on ‘all client groups’ indicating they relate to universal services as per the analysis above.
- 25.13 In instances where it has not yet been possible to perform detailed equalities analysis on some of these options this will be done so in advance of the budget options being implemented.”
- 25.14 The Transfer Scheme (see section 7) is a method by which all Councils countrywide will be receiving assets and liabilities from Public Health. Whilst there are risks and liabilities associated with transferring contracts to the Council; (the most notable being the liability of any demand led contract) this is a statutory responsibility from April 2013 and the relevant departments are working closely to mitigate any issues before the due transfer date in April 2013. The Council will keep a watchful eye on any guidance on managing risks and liabilities which may be handed down from the Department of Health.

Background documents	2012/13 Financial Monitoring Report, Executive, February 2013 Capital Programme Monitoring Q3 2012/13 & Annual Capital Review 2013 to 2017, Executive, February 2013 Draft 2013/14 Budget and Update on Council's Financial Strategy 2014/15 to 2016/17, Executive, January 2013 Provisional 2011/12 Final Accounts, Executive, June 2012 2012/13 Council Tax Report, Executive, February 2012
Financial Considerations	Covered within overall report

	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2012/13 (before funding from Formula Grant)	195,836	195,836	195,836	195,836	195,836
Formula Grant	-62,940	-62,940	-62,940	-62,940	-62,940
	132,896	132,896	132,896	132,896	132,896
Increased costs (2.9%, mainly contracts)		5,883	12,507	18,584	25,033
Net reduction in Early Intervention Grant (less costs of £750k diverted to Schools Budget)		2,342	2,910	2,910	2,910
NHS Support for Social Care		-4,260	-4,260	-4,260	-4,260
NHS funding to meet volume service pressures (previously funding by NHS support grant)		1,000	1,000	1,000	1,000
Additional funding for Public Health		-1,600	-1,950	-1,950	-1,950
Public Health grant related expenditure		1,600	1,950	1,950	1,950
Remaining provision for other initiatives (NHS Support for Social Care)		2,130	2,130	2,130	2,130
Other reductions in grant funding		3,843	10,275	17,275	24,275
		5,055	12,055	19,055	26,055
Variation in interest on balances		1,100	800	800	800
Net grant reduction to reflect top-slicing of Local Authority Central Services Education Grant (LACSEG)		3,800	5,830	6,210	6,450
Real reduction in council tax benefit Grant to reflect latest estimated caseload (Bromley element)		2,335	2,335	2,335	2,335
Council Tax Support scheme (8.5% (13/14) and (19%) 14/15 contribution towards liabilities from claimants of working age)		-1,063	-2,335	-2,335	-2,335
One off grant funding		-461			
Contribution from collection fund surplus		-811			
		0	0	0	0
Real Changes and other Variations (see Appendix 5)					
Education and Care Services (mainly adults with learning difficulties)		461	1,351	1,351	1,351
Environment (mainly landfill tax)		498	1,039	1,426	1,796
R&R		38	78	118	160
Other (mainly council wide)		305	1,744	2,019	2,834
Provision for future years cost pressures not included above		0	0	1,000	2,000
Sub total - real changes and variations		1,302	4,212	5,914	8,141
Sub total		150,036	168,300	183,459	199,375
Savings approved by Executive during 2010/11 relating to roll out of waste pilots		-98	-187	-187	-187
Provision for homelessness (impact of recession/changes to welfare benefits)		2,000	2,000	2,000	2,000
Provision for costs pressures arising from variables e.g. youth on remand and other variables		2,000	2,000	2,000	2,000
Provision for potential loss of income through impact of localisation of Business rates		1,000	1,000	1,000	1,000
Collection fund surplus remaining		-1,029	0	0	0
Utilisation of collection fund surplus (unallocated at this stage)		1,029	0	0	0
		5,000	5,000	5,000	5,000
Increase in council tax base partly offset by revisions to collection rates		-800	-800	-800	-800
Savings proposals (reported to previous meeting of Executive)		-13,010	-14,584	-14,584	-14,584
Technical reforms of council tax (approved by Executive on 28th November)		-1,100	-1,100	-1,100	-1,100
Reduction in funding to LB Grants Committee		-118	-118	-118	-118
Sub total		-14,228	-15,802	-15,802	-15,802
- New Homes Bonus		-1,548	-2,148	-2,648	-3,048
- Fall out of Collection Fund Surplus (one off funding in 2011/12)		2,000	2,000	2,000	2,000
- Fall out of 2012/13 council tax freeze grant		3,304	3,304	3,304	3,304
		3,756	3,156	2,656	2,256
Fall out of one off provisions		-12,642	-12,642	-12,642	-12,642
Provisions in 2013/14 and future years					
- Infrastructure Investment Fund (reported to Executive January 2012)		1,305	0	0	0
- Utilisation of new homes bonus (set aside as an earmarked reserve)		3,573	4,173	4,673	5,073
		-7,764	-8,469	-7,969	-7,569
Reduction in provision for uncertain grants		-500	-500	-500	-500
Remaining Sum to be met from Council Tax/Budget Options		135,402	150,698	165,857	181,773
Increase in council tax (assume 2% per annum, less £300k p.a. re unfunded changes to council tax benefit)		132,896	-2,400	-4,800	-7,200
Current Council Tax Income		-132,896	-132,896	-132,896	-132,896
Remaining "Budget Gap"		0	106	13,002	25,761
			13,002	25,761	39,277

SUMMARY OF DRAFT 2013/14 REVENUE BUDGET - PORTFOLIO

2012/13	Portfolio/Item	2013/14	2013/14
Budget		Draft	Band "D"
£'000		Budget	Equivalent
		£'000	£'000
127,473	Education	131,772	1,078.86
Cr 128,336	Less costs funded through Dedicated Schools Grant	Cr 127,379	Cr 1,042.89
Cr 863	Sub total	4,393	35.97
103,481	Care Services	108,269	886.43
31,309	Environment	31,169	255.19
3,272	Public Protection and Safety	3,061	25.06
9,074	Renewal and Recreation	8,621	70.58
31,776	Resources	31,012	253.91
7,223	Non Distributed Costs & Corporate & Democratic Core	7,613	62.33
185,272	Total Controllable Budgets	194,138	1,589.47
30,161	Total Non Controllable Budgets	20,709	169.55
Cr 811	Total Excluded Recharges	Cr 831	Cr 6.80
214,622	Portfolio Total	214,016	1,752.22
Cr 29,353	Reversal of Net Capital Charges	Cr 19,727	Cr 161.51
Cr 2,691	Interest on General Fund Balances	Cr 1,591	Cr 13.03
12,642	Provision for Capital Works and Other Provisions	5,907	48.36
7,254	Central Contingency Sum	13,145	107.62
	Levies		
453	- London Pension Fund Authority	523	4.28
459	- London Boroughs Grants Committee	341	2.79
217	- Environment Agency	251	2.05
385	- Lee Valley Regional Park	444	3.64
203,988	Sub Total	213,309	1,746.42
Cr 59,636	Formula Grant	Cr 84,131	Cr 688.81
Cr 823	Local Services Support Grant	Cr 181	Cr 1.48
Cr 3,304	Council Tax Freeze Grant 2011/12 (subsumed into Formula Grant)	-	-
Cr 3,304	Council Tax Freeze Grant 2012/13	-	-
Cr 2,000	Collection Fund Surplus	Cr 1,840	Cr 15.06
Cr 2,025	New Homes Bonus	Cr 3,573	Cr 29.25
132,896	Bromley's Requirement (excluding GLA) *	123,584	1,011.82

* includes impact of council tax support scheme

2013/14 CENTRAL CONTINGENCY SUM

£'000

Environmental Services

Net loss of income from proposed sale of car park sites		569
Street Environment contract		200

Renewal and Recreation

Planning appeals - changes in legislation		60
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Grants included within Central Contingency Sum

NHS Funding to Support Social Care - Grant related expenditure		2,130
NHS Funding to Support Social Care - Grant related income	Cr	2,130
Public Health - Grant related expenditure		1,601
Public Health - Grant related income	Cr	1,601
Tackling Troubled Families Grant Expenditure		426
Tackling Troubled Families Grant Income	Cr	426
SEND Pathfinder Grant Expenditure		165
SEND Pathfinder Grant Income	Cr	165
Local Reform and Community Voices Grant Expenditure		153
Local Reform and Community Voices Grant Income	Cr	153
Lead Local Flood Authorities grant related expenditure (LSSG)		253

General

Provision for Unallocated Inflation		2,885
Provision for risk/uncertainty		2,000
Provision for costs pressures arising from variables e.g. youth on remand and other variables		2,000
Provision for potential loss of income through impact of localisation of Business rates		1,000
Provision for homelessness (impact of recession/changes to welfare benefits)		1,000
Provision for risk/uncertainty relating to volume and cost pressure		635
Further net loss of grant income (LACSEG)		480
Further increases in fuel costs		450
Provision for uncertain items		290
Grants to voluntary organisations		275
Other grant reductions		249
Carbon tax		166
Other changes		434
Net shortfall of Glades income		114
Provision for uncertainty re grants		85
		<u>13,145</u>

There will be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

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

APPENDIX 4

Description	Notification	Details
Local Authority Central Services Education Grant (LACSEG)		<p>There was a top slice funding reduction of £0.8m in 2011/12 and a further £0.7m in 2012/13 (cumulative total of £1.5m) for LACSEG. Further changes in funding arrangements are being implemented from 2013/14 with the Government reducing the Council's formula grant and providing a direct grant after determining the local authorities remaining share (after allowing for distribution to academies). The funding will be distributed by formula on a national per pupil basis. Latest estimates indicate a further potential loss of funding of £3.8m which has been assumed in the draft 2013/14 Budget rising to over £6m per annum from 2016/17. Any loss of funding will need to be partially offset by reductions in the cost of retained LEA services. Cost reductions of £1m have been identified for 2013/14.</p>
Review of School Funding		<p>Could impact on funding to Bromley schools depending on final outcome. Detailed financial impact awaited - some changes from 2013/14.</p>
Review of Education Capital		<p>Possible revised future role of local authorities to collect building condition and school data and provide DfE with an investment plan (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.</p>
Local Government Resource Review		
Retention of business rates		<p>On the upside, Bromley could benefit from this proposal if:</p> <p>(a) It continues to see real growth in the business rate base;</p> <p>(b) 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.</p> <p>Bromley would only receive a 30% share of business rate growth. Any retention of increase in business rates by an authority will be limited by the national control totals set out in the Government's Comprehensive Spending Review 2010 and may factor in the Government's assumptions about future growth.</p> <p>Bromley would be required to bear a share of the risk of reducing business rates in the area of up to 7.5%, subject to a national safety net. Historically there has been an overall reduction in the Council's business rates baseline which increases the risk of a future reduction in income. Further details were reported to Executive on 11th April 2012.</p>
Council Tax Benefit Localisation		<p>Bromley will receive funding reflecting a 11% reduction in Government grant. No changes to current level of support for pensioners (about one third of claimants). Potential reduction in entitlement of other claimants of up to 19% to match reduction in funding. 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. Therefore, the Council would be required to bear the take up demand and any increasing costs risk. Further details were reported to the Executive in January. Council approved a new transitional scheme on 21st January 2013 which attracts one off grant funding from central government in 2013/14 which equates to approximately £0.4m.</p>

Description	Notification	Details
Community Budgets	Various pilots in place	The Government has chosen 2 Whole Place and 14 Neighbourhood Level Community Budget pilots. Community Budgets are expected to result in "pooled" resources which will enable different public services to combine resources to provide greater local control of services for local people. The final outcome which could impact on future years' Local Government Financial Settlements are still awaited.
Inflation	CPI 2.7%, RPIX 3.0% December 2012	Overall 1% increase equates to over £2.2m if all elements of costs are included e.g. pay awards, income etc. An average increase of 2.9% has been assumed for 2013/14 which compares with RPIX of 3.0%. Although inflation was previously expected to fall there remains significant uncertainty in future years
Public Sector Pensions	LGA and local government employee unions have issued joint proposals for changes to the scheme for implementation from April 2014.	Original proposals from Treasury to increase employee contributions by over 3% on total salaries and proposals from Hutton review provided potential significant savings on the Council's pension costs. The joint LGA and local government union proposals are expected to reduce the level of savings to between 1% and 2% of total salary costs in the longer term (not short term). Any savings have to be balanced by the impact of the actuary's triennial valuation. A new cost ceiling will assist in containing employer costs in the longer term. The triennial valuation is due wef April 2014. National predictions indicate there will be significant increase in pension fund deficit levels to reflect market performance and the longer term period of austerity which is impacting on investment returns, as well as the impact of people living longer.No provision has been made for extra costs at this stage. Details of the outcome of the next triennial review is not expected to be available until December 2013.
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	Recommendations include: (a) A £35k cap on care costs (age 65 years and above); (b) Free care to those who acquire needs before they turn 40 years; (c) An annual cap of between £7k and £10k on living costs in care home; (d) A national assessment for eligibility system; (e) Increasing means testing threshold to £100k and capping individual care costs; (f) Councils can still set their own charges for non residential care services. The reforms would cost (initially) £1.7bn nationally to deliver and these costs will increase in future years. The cost implications of the Dilnot proposals will depend on the final implementation of any proposals and whether funding is provided by Government to meet the costs.
Open Public Services		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.

Description	Notification	Details
Localism Act		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	National funding of £250m per annum from 2011/12 to 2013/14 had been ringfenced for the scheme but any additional monies required will be top-sliced from Formula Grant. In the future any income may be offset by impact of top-slicing other government funding. The financial position will be dependent on how successful the Council has been compared with the average authority in providing new homes and reducing long term empty properties. Therefore the monies cannot be considered as a permanent income stream and have been retained as an earmarked reserve.
Welfare Reform: Changes to Housing Benefit		Housing Benefit will be replaced with Universal Credit with housing benefit phased out between October 2013 and October 2017. From April 2013, there will be changes to local housing allowance rates, housing benefit restrictions relating to accommodation size for working age claimants and the new benefit cap affecting those of working age. The Council will also have a new responsibility relating to the Social Fund previously administered by the DWP. The Council will receive grant funding of £143m for housing benefit and social fund and there are potential cost implications arising from the transfer period (universal credit) as well as the overall changes of welfare reform having a wider impact on council services including the cost of homelessness and social care.
Demographic and Population Changes		Bromley's population is expected to rise by 9% over the next eight years. This includes an expected increase in those aged 85 years and over. The impact of longer life expectancy among adults and children is also likely to have an impact on the demand for social care services and SEN.
Interest on Balances		Income of £1.6m is assumed in the 2013/14 Draft Budget. The financial forecast assumes average interest of 1.0% on investments. A variation of 0.25% in these assumptions would result in an increase/decrease in the interest forecast of around £400k per annum. Centre for Economics and Business Research forecast that Bank of England base rate may remain at 0.5% until 2016. The 2013/14 Draft Budget includes the recent impact of banks reducing their rates which partly reflects the continuing low Bank of England base rate, Quantitative Easing, deleveraging of banks and the governments low cost funding for banks to lend to SMEs. The ongoing Eurozone Debt Crisis which is contributing to an increasing credit risk for lending to banks could continue to reduce this income significantly particularly if lending to banks will need to be reduced to periods of less than three months only. The Council's Treasury Management Strategy has been reviewed to include new lending options such as corporate bonds.

Description	Notification	Details
2012/13 Financial Monitoring	Report to Executive November 2012	The most significant cost pressure which could have an impact on the 2013/14 and future years budgets is the cost of homelessness. A general provision of £2m has been included in the draft 2013/14 Budget to meet the impact of changes arising from the wider welfare reforms which impact on homelessness and social care costs.
Comprehensive Spending Review		The financial forecast includes assumptions about future reductions in Government funding. The Council has a two year financial settlement for 2013/14 and 2014/15. "Speculative" assumptions have been made about funding in 2015/16 and 2016/17 recognising that reductions in government funding will continue beyond 2014/15. The Government will need to consider the latest economic position, tax revenues and level of ongoing debt in determining the ongoing approach to public finances. The Council will receive over £12m per annum in Revenue Support Grant damping from 2013/14 which is expected to be phased out.
Council Tax Increases/ Council Tax Freeze Grant		Any decision to freeze council tax will result in a permanent loss of income. The Government provided ongoing funding for 2011/12 (possibly limited to 4 years) and one off funding for 2012/13 for a council tax freeze (equivalent funding for a 2.5% increase). There is potential funding equivalent to income from a 1% (1% for two years) available for a council tax freeze in 2013/14. For 2013/14, any council tax increase that exceeds a percentage determined by the Government (expected to be 2%) will trigger an automatic referendum of all registered electors within the borough (rate of 3.5% applied for 2012/13).
Freedom Passes		From 2014/15 there will be a further increase in the cost of the scheme to reflect more accurate usage data on London Overground, National Rail and non TfL bus travel which is expected to result in additional annual costs of over £1 million per annum, phased over 3 years which has been reflected in the financial forecast.
New Environment Agency Guidance		Revised guidance could potentially increase the proportion of waste material eligible for landfill tax. The Council is currently expected to pay £20.5m in landfill tax (2012/13 Budget). The full impact of the guidance is awaited.
Eurozone Debt Crisis		The ongoing Eurozone debt crisis could have a detrimental impact on the Governments tax revenues as well as economic growth which may result in further austerity measures being required including additional reductions in funding for local government
Young adults on remand		New responsibilities will transfer to local authorities from 2013/14 and it is not clear, at this stage, whether the funding available will fully meet the cost of the new responsibilities. Early estimates indicate that net additional costs of £0.5m per annum will be incurred. Any final costs will not be known for some time until the changes have been fully "bedded in".
Cost of Special Educational Needs (excluding transport)		The majority of costs of Special Educational Needs (SEN) are met through the schools budget which is fully grant funded from central government. Latest estimates indicate that there may not be sufficient funding with the schools budget to meet ongoing growth pressures from 2015/16 or 2016/17 which could impact on the Council's General Fund.

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2013/14 BUDGET

1. Background

With the introduction of the prudential approach to capital investment, finance directors in local authorities are required to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. In considering the affordability of its capital plans, the council's are required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. This requires clear and objective attention to the levels and application of the council's balances and reserves. The level of balances and reserves needs to be adequate to ensure longer term stewardship of the Council's finances remains effective and the Council maintains "sustainable" finances in the medium term. Medium term planning becomes absolutely key in recognition of the ongoing "structural" budget deficit facing the Council.

2. General Reserves

2.1. Bromley has estimated general reserves of £33.3 million as at 31st March 2013 as well as earmarked reserves (see 3.1). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

- (a) To provide some "contingency" reflecting the financial risks facing the Council. The scale of budget reductions and associated impact, the need to manage effectively action to reduce the longer term "budget gap" and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;
- (b) To provide alternative one off funding to offset the impact of any overall large overspends facing the Council;
- (c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;
- (d) To provide support in financing the capital programme, particular to assist in funding key initiatives;
- (e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;
- (f) To utilise short term monies available from any "front loading" of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the "sustainability" of the Council's finances;
- (g) To provide investment to seek a long term alternative to current income streams;
- (h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;
- (i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;
- (j) In recognition of the longer term "budget gap", create reserves to support a planned approach to meet the substantial changes facing local government, ensuring effective stewardship of the Council's finances;
- (k) To buy time to identify further savings needed whilst avoiding "knee jerk" actions to deal with future budget deficits;
- (l) To assist the council achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.

- 2.2 The Council needs to maintain an adequate levels of reserves to provide short term flexibility, to deal with unforeseen events, provide resilience to meet the impact of volatile external events and to allow long term changes to be implemented. This will help avoid the need for rushed or knee-jerked action to deal with any future unexpected large budget deficit and provide a more “sustainable” direction. Reserves should not be used for supporting ongoing expenditure.
- 2.3 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley’s developing approach to risk management. An “Annual Governance Statement” accompanied with the 2011/12 Statement of Accounts. The statement was signed by the Chief Executive and the Leader of the Council and covers, for example, the processes to fully underpin the Council’s system of internal control.
- 2.4 Setting the level of reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority’s financial management arrangements.
- 2.5 Bromley’s reserves have reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council agreed to set aside a sum of £24m, funded from general reserves, for invest to save (£14m) and regeneration/investment (£10m). Further details were reported to Executive in September 2011. The latest projected level of general reserves remaining is £33.3m. It was previously estimated that reversing the current strategy of eliminating the ongoing dependency on the use of reserves to support the revenue budget and abandoning the transfer of rolling programmes to revenue would have eliminated the Council’s overall general reserves by 2016/17 which is not sustainable. Further details were reported in the Annual Capital Review reports.
- 2.6 The main reasons for reducing reserves over the previous years were:
- (a) Reserves had been utilised to provide a one off contribution to partly fund the Council’s revenue budget, of between £3.1m and £4.3m per annum from 2000/01 to 2007/08, to assist in keeping the Council Tax lower;
 - (b) Utilised to partly fund the council’s capital programme, particularly as future capital receipts diminish.
- 2.7 The most significant gain to balances was following the housing transfer to Broomleigh in 1992. The balances have reduced considerably since then as shown above. Opportunities to generate additional capital resources and reserves through disposal of surplus assets should continue to be vigorously pursued, however, there are unlikely to be opportunities to again generate the very substantial level of reserves held in the past.
- 2.8 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances over the next three years which should enable the current level of balances to be retained. This position could change if there is significant slippage in capital receipts.

- 2.9 If the existing general reserves, which remain substantial, are released now to fund continuing service initiatives and/or significantly reduce council tax further then there would be a resultant “opportunity cost” relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Finance Director, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council.
- 2.10 Executive previously agreed that the following principles be applied to determining the use of reserves:
- (a) As a prudent working balance that a target minimum level of general reserves of £15m should be set at this stage for reserves, with higher amounts being retained for specific purposes. The Finance Director has subsequently reviewed the minimum level of general reserves and recommended a minimum sum of £25m to reflect the significant financial uncertainty facing the Council and the need to address the significant ongoing “budget gap”.
 - (b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council’s core infrastructure. The programme should be driven by the Council’s asset management plan, which in turn should be derived from the key priorities of the Council.
 - (c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans. From 2008/09 Members agreed to eliminate the continuing use of reserves to support the revenue budget.
 - (d) The council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to still consider a programme of asset disposals. Given the substantial pressures on the revenue position of the council it would be sensible to focus the spending of the general reserves in excess of the basic level on investments to increase the efficiency of the council and reduce the cost base rather than in funding the continuation of current practices and patterns of spending.
- 2.11 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this needs to be explicitly considered and the sustainability of this over the lifetime of the medium term financial plan needs to be considered.
- 2.12 In the context of Bromley’s current financial position the reserves are adequate in 2013/14 and 2014/15. However, the important issue to consider is planning the future use of the reserves in the context of the authority’s medium term financial plan and not to focus exclusively on short-term considerations.

3. Earmarked Reserves

- 3.1 As part of developing a medium term financial plan and preparing the annual budget members need to consider appropriate use of reserves for specific purposes and the levels at which these should be set. Further details on the utilisation of earmarked reserves together with general reserves are provided in section 2.1. The current specific (earmarked) reserves and their estimated uses are:

Description	Balance at 1/4/12	Estimated Net Movement	Balance at 1/4/13	Estimated Movement	Estimated Balance at 1/4/14
	£'000	£'000	£'000	£'000	£'000
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	2,392	-650	1,742	-600	1,142
Technology Fund	1,763	25	1,788	25	1,813
Street Services Reinstatement Fund	483	-	483	-483	0
Town Centre Improvement Fund (LABGI)	66	-	66	-66	0
Building a Better Bromley Initiatives (LABGI)	83	-30	53	-53	0
Reserve for Potential Redundancy Costs	3,494	-1,317	2,177	-1,520	657
Investment to Community (Resources)	225	-86	139	-10	129
Works to Property	100	-	100	-100	0
Prevent Grant	92	-46	46	-46	0
Building Control Charging Account	7	-	7	-7	0
Government Grants (carried forward from previous years)	720	-228	492	-492	0
Glaxo Wellcome Endowment	194	-4	190	-4	186
Public Halls Fund	13	-1	12	-2	10
Regeneration/Investment Fund	10,000	-3,822	6,178	-6,178	0
* Invest to Save Fund	13,920	3,894	17,814	-4,044	13,770
Health & Social Care Initiatives	4,995	-	4,995	-2,495	2,500
Bromley Welcare	200	-96	104	-104	0
Diamond Jubilee Reserve	100	-100	0	-	0
One off Member Initiatives	2,635	-1,041	1,594	-741	853
Interest Rate Risk Reserve	1,185	-	1,185	-	1,185
New Homes Bonus	993	2,025	3,018	3,573	6,591
New Reserves created during 2012/13					
Infrastructure Investment Fund	-	4,463	4,463	1,305	5,768
Glades Development	-	850	850	-	850
Provision for Impact of Recession	-	1,500	1,500	-	1,500
Health & Social Care Initiatives 'Promise Programme'	-	2,500	2,500	-	2,500
Sub Total	43,660	7,836	51,496	-12,042	39,454
PROVISIONS					
Insurance Fund	2,965	-340	2,625	-	2,625
OTHER					
School Budget Share Funds	6,513	14	6,527	-1,173	5,354
TOTAL	53,138	7,510	60,648	-13,215	47,433
New Reserves Subject to Final Approval					
Utilisation of Collection Fund Surplus	-	-	-	1,029	1,029
Total Estimated Reserves	53,138	7,510	60,648	-12,186	48,462

* A further advance of £4,254k will be made in 2014/15 in relation to Street Lighting

3.2 The above table includes new earmarked reserves which are dependent on any final decision on council tax levels. The report includes further provision of £4,878k in 2013/14 relating to new homes bonus (£3,573k) and infrastructure/investment fund (£1,305k). Members views are being requested on the utilisation of the one off collection fund surplus remaining (see section 10.2 of main report).

- 3.3 The report highlights the ongoing “budget gap” (see 4.4 of main report) which results in the Council, on an ongoing basis, having a “structural deficit”. To respond to this, Members have agreed over the last two years to create new earmarked reserves to support longer term investment and provide a more sustainable longer term financial position. This includes setting aside resources to support the Council’s future transformation programmes (invest to save), support acquisition of investment properties to generate sustainable income, and setting aside new homes bonus and other resources to support economic development and employment within the borough whilst generate income opportunities. These measures are important to provide sustainable solutions in the longer term.
- 3.4 A summary of the other most significant areas are:
- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
 - Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.
 - Technology Fund - this represents IT budgets that have been put into a reserve in previous years to allow projects to be carried out across the boundaries of financial years and the utilisation of this will become increasingly important over the next few years.
- 3.5 In addition there is the pensions reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes’ requirements and the net change in the authority’s recognised liability under IAS19 – employee benefits, for the same period. An appropriation is made to or from the pensions reserve to ensure that the bottom line in the income and expenditure account reflects the amount required to be raised in taxation. This effectively prevents the large deficit on the pension fund needing to be made good from taxation in one year.
- 3.6 Based on the actuarial valuation as at 31/3/10, the Council’s pension fund was 84% funded with a total deficit of £81m, of which £58m related to Council staff. The balance of £23m related to schools and other bodies. A deficit repayment period of 12 years is reflected in the 2013/14 Budget. The next triennial actuarial valuation will impact on the budget from 2014/15.

4. **Budget Assumptions**

4.1 Treatment of Inflation and Interest Rates

- 4.1.1 The base rate was 0.5% when the 2012/13 budget for interest on balances was finalised in February 2012 and a rate of 1.0% was assumed in 2012/13 for all future investments. Since then, the base rate has remained unchanged with no further changes expected during the next two years. Income of £1.6m has been assumed in the 2013/14 Budget with an average rate of 1.0% assumed for new investments. The 2013/14 Budget includes the recent impact of banks reducing their rates which partly reflects the continuing low Bank of England base rate, Quantative Easing, deleveraging of banks and the Government’s low cost funding for banks to lend to SMEs. The ongoing Eurozone Debt Crisis which is contributing to an increasing credit risk for lending to banks could continue to reduce this income significantly particularly if lending to banks will need to be reduced to periods of less than three months only. The Council’s Treasury Management Strategy has been reviewed to include new lending options such as corporate bonds.
- 4.1.2 A general allowance of 2.9% has been built into the forecast for 2013/14 and future years for contractual running expenses. This compares with current general RPIX increase of 3.0% (Dec. ’12).

- 4.1.3 A general increase of 1.5% on staff salary budgets has been built into the draft 2013/14 Budget for pay arrangements relating to the implementation of local pay and conditions. The Resources Portfolio Holder announced details of the pay arrangements at the Council meeting on 21st January 2013 summarised below:

To support of the Council's commitment to move to localised pay and conditions with effect from April 2013. the following sets out the package for staff who accept the changes:

- (a) staff on less than £21,000 (FTE) will receive a 1.7% pay increase;
- (b) staff on £21,000 or more (FTE) will receive 1.2%;
- (c) management grades, having received a pay award in 2012/13 will receive 0.7%
- (d) there will also be a one off facilitation payment of £200 for every member of staff who agrees by 11 March 2013

The cost of (a) to (c) package together with any non consolidated reward payment, has been reflected in the draft 2013/14 Budget and proposals to fund the facilitation payment are reported elsewhere in this agenda.

4.2 Level and Timing of Capital Receipts

- 4.2.1 Details of the level and timing of capital receipts are included in the "Capital Programme Monitoring Q3 2012/13 and Annual Capital Review 2013 to 2017" report elsewhere on the agenda.

4.3 "Demand Led" Budgets

- 4.3.1 The major demand led services that affect Bromley's budget are Special Educational Needs (SEN), Children in Care, adults with learning disabilities and homelessness. These have all been based around a detailed analysis of the current position with reasonable estimates of likely changes in activity in the next financial year. On Adults, SEN and homelessness, significant increases have been built into the budget. The increased funding for SEN (excluding transport) has been funded through the "schools budget". In addition there are ongoing pressures relating to shortfalls in income due to the impact of the current national economic position which will continue to require close monitoring in the next financial year.

4.4 Financial Standing of the Authority

- 4.4.1 Long-term Council Tax collection rates have been consistently high at around 99%. Other external debt collection is also high. There are plans to continue to improve the recovery of income across service areas. Any improvement will serve to improve the Council's overall financial position. There remains, however, a risk that collection rates could suffer within the current economic climate. As a debt free authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 Budget and Financial Management

- 4.5.1 Bromley has for many years operated multi year budget planning. There have been substantial improvements in the quality and accuracy of financial planning in recent years. The introduction of cash targets for service departments has led to greater realism in the projection and management of the volume of service activity. Overspends against the budget have been contained in overall terms in previous years. Should overspending be forecast on

any service in 2013/14, then balancing the budget will require very positive action if the council is not to overspend in the current and future years.

4.6 Financial Information and Reporting

4.6.1 The arrangements for finance staff to report to the Finance Director, in place since April 2002, have produced far greater clarity of roles and responsibilities. This has led to the production of more accurate budgets and improved the quality of budget monitoring. However the reduced budget proposal for 2013/14 will require even greater scrutiny than was the case in previous years and this will include the capital programme. The Council will need to continue with a rolling service review process to be able to generate savings as part of future years' budgets. Bromley was previously graded 4 ("performing strongly") in the external audit for financial management as part of the Use of Resources (this assessment has now ceased). The main issue remaining is to ensure that service managers continue to develop even greater ownership of their budgets and have more sophisticated activity and performance information on the service which they are providing. Should there be overspending in 2013/14 then compensating savings will need to be generated.

4.6.2 The Council continues to adopt a more corporate "One Council" approach in addressing budget pressures and identifying saving options which is evident in the draft 2013/14 Budget proposals.

4.7 Virement Procedures

4.7.1 Currently Bromley does not routinely allow the carry forward of under-spending (and overspending) by service departments as part of its year-end procedures. The Finance Director remains satisfied however, that the current virement rules allow sufficient flexibility within the year for officers/Members to manage the budget to enable them to contain overspending within overall budgets.

4.8 Risk areas

Details were reported to the previous meeting of the Executive and an overall summary is provided in Appendix 7.

4.9 Link with other plans/strategies

4.9.1 A list of key documents to consider with the Council's Financial Strategy is shown in Appendix 8. A budget is a service plan/strategy expressed in financial terms and there will be linkages with other strategies and plans across the Council. The proposed budget also takes into account the outcomes of the community impact assessments of the council's proposals (see legal considerations of main report).

4.10 Insurance Fund

4.10.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a stop loss of £1.2million that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The "Insurance – Annual Report", considered by the Resources Portfolio Holder gives more background information.

4.11 Funds and the adequacy of provisions

- 4.11.1 As is discussed above, the council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year's capital expenditure and other commitments. It is essential that an adequate level of reserves are maintained to reflect the impact of the future years budget gap of £12.6m in 2014/15 and £39.3m in 2016/17, combined with the significant financial uncertainty facing the Council in the current economic climate. Bad Debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council's external auditors.
- 4.11.2 The scale of the medium term "budget gap", coupled with the significant financial uncertainty in the current economic climate makes it important to maintain adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart for the need to retain reserves to address risks and uncertainty there are specific reserves relating to investment in the future towards economic development within the borough whilst and generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. These funds retained are adequate to meet the needs of the Council in the medium term. The level of reserves will continue to be kept under review during the Medium Term Financial Plan period.

Appendix 6 – comments from PDS Committees to follow

MANAGEMENT OF RISKS

Ref.	Risks	Commentary and risk mitigation
1	Treatment of inflation	General allowance of 2.9% built into forecast for 2013/14 and future years for contractual running expenses (RPIX currently is 3.0% {Dec. '12}). Actual increases in inflation exceeding budget assumptions would result in further costs and vice versa. A provision of 1.5% has been included for pay inflation in 2013/14.
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 £6.3m in 2012/13 increasing to £12.6m in 2013/14. No future allowance for statutory growth, demographic changes and future capital financing costs are reflected in the future grant levels. Funding will continue to deteriorate but not clear level of further reductions from 2015/16 at this stage.
6	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 is 2.0%. Any "excessive" increase above 2.0% will require a referendum from 2013/14 to determine if proposed increase is acceptable to residents. Significant costs from rebilling council tax may be incurred.
7	Savings	Significant savings were identified for 2011/12 with further savings of £14m in 2013/14. 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.
8	Fuel costs increases	Provision remaining of £450k is included in the draft 2013/14 Central Contingency Sum rising by a further £100k per annum in 2014/15 but may be additional pressures, increasing costs further.
9	Future schemes in capital programme	Any additional schemes could have an impact on the revenue budget as well as potentially reducing revenue reserves.
10	Pension Fund Deficit	Outcome of last actuarial valuation was reflected in 2011/12 Budget. Next valuation will be implemented from 2014/15 which could result in further cost pressures.

Ref.	Risks	Commentary and risk mitigation
11	Departmental Risk Analysis	A detailed departmental risk analysis was reported to Executive in January 2013 as part of the Draft 2013/14 Budget report.
12	Strength of financial information and reporting	Previous highest possible 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).
13	Impact of previous years overspends /under spends	In most cases, the 2013/14 Budget takes into account projected savings/under spends from previous financial year. Further details of cost pressures which may impact in 2013/14 are included in the 2012/13 Financial Monitoring report elsewhere on this agenda.
14	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
15	Financial risks of new partnerships and outsourcing	Always a risk of cost pressures through retendering to "catch up" with historical higher than general inflation increases in staff costs, and various new statutory obligations. Recent retendering has, in general, resulted in cost savings.
16	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.
17	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).
18	Collection of Income	The Council collects over £250m in income (including business rates). 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 may 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.

Ref.	Risks	Commentary and risk mitigation
19	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"> (a) Impact of new Government legislation not known at early stages; (b) Various items remaining uncertain/not quantified which can be quantified once final details are known; (c) Impact of potential further real reductions in government funding given current level of national public debt. (d) Historically costs pressures have increased, above original estimates, later on in the four year financial forecast period. <p>Current Government changes which could have an impact on the Council's finances are shown in Appendix 4. These changes as well as future changes will need to be regularly monitored and assessed to consider the financial impact on the Council.</p>
20	Ongoing "budget gap"	<p>The Council is estimated to face a budget gap of £13m in 2014/15 rising to £39.3m per annum from 2016/17. Although the situation could improve the Government's ongoing austerity measures, beyond the financial forecast period, will continue. The Executive has taken action to create earmarked reserves, together with retained general reserves, to assist in a more "sustainable" path in addressing the Council's finances and providing the capacity for a more effective planned approach to the significant changes impacting on local government over the next few years.</p>

Appendix 8

Key Documents to consider with Council's Financial Strategy

Item	Examples of information relevant to Council's financial strategy
The Prudential Indicators 2013/14 Treasury Management Strategy	Details are included in the "Treasury Management – Annual Investment Strategy 2013/14" report to the Resources Portfolio Holder on 31st January 2013. Will also require approval of Council on 27 th February 2012.
Capital Programme Review	Details of the latest monitoring position and future schemes are included in the Capital Programme Monitoring Q3 2012/13 and Annual Capital Review 2013 to 2017" report elsewhere on this agenda.
Local Government Finance Settlement 2013/14	Reported to January 2013 meeting of Executive. The report highlighted the ongoing reduction in funding in future years.
Statement of Accounts 2011/12	<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"> (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; (b) Details of financial contributions of partnerships which includes, for example, integrated community equipment with shared gross expenditure of £1.4 million. The Council's contribution to the pooled budget for mental health functions was £1.6m in 2011/12; (c) Details of earmarked reserves of £12.7m as at 31/3/12.
London Borough of Bromley "Facts and Figures"	Gives some historical context and additional background information on formulating the Council's financial strategy. Available in "One Bromley".
Building Maintenance Budgets 2013/14	Reported elsewhere on this agenda.

Document	Examples of information relevant to Council's financial strategy
Financial Regulations	Key document included seeking assurances about competitive tendering of contracts etc. Revisions reported to Council in November 2012.
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 2009-2014	Reported to Resources Portfolio Holder and includes details of asset disposals and targets for future years and the respective capital strategy.
Annual Audit and Inspection	<p>Bromley previously achieved a score of 4 (out of 4 – performing strongly) in its annual use of resources assessment (now ceased).</p> <p>The new assessment undertaken by the external auditor refers to “we are pleased to confirm that we have issued an unqualified value for money conclusion”.</p>
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.

Agenda Item 9

Report No.
RES13023

London Borough of Bromley

Agenda
Item No.

PART 1 - PUBLIC

<Please select>

Decision Maker: Executive Council

Date: 6th February 2013
27th February 2013

Decision Type: Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING Q3 2012/13 & ANNUAL CAPITAL REVIEW 2013 TO 2017

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

Chief Officer: Director of Resources

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 3rd quarter of 2012/13 and presents for approval the new capital schemes supported by Council Directors in the annual capital review process. With regard to the annual bidding process, the main focus has again been on the continuation of existing essential programmes and on externally funded schemes, with only a limited new spending programme (one new scheme) being put forward at this stage. The Executive is asked to approve a revised Capital Programme.

2. RECOMMENDATION(S)

The Executive is asked to:

- 2.1 Note the report, including the rephrasing of a total of £16,868k from 2012/13 into later years (see paragraph 3.7) and agree a revised Capital Programme.
- 2.2 Approve the following amendments to the Capital Programme:
 - (i) Deletion of residual scheme budgets no longer required (total of £898k), comprising £502k on care home decanting costs, £256k for shared ownership housing, £40k for feasibility studies and £100k on the Bromley Town Centre parking scheme (see para 3.3);
 - (ii) Addition of a net total of £2,735k in respect of new, additional or revised external grant funding allocations, comprising £1,293k for social care grant, £558k for Early Education for 2 Year Olds, a reduction of £98k in TfL funding for highway schemes, £450k for the

Empty Homes Programme and £532k for the SALIX Energy Efficiency Loan Scheme (SEELS) Street Lighting Project (see para 3.4);

- (iii) Budget realignments to move surplus funding to cover potential cost pressures on education schemes, comprising £316k from the Secondary School Investment Strategy (unspent contingency) to the Langley Park Boys School scheme and £50k of unspent primary school expansion funding into the one remaining active primary scheme at The Highway (see para 3.5);
- (iv) Adjustment of £117k to the budget and revised phasing of expenditure for Disabled Facilities Grants to take account of additional government grant in 2012/13 and to bring budgets in line with available funding (see para 3.6).

2.3 Recommend to Council that the new scheme proposals supported by Chief Officers (listed in Appendix C) be included in the Capital Programme, subject to a fully costed feasibility study on one scheme (the replacement of two storage area networks – see para 3.9) being approved by the Resources Portfolio Holder.

Corporate Policy

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

Financial

1. Cost of proposal: Estimated cost Total increase of £9.1m over the 5 years 2012/13 to 2016/17, mainly due to the addition of new schemes proposed in the 2012 annual review
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £95.2m total over 5 years 2012/13 to 2016/17
 5. Source of funding: Capital grants, capital receipts and revenue contributions
-

Staff

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

Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable.
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Capital Expenditure

3.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2012/13 and also seeks approval to the new capital schemes supported by Council Directors in the 2012 annual capital review process. The report is divided into two distinct parts; the first (paragraphs 3.2 to 3.7) looks at the Q3 monitoring exercise and the second (paragraphs 3.8 to 3.10) includes details of the proposed new schemes.

Q3 Capital Monitoring

3.2 The base position is the revised programme approved by the Executive on 24th October 2012, as amended by any variations approved at subsequent Executive meetings. Following concerns over the major level of slippage at the end of 2010/11 (and in previous years), the monitoring process was made more robust by the introduction of considerably more challenge and review and, as a result, the 2011/12 outturn was significantly closer to the final estimate approved in February 2012. If all the changes proposed in this report are approved, the total Capital Programme 2012/13 to 2016/17 would increase by £9.1m, mainly due to the addition of new schemes (£7.1m), revised/new grant allocations (£2.7m) and reductions as a result of the deletion of residual scheme budgets (-£0.9m). The estimated expenditure in 2012/13 would reduce by £16.8m, mainly due to the re-phasing of expenditure from 2012/13 into 2013/14 and 2014/15. Details of the monitoring variations are included in appendices A and B and the proposed revised programme, including the one proposed new scheme, is summarised in the table below. Further information on Q3 monitoring is provided in paragraphs 3.3 to 3.7.

Capital Expenditure	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£000	£000	£000	£000	£000	£000
Approved Capital Programme (Oct 2012)	48,688	14,538	8,145	5,868	-	77,239
Street Lighting scheme (Exec 28/11/12)	-	4,254	4,253	-	-	8,507
Bellegrove scheme (Exec 09/01/13)	20	380	-	-	-	400
Approved Programme before Q3 monitor	48,708	19,172	12,398	5,868	-	86,146
Q3 monitoring variations						
Deletion of residual budgets (para 3.3)	-898	-	-	-	-	-898
New/additional/revised grants (para 3.4)	1,012	870	853	-	-	2,735
Budget realignments (para 3.5)	-	-	-	-	-	-
Budget adjustment re DFGs (para 3.6)	-40	-31	-26	214	-	117
Rephasings (para 3.7)	-16,868	15,746	1,122	-	-	-
Total Q3 Monitoring Variations	-16,794	16,585	1,949	214	-	1,954
New schemes (paras 3.8 to 3.10)	-	-	750	750	5,602	7,102
Revised Capital Programme (see Appendix D for sources of finance)	31,914	35,757	15,097	6,832	5,602	95,202
+/- estimated further slippage	-2,000	-5,000	2,000	2,000	2,000	-1,000
+ estimated new schemes in later years	-	-	2,500	2,500	2,500	7,500
Total revised exp to be financed	29,914	30,757	19,597	11,332	10,102	101,702
Rounded for financing statement (Appendix D)	29,910	30,760	19,600	11,330	10,100	101,700

3.3 Deletion of residual budgets no longer required (total reduction of £898k in 2012/13)

In the monitoring exercise for the latest quarter, a number of residual scheme budgets have been put forward for deletion where schemes are now complete or where those residual budgets are no longer required. As a result, reductions totalling £898k have been identified, all

in 2012/13. These are listed in Appendix A, where brief comments are also provided. The Executive is asked to approve the scheme reductions / deletions.

3.4 New/additional/revised external funding (total net addition of £2,735k)

Notification has recently been received of a number of new, additional or revised grant allocations to support capital expenditure and the Executive is asked to approve the relevant amendments to the Capital Programme.

Social care grant – in the 2013/14 and 2014/15 settlement announced in December, the Council was awarded further social care grant of £640k and £653k respectively from the Department of Health. This is to support development in the key areas of personalisation, reform and efficiency.

Early Education for Two Year Olds – this new capital grant funding stream was announced by the Department for Education in November and the Council has been awarded £558k in 2012/13.

TfL support for highway schemes - provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2012/13 to 2015/16 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall reduction of £98k in 2012/13 has been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

Empty Homes Programme – following a successful bid to the Home and Communities Agency, funding of £450k has been allocated to Bromley to support empty property work in the borough for the 2012/13 to 2014/15 financial years.

SEELS Street Lighting Project – the Council has been awarded £532k by Salix, which will be used to purchase equipment, etc that will reduce electricity consumption within Street Lighting. Under the scheme, funds will be returned to Salix over time, financed by revenue savings the scheme generates.

3.5 Budget realignments – education schemes (total £366k, no impact on total programme)

Examination of budgets for secondary and primary school investment schemes that have reached, or are nearing, completion has identified some surplus funds and it is proposed that these be transferred to other secondary and primary school schemes to cover potential spending pressures, as follows:

The Highway Primary School - the CYP/Education Portfolio Holder has previously been advised of cost pressures on this scheme and virements have previously been approved to alleviate these. A final virement of £50k is now proposed from other Primary Capital Programme budgets that were underspent on completion.

Langley Park Boys School – the contingency budget for the secondary school investment strategy (£316k) has not been spent and it is proposed that this be transferred into the budget for the Langley Park Boys School to cover potential cost pressures, including asbestos management and removal.

3.6 Budget adjustment re Disabled Facilities Grants (net increase of £117k)

Notification was received from the DCLG in December of additional grant support of £227k for capital expenditure on Disabled Facilities Grants. It is proposed that this be included in the Programme. The monitoring process has identified that the total budget for the financial years 2012/13 to 2015/16 has been overstated by £110k and it is further proposed that this be amended to reflect the correct level of funding (government grant and revenue contribution)

expected in that period and that the budget be rephased to match revised expenditure projections.

3.7 Scheme Rephasing

In final outturn reports in June and July 2012, the Executive was informed that the level of slippage of expenditure originally planned for 2011/12 was significantly lower than in recent years and a total of £7.2m had been rephased into 2012/13. This followed a review and strengthening of the monitoring process during 2011/12 and was the result of a more realistic approach towards anticipating slippage when the revised estimates were set in February. This is the second monitoring report since July and the additional challenge and review has resulted in the changes set out in paragraphs 3.2 to 3.6 above and also in rephasing adjustments totalling £16.9m from 2012/13 into later years. These are itemised in Appendix B.

Annual Capital Review – new scheme proposals

3.8 In recent years, we have steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. Our general (un-earmarked) reserves, established from the disposal of our housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £45.6m (including unapplied capital receipts) as at 31st March 2012. Our asset disposal programme has diminished and any new capital spending will effectively have to be met from our remaining revenue reserves.

3.9 As part of the normal annual review of the Capital Programme, Council Directors were invited to come forward with bids for new capital investment. Only two new bids were received and Council Directors agreed to recommend one of those (the replacement of two storage area networks (SAN's) at a total cost of £1.5m, which would need to be fully funded from Council resources (£0.75m in both 2014/15 and 2015/16)). The scheme description and justification is as follows:

The Council currently has 2 storage areas networks (SAN's) where all of the Council's data is stored. This includes data from line of business systems as well as "office" type files. The existing SAN's will reach the end of their useful lives in September 2014 and June 2015 respectively. The provision of robust and resilient storage for the Council's data is vital for the provision of the IT service to the council, and hence the customers it serves. The impact of the failure of the SAN's should not be underestimated, as it could cause all staff within the Council to have no access to their data for 2-3 weeks. As the Council moves to paperless offices, there are no paper files as backups so departments are reliant on access to their electronic data. The Council is also liable for fines from the Information Commissioner should our data not be stored in a secure manner. The bid is for £1.5m (£750k in both 2014/15 and 2015/16) to replace the SAN's.

3.10 In addition to that new scheme, further approval is requested in 2016/17 for annual spending programmes totalling £5,602k that are (with the exception of a total of £80k for feasibility studies and winter maintenance) either funded in full by government grants or by a combination of grants and revenue contributions. These comprise highway schemes funded by TfL (£4,000k), Disabled Facilities Grants funded by government grant and an earmarked revenue contribution (£942k), Schools Formula Devolved Capital/Access Initiative funded by government grant and an earmarked revenue contribution (£580k) and general provisions for feasibility studies and winter maintenance equipment (£40k each, both of which would be met from Council resources). Details of all the proposed new schemes (and of the bid that was not supported by Council Directors) are provided in Appendix C.

Capital Receipts

3.11 Details of the 2011/12 outturn for capital receipts and the receipts forecast in the years 2012/13 to 2016/17 are included elsewhere on the agenda in a confidential appendix to this report (Appendix E). Actual receipts from asset disposals totalled some £0.2m in 2011/12 (including vehicle sales and miscellaneous receipts), which was in line with the forecast reported to the February meeting. The latest estimate for identified disposals in 2012/13 has reduced to £7.0m

from £11.7m reported in October. Estimates for 2013/14, 2014/15 and 2015/16 are now £9.2m, £6.2m and 2.8m respectively (£10.3m, £4.7m and £1.0m were reported in October). These totals include estimated receipts in respect of the disposal of the three main sites in the disposal programme; Tweedy Road, Westmoreland Road and Bromley Town Hall. For illustrative purposes, two financing models have been prepared. One assumes we achieve all planned receipts and the other assumes we fail to achieve any of the three main disposals. These are summarised in paragraph 5.2. A total of £1m per annum is assumed from 2016/17, in line with the target included in the Resources Portfolio Plan. The financing and balances projections shown in Appendix D reflect prudent assumptions for capital receipts in view of continuing uncertainties in the property market and assume that the three main disposals proceed.

3.12 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held in a reserve, the balance of which stood at £3,690,000 as at 31st March 2012, and will be used to finance capital expenditure from 2012/13 onwards. The current position on capital Section 106 receipts (including commitments) is shown below.

Specified capital works	Balance 31/3/12 £000	Receipts 2012/13 £000	Expenditure 2012/13 £000	Balance 31/12/12 £000
Local Economy & Town Centres	43	-	27	16
Housing provision	2,318	2,276	938	3,656
Education	485	81	-	566
Community use	844	-	81	763
TOTAL	3,690	2,357	1,046	5,001

Post-Completion Reports

3.13 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. The following reports are still due to be submitted to the relevant Portfolio Holders by 31st March 2013:

Bickley Primary School – expansion

Princes Plain Primary School - expansion

The Highway Primary School – partial rebuild

Hawes Down Co-Location

Priory School – Local Learning Centre

Orpington Library relocation

Property Investment Fund

3.14 On 7th September 2011, Members approved the creation of a Property Investment Fund (earmarked reserve) of £10.0m and agreed that monitoring of the fund would be included in quarterly capital monitoring reports. It was subsequently agreed by the Executive in October 2011 that decisions on the purchase of properties costing up to £2m be delegated to the Director of Renewal & Recreation in consultation with the Director of Resources, the Leader of

the Council and the Portfolio Holders for Resources and Renewal & Recreation. Schemes (i.e. property acquisitions) will be included in the Capital Programme as and when they are agreed by Members and funding will be drawn down from the Fund. To date, only one property acquisition has been completed, that being 95 High Street in the total sum of £1,622k (including costs), which has been included in the Capital Programme. At a special meeting in December, the Executive approved the acquisition of three further properties in Bromley High Street. Exchange of contracts on these was originally required before Christmas, but last-minute issues caused this to be delayed and, as was reported to the January meeting, it is now no longer certain these acquisitions will proceed. As a result, the three potential further acquisitions have not yet been included in the approved Capital Programme. A further report will be brought to the Executive by the Director of Renewal and Recreation in due course.

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The phased transfer of rolling programmes of maintenance-type expenditure from capital to revenue was completed in the 2009/10 budget and the financing projections continue to assume no General Fund support to the revenue budget in future years. They also assume approval of the revised capital programme recommended in this report, together with an estimated £2.5m pa for new capital schemes and service developments from 2014/15 onwards.

5.2 The following table summarises the estimated impact on balances of the revised programme and revised capital receipt assumptions. The impact on balances of the two models is shown below.

- Model 1 (all planned receipts are achieved): total balances would increase from £45.6m (General Fund £31.6m and capital receipts £14.0m) at the end of 2011/12 to £48.0m by the end of 2016/17 and would then reduce to £43.0m by the end of 2019/20. No requirement for the General Fund to contribute to the funding of capital expenditure is anticipated in any year.
- Model 2 (non-achievement of three main disposals): total balances would reduce from £45.6m at the end of 2011/12 to £37.4m by the end of 2016/17 and would then reduce to £32.4m by the end of 2019/20. The General Fund would be required to contribute £0.9m to the funding of capital expenditure in 2019/20. This Model reflects prudent assumptions on the level of capital receipts in view of continuing uncertainty in the property market.

	Balance 1/4/12	Estimated Balance 31/3/17	Estimated Balance 31/3/20
	£m	£m	£m
MODEL 1 (all receipts)			
General Fund	31.6	33.3	33.3
Capital Receipts	14.0	14.7	9.7
	<hr/> 45.6	<hr/> 48.0	<hr/> 43.0
MODEL 2 (no big receipts)			
General Fund	31.6	33.3	32.4
Capital Receipts	14.0	4.1	-
	<hr/> 45.6	<hr/> 37.4	<hr/> 32.4

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	<p>Departmental monitoring returns January 2013. Approved Capital Programme (Executive 24/10/12). Q2 Monitoring report (Executive 24/10/12). Capital appraisal forms submitted by Chief Officers in November 2012. Report to Council Directors' meeting 12/12/12. List of potential capital receipts from Valuation & Estates as at 08/01/13.</p>

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APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEBRUARY 2013 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME									
Variations on individual schemes	Date of Portfolio meeting	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	TOTAL £000	Comments/reason for variation	Report Para No.
Current Approved Capital Programme									
Programme approved by Executive 24/10/12	Exec 24/10/12	48688	14538	8145	5868	0	77239		
Street Lighting Invest to Save Initiative	Exec 28/11/12		4254	4253			8507		
Property Investment Fund	Exec 06/12/12	#					0	# See paragraph 3.14	3.14
Bellegrove - reduce temporary accommodation (Invest to Save Fund)	Exec 09/01/13	20	380				400		
Approved Programme prior to 3rd Quarter's Monitoring		48708	19172	12398	5868	0	86146		
Variations in the estimated cost of approved schemes									
(i) Variations requiring the approval of the Executive									
Deletion of residual budgets no longer required									
Care Home reprovion - decanting costs		-502					-502	Project has now come to an end and the residual balance of £502k is no longer required	3.3
Shared ownership housing - Bromley NHS PCT project		-256					-256	Allocation has not been used since 2006/07 and is no longer required	3.3
Feasibility Studies		-40					-40	Very few new schemes in 2012/13 so provision not required	3.3
Bromley Town Centre - increased parking capacity		-100					-100	Costs for improvement works to the Hill Multi-storey Car Park less than estimated	3.3
		-898	0	0	0	0	-898		
New/additional/revised external grant support									
Social care grant - 2013/14 and 2014/15 settlement			640	653			1293	100% DoH Government Grant. To support development in three key areas: personalisation, reform and efficiency.	3.4
Early Education for Two Year Olds - new government grant funding		558					558	New grant funding announced by DfE in November 2012	3.4
TfL grant support for highways schemes - revised allocations		-98					-98	Revised grant allocations announced by TfL	3.4
Empty Homes Programme - Home & Community Agency funding		20	230	200			450	Following a successful bid to the Home and Communities Agency, funding of up to £449550 (subject to contract) has been allocated to Bromley to support empty property work in the Borough for the 2012/2015 financial years.	3.4
SEELS street lighting project - new external funding		532					532	New project funded by Salix; revenue savings on street lighting costs	3.4
		1012	870	853	0	0	2735		
Budget realignments									
From: Secondary School Investment Strategy (unspent contingency)		-316					-316	Move contingency to support potential cost pressures e.g. asbestos - DSG funded	3.5
To: Langley Park Boys School - BSF scheme		316					316	Move contingency to support potential cost pressures e.g. asbestos - DSG funded	3.5
From: Bickley, Princes Plain and other primary schemes		-50					-50	Transfer of remaining primary expansion funding into final active scheme	3.5
To: The Highway Primary		50					50	Transfer of remaining primary expansion funding into final active scheme	3.5
		0	0	0	0	0	0		
Budget adjustment									
Renovation Grants - Disabled Facilities		-40	-31	-26	214		117	Additional Disabled Facilities Grant of 227K allocated to Bromley in 2012/13; expenditure rephased and total budget amended to match resources.	3.6
Total Variations requiring approval		74	839	827	214	0	1954		
(ii) Variations not requiring approval									
Rephasing of schemes									
See Appendix B for details and comments		-16868	15746	1122	0	0	0	See Appendix B for details	3.7
TOTAL AMENDMENT TO CAPITAL PROGRAMME		-16794	16585	1949	214	0	1954		
Add: Proposed new schemes (see Appendix C)		0	0	750	750	5602	7102	See Appendix C for details	3.8-3.10
TOTAL REVISED CAPITAL PROGRAMME		31914	35757	15097	6832	5602	95202		
+/- estimated further slippage		-2000	-5000	2000	2000	2000	-1000		
+ estimated new schemes/service developments in future years		0	0	2500	2500	2500	7500		
Total expenditure to be financed		29914	30757	19597	11332	10102	101702	See Appendix D for details	5.2
ROUNDED		29910	30760	19600	11330	10100	101700		

CAPITAL PROGRAMME MONITORING - FEBRUARY 2013 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING						
Variations on individual schemes	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	TOTAL £000	Comments/reason for variation
Rephasing of schemes						
Care Standards Act 2000 Requirements - general	-125	125			0	Due to delays identifying schemes and projects, £125k has been rephased into 2013/14
Learning Disability Day Centre	-400	400			0	Due to delays identifying schemes and projects, £400k has been rephased into 2013/14. A report is due to go to the February Executive with an update on this scheme.
PCT Learning Disability reposition programme	-732	732			0	Due to delays identifying schemes and projects, £732k has been rephased into 2013/14. LBB act as custodians on behalf of the PCT for this funding.
Social care grant - 2010/11 to 2012/13 allocations	-1079	1079			0	Due to delays identifying schemes and projects, £1,079k has been rephased into 2013/14
Mental health grant	-250	250			0	Due to delays identifying schemes and projects, £250k has been rephased into 2013/14
Social Care IT Infrastructure	-30	30			0	Due to delays in schemes and projects being finished, £30k has been rephased into 2013/14
Transforming Social care	-70	70			0	Due to delays identifying schemes and projects, £70k has been rephased into 2013/14
Star Lane Traveller Site	-209	209			0	Due to delays in the procurement/tendering process these works will now take place in 2013/14
Capital Ambition - Efficiency and Transformation Funding	-100	100			0	A 'Staff Innovation' Event was planned this year, however this did not take place as the team were deployed to work on other issues. The budget has, therefore, been re-phased to 13-14.
Joint Web platform	-63	63			0	The remaining funds will be used to fund four major project streams. The first two projects are well underway and are expected to be delivered before the year end. The second two projects are likely to extend into the next financial year and £63k has been re-phased to 13-14.
The Highway Primary - partial rebuild	-74	74			0	Highway overspending on original budget. Issues on build, etc. Reported to PDS. Can use any remaining primary capital funding to offset this and/or maintenance funding to cover off position. Basic Need funding transferred to offset spend pressures. Some retention (£74k) carried forward to 2013/14
Reconfiguration of Special Schools	-108	108			0	Remaining costs at Riverside and some retentions to pay. £108k rephased into 2013/14
Seed Challenge Fund	-24	24			0	
Schools Access Initiative	-250	250			0	New round for schools. £300k transferred from maintenance to support programmes as per previous years. Majority rephased into 2013/14 as schemes not yet started as not been approved that long. Further rephasing of £24k in Q3.
Security Works	-71	71			0	In discussion with schools. Funding often on an ad hoc basis as needs arise such as hygiene rooms. Can also be linked to larger schemes and integrated into those. Schemes not progressed. £250k rephased into 2013/14.
Children and Family Centres	-199	199			0	Ad hoc security works for Schools. Additional £150k transferred from maintenance to support schemes as per previous year. £71k rephased into 2013/14
Suitability / Modernisation issues in schools - general	-322	322			0	Schemes complete. Retentions, etc to pay. £199k rephased into 2013/14
Capital maintenance in schools - 2011/12 settlement	-310	310			0	Funding Farnborough phase two. £76k transferred from Farnborough phase one to support the second phase. Additional £150k transferred from maintenance budget as per previous years. £322k rephased into 2013/14
Basic Need - 2011/12 settlement	-7324	7324			0	Various programmes as per PDS reports. £310k rephased into next year
Extended Services	-44	44			0	Various programmes as per PDS reports. Larger schemes such as major build expansions have not yet started, so £7,324k rephased into 2013/14. Mainly smaller build schemes undertaken in 2012/13
Hawes Down Co-Location 2.16	-300	300			0	Rephased into 2013/14. May not be required
Short breaks capital	-348	348			0	Rephased majority into 2013/14. May not be required
Early Education for Two Year Olds	-558	558			0	Carry forward of 2011/12 allocation together with new allocation in 2012/13. Used on various expenditure such as equipment and adaptations. Majority (£348k) rephased into 2013/14
Phoenix Pre-School SEN service - Council contribution	-208	208			0	New grant funding announced by DfE in November 2012, rephased into 2013/14
Mobile technology to support children's social workers	-56	56			0	Ongoing discussion with the PCT. Payment being deferred until agreement and terms are reached. Rephased into 2013/14
Housing Payment in Lieu Fund - unallocated	-316	316			0	Rephasing of project into 2013/14
Housing Provision - general	-380	380			0	£605,000 spend in Qtr 4 based on projected acquisition/start on site tranche for allocation to a new build affordable housing scheme. Care Services Portfolio Holder has been briefed on scheme proposals and formal allocation approval expected on 14/1/2013, in line with decision making process approved by Care Services PDS on 4/9/12. £316k rephased into 2013/14
Winter maintenance - gritter replacement	-123	123			0	Various projects, which are subject of feasibility work in Qtr 4, will improve affordable housing supply and mix (including family units) via renovation/ conversions etc, with a focus on alleviating the pressure on temporary accommodation use. Whilst limited spend is expected in 2012/13, feasible projects should come to fruition during 2013/14, when formal approvals will be sought on a project by project basis. Further details will be set out in a report to Executive on 7/2/2013. £380k rephased into 2013/14
London private sector renewal schemes	-40	8	32		0	Approval being sought for purchase of new gritter. Anticipate order to be placed early 2013, with delivery expected next Summer ahead of Winter season 2013/14. £123k rephased into 2013/14
Central Library/Churchill Theatre - chillers and controls	-457	457			0	Rephased expenditure to reflect realistic demand over the next 3 years
Bromley Museum at the The Priory	-122	122			0	Postponed. Members considering the future of the building. Advisable to retain the project, given the age of the plant and it's H&S liabilities, until there is a clear decision to dispose/demolish the site. Budget rephased to 2013/14.
Bromley North Village Public Realm Improvements	-1588	498	1090		0	Expenditure delayed awaiting confirmation of funding from Heritage Lottery Fund. Bid for implementation of scheme scheduled for submission December 2013. £122k rephased into 2013/14
Carbon Management Programme (Invest to Save funding)	-138	138			0	Expenditure rephased due to delays in securing detailed agreements with funding partners, particularly obtaining clarification and approval for use of the term contractor. Additional design work has been undertaken to consult with stakeholder groups, including plans for re-routing of public transport which has now been agreed with London Buses.
Upgrade of Core Network Hardware	-300	300			0	Rephasing of project into 2013/14
Performance Management/Children's Services-info technology	-150	150			0	Scheme delayed and rephased.
					0	Scheme delayed and rephased.
TOTAL REPHASING ADJUSTMENTS	-16868	15746	1122	0	0	

CAPITAL PROGRAMME REVIEW 2012 - NEW CAPITAL SCHEMES SUPPORTED BY COUNCIL DIRECTORS & RECOMMENDED TO EXECUTIVE 06/02/13

Capital Scheme/Project	Priority	Revenue effect							Comments
		TOTAL	13/14	14/15	15/16	16/17	Running	Financing	
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Winter maintenance - replacement of equipment	HIGH	40	0	0	0	40	0	0	1 To complete phased replacement of aging equipment and maintain statutory level of service
Highway schemes funded by Transport for London	HIGH	4000	0	0	0	4000	0	0	0 Schemes to be fully funded by Transport for London
Replacement of 2 storage area networks	HIGH	1500	0	750	750	0	0	30	Replacement of SAN's that are approaching the end of their useful lives
Renovation Grants - Disabled Facilities Grants	HIGH	942	0	0	0	942	0	0	0 Govt grant £710k pa; provision already in Cap Prog 12/13-15/16; £232k pa revenue cont
Schools Access Initiative	HIGH	150	0	0	0	150	0	0	0 Works under Disability Discrimination Act (revenue contribution from schools' budget)
Devolved Formula Capital grant to schools	HIGH	430	0	0	0	430	0	0	0 100% funded by government grant
Feasibility studies - block provisions	HIGH	40	0	0	0	40	0	1	Provision for 12/13-15/16 already in Capital Programme
GRAND TOTAL NEW CAPITAL BIDS		7102	0	750	750	5602	0	32	

COST TO THE COUNCIL (LBB RESOURCES)	13/14	14/15	15/16	16/17	TOTAL
	£000's	£000's	£000's	£000's	£000's
Grand total new bids above	0	750	750	5602	7102
<u>External funding for new bids</u>					
Transport for London (highway schemes)	0	0	0	-4000	-4000
Renovation grants (DFG)	0	0	0	-942	-942
Schools Access Initiative	0	0	0	-150	-150
Devolved Formula Capital	0	0	0	-430	-430
Funding from Council's resources	0	750	750	80	1580

100% TfL funding
Government grant £710k; revenue contribution £232k
Revenue contribution from schools' budget
100% government grant

NB. Scheme not supported by Council DirectorsCouncil Chamber refurbishment – total cost £63k

A bid was submitted for £63k in 2013/14 to refurbish the Council Chamber furniture, fixtures and fittings. The Council Chamber has been utilised with its existing standard of furniture since 1986 and the furniture is suffering significant wear and tear and becoming more dilapidated. It is causing concern for internal users and external hirers as the desking is increasingly difficult to repair and maintain to a safe standard of both regular and frequent handling and use. Use of the Council Chamber and Committee Room suite generated income of £20k during 2011/12 and will generate another £20k in 2012/13. Failure to update the facilities will potentially jeopardise income presently being achieved.

CAPITAL FINANCING STATEMENT Executive 06/02/13 - ALL RECEIPTS																
(NB. Assumes all capital receipts - see below)																
	2008-09		2009-10		2010-11		2011-12		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000's	£000's	£000's	£000's
Summary Financing Statement																
Capital Grants	23,930	13,072	27,670	26,209	39,280	25,344	28,440	28,399	9,610	12,640	1,990	1,140	1,140	1,140	1,140	1,140
Other external contributions	10,400	9,725	10,910	8,354	16,100	12,488	13,920	11,078	11,070	8,900	6,060	4,000	4,000	4,000	4,000	4,000
Usable Capital Receipts	11,480	4,930	5,370	3,822	5,130	423	11,000	4,705	6,520	4,110	6,820	5,710	4,480	3,480	2,480	2,480
Revenue Contributions	5,360	3,749	7,590	4,094	10,420	9,619	1,290	3,527	2,710	5,110	4,730	480	480	480	480	480
General Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrowing	3,000	703	1,100	0	500	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	54,170	32,179	52,640	42,479	71,430	47,874	54,650	47,709	29,910	30,760	19,600	11,330	10,100	9,100	8,100	8,100
Usable Capital Receipts																
Balance brought forward	16,799	16,799	14,032	14,032	13,236	13,236	17,943	17,943	14,002	14,712	20,712	20,332	17,592	14,672	12,252	10,832
New usable receipts	1,200	2,163	2,540	3,026	5,150	5,130	550	764	7,230	10,110	6,440	2,970	1,560	1,060	1,060	1,360
	17,999	18,962	16,572	17,058	18,386	18,366	18,493	18,707	21,232	24,822	27,152	23,302	19,152	15,732	13,312	12,192
Capital Financing	-11,480	-4,930	-5,370	-3,822	-5,130	-423	-11,000	-4,705	-6,520	-4,110	-6,820	-5,710	-4,480	-3,480	-2,480	-2,480
Balance carried forward	6,519	14,032	11,202	13,236	13,256	17,943	7,493	14,002	14,712	20,712	20,332	17,592	14,672	12,252	10,832	9,712
General Fund																
Balance brought forward	45,214	45,214	46,900	46,900	51,900	51,900	29,800	29,800	31,609	33,320	33,320	33,320	33,320	33,320	33,320	33,320
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Transfer to earmarked reserves 31/3/11	0	0	0	0	0	-24,000	0	0	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	86	1,686	1,100	5,000	-2,100	1,900	1,000	1,809	1,711	0	0	0	0	0	0	0
Balance carried forward	45,300	46,900	48,000	51,900	49,800	29,800	30,800	31,609	33,320	33,320	33,320	33,320	33,320	33,320	33,320	33,320
TOTAL AVAILABLE RESERVES	51,819	60,932	59,202	65,136	63,056	47,743	38,293	45,611	48,032	54,032	53,652	50,912	47,992	45,572	44,152	43,032
Assumptions:																
Rolling programmes - £1.5m t/f to revenue in 2009/10 (i.e. completes the transfers).																
General Fund contribution to support revenue budget - zero in 2012/13 and no further contributions thereafter.																
Gr contribution to support capital programme - not required in any year.																
New capital schemes - £2.5m p.a. from 2014/15 for future new schemes.																
Capital receipts - includes figures reported by Property Division as at 08/01/13 (pessimistic/realistic estimate, including Tweedy, Westmoreland & Town Hall) and £1m pa from 2016/17.																
Current approved programme - as recommended to Executive 06/02/13																
General Fund balance takes account of £24m transfer to earmarked reserves approved by Council on 24/10/11.																

Report No.
DRR13/028

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 6 February 2013

Decision Type: Non-Urgent Executive Key

Title: GATEWAY REVIEW 0,1 & 2
APPROVAL OF 2013/2014 OPERATIONAL BUILDING
MAINTENANCE BUDGETS, PLANNED MAINTENANCE
PROGRAMMES AND PREFERRED PROCUREMENT OPTION

Contact Officer: Catherine Pimm, Head of Asset Management and Strategic Projects
Tel: 020 8461 7834 E-mail: Catherine.Pimm@bromley.gov.uk

Andrew Brook, Planned Maintenance Team Manager
Tel: 020 8461 7739 E-mail: Andrew.Brook@bromley.gov.uk

Chief Officer: Director of Resources

Ward: (All Wards);

1. Reason for report

This report sets out the criteria used to assemble each programme based on the draft budget proposals.

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

A copy of the proposed planned maintenance programme for operational properties is within the Members' room.

2. **RECOMMENDATION(S)**

2.1 Members are asked:

(i) subject to the Council agreeing the budget, to approve an overall expenditure of £2,124,540 for building maintenance budgets in 2013/2014, broken down into the various budget heads as follows:

Planned Maintenance	615,990
Reactive Maintenance	915,740
Cyclical Maintenance	334,110
Asbestos Management	105,141
Water Treatment Works	124,690
Disability Discrimination Act Works	0
External Decorations	26,500
Minor Improvements	0
TOTAL	£2,124,540

(ii) to approve the criteria used to assemble the planned maintenance programme. (Gateway review 0 & 1).

(iii) to approve the planned maintenance programme. Copies are available in the Members' room.

(iv) to delegate authority to the Director of Resources to vary the planned programme to accommodate any change in the approved budget or where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.

(v) to approve the preferred procurement option and method to be used. (Gateway review 2).

(vi) to delegate authority to the Director of Resources to select the most economically advantageous tender for any individual item of expenditure under the approved programme referred to at (i) – (v) above.

(vii) to agree that the Director of Renewal and Recreation be authorised to submit planning applications where appropriate in respect of schemes set out in this report.

(viii) to agree the procurement method proposed for a rolling programme of condition surveys.

Corporate Policy

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

Financial

1. Cost of proposal: 0
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Operational Property Services, Resources Directorate
 4. Total current budget for this head: £2,124,540
 5. Source of funding: Funded from Revenue Budgets
-

Staff

1. Number of staff (current and additional): Not applicable
 2. If from existing staff resources, number of staff hours: Not applicable
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not applicable

3. COMMENTARY

- 3.1 The Operational Property Division is responsible for a range of maintenance and improvements to the Council's portfolio of operational buildings.
- 3.2 There were significant efficiency savings to the operational maintenance budgets and planned maintenance programme for 2012/2013. Officers have commented on the impact of the savings under the individual budget heads.
- 3.3 Additional savings of £158,000 have been identified for 2013/14, which have been taken from the external redecorations, asbestos and Disability Discrimination Act works budgets. In view of the potential risks posed by these additional savings, it is essential that the contingency proposals outlined in Section 5.2 remain in place.
- 3.4 The budget heads shown in the report recommendations are described in more detail below.

PLANNED MAINTENANCE

- 3.5 This budget is used to fund planned maintenance works on operational premises (approximately 350) and on investment properties for which the Council has repairing obligations under the terms of the lease or tenancy agreement. This budget head will be £615,990, if the draft budget is approved.
- 3.6 The planned maintenance programme is compiled by the Strategic and Operational Property Divisions by identifying, costing and prioritising works needed to safeguard the long-term life of the Council's property portfolio.
- 3.7 The 5-year planned programmes for both education (to be reported separately) and non-education properties are compiled using condition survey data and maintenance data. In addition it is recognised that the local knowledge of client departments is invaluable in identifying maintenance issues. They have therefore continued to be involved in the development and management of the programme.
- 3.8 The condition assessment survey predicts when maintenance expenditure may be required in the future. Each element of a building is assessed and given a condition and priority classification by an inspecting surveyor or engineer. The surveys use the following grading criteria:

Condition

Grade A – Good. Performing as intended and operating efficiently.

Grade B – Satisfactory. Performing as intended but exhibiting minor deterioration.

Grade C – Poor. Exhibiting major defects and/or not operating as intended.

Grade D – Bad. Life expired and/or serious risk of imminent failure.

Priority

Priority 1 – Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2 – Essential work required within two years that will prevent deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.

Priority 3 – Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.

Priority 4 – Long term work required outside the five year planning period that will prevent deterioration of the fabric or services.

3.9 Members should be aware that because of the continuing pressure on budgets only the very highest priority schemes have been programmed for completion in 2013/2014. This strategy carries two significant risks:

3.10 **Firstly**, some building elements for which work is scheduled for later years may fail earlier than anticipated. For 2013/2014, as in previous years, the following criteria have been applied to arrive at a programme of work that can be contained within the available funding:

- Include only those items that meet condition “D” or “C” of the AMP assessment or Bromley’s previously assigned equivalent and are considered by officers to have the highest risk of failure.

3.11 **Secondly**, a budget driven programme is likely to produce a backlog of high priority maintenance issues. Using the criteria outlined above, the planned maintenance expenditure requirements over the 5-year period 2013/2014 – 2017/2018 is ££18m, compared to £15m last year. Based on current funding levels this backlog would take 30 years to complete. Again it should be stressed that:

- These figures reflect only those building elements that are in poor condition and require immediate attention. Other serious works are being set aside and although they are reviewed as part of the process, elements will inevitably deteriorate to a point where they will become critical.

3.12 Previously the Director of Resources has been authorised to vary the programmes during the course of the year where such action is considered necessary to either protect the Council’s assets or make the most effective use of resources. It is proposed that this authority continues.

3.13 New condition surveys are due to be carried out on all operational buildings and on investment property where the landlord’s repairing obligations are significant. It is proposed to set aside an annual amount in the planned programme for a rolling programme of surveys that will commence in 2013/14. It is essential that these surveys are carried out so that the programmes can be compiled efficiently and be based on accurate and up-to-date information. It is proposed to either carry out a full competitive tender for these surveys or to use a framework, if a suitable one can be identified.

REACTIVE MAINTENANCE

3.14 Funding for reactive maintenance is allocated to individual service headings based on previous year’s expenditure. Members will appreciate that this budget is used to fund works of an unplanned or emergency nature enabling the Council to keep operational buildings open and to enable the Council to provide services to the people of Bromley. This budget head set at the same level as last year. It is anticipated that pressure on this budget will increase as the backlog in planned maintenance projects increases. It is important that the Director of Resources retains the flexibility to re-direct funding to areas of greatest need. The budget head will be £915,740.

CYCLICAL MAINTENANCE

- 3.15 This budget enables the Council to meet its statutory obligations with regard to gas and electrical safety, fire safety and the servicing of mechanical and electrical plant. This budget will be £334,110 and has been retained at current levels to minimise risk.

ASBESTOS

- 3.16 This budget enables the Council to meet its statutory obligations for the management of asbestos in its buildings, which includes annual condition monitoring, maintenance, testing and removal. Robust asbestos management over a number of years has reduced spend on asbestos management and the Council is able to comply with its statutory obligations. The asbestos budget this year will be £105,141, which is £50,000 less than the previous year.
- 3.17 Prior to 2012/13, this budget would also have been used for asbestos inspection and removal prior to the commencement of building projects, including those in the planned programme. Asbestos inspection and removal is now a cost against the individual project. Members will note that each project within the planned programme now shows a contingency of 2.5% for asbestos costs.

WATER TREATMENT WORKS

- 3.18 This budget enables the Council to meet its statutory obligations with regard to the control of Legionella and water hygiene. The Council has been able to fulfil its obligations, but further funding may be required if remedial works are identified as a result of the monitoring process. The budget will be £124,690.

DISABILITY DISCRIMINATION ACT

- 3.19 The Council has a responsibility under the Disability Discrimination Act and subsequently the Equality Act, to ensure that, where a public service is offered, it is available to all members of the public. Individuals cannot be discriminated against because of their physical disabilities. In many instances a service to the disabled can be provided by a change in the way that service is provided. However in some cases physical adaptations to the building are required to ensure accessibility. DDA works to operational buildings have been carried out over a number of years and the majority are now compliant with the Act. Last year this budget head was reduced to a contingency only. This year it has been decided to offset part of the savings against this budget, which will now be reduced to £0. If any adaptations are required in the course of the year in order to comply with the Act, then funding will have to be transferred from one of the other budget heads.

REDECORATIONS (INTERNAL & EXTERNAL)

- 3.20 The programme of redecoration at operational buildings has been suspended. The programme was based on 5-year external and 7-year internal cycles. Redecoration works to the value of £327,000 are due to take place in 2013/14, which when added to the redecorations suspended last year means that there is now a backlog of approximately £650,000. The suspension of the redecoration programme will result in a deterioration of key timber building elements and more significant repairs at a later date. Savings of £41,560 have been made against this budget head, which will be £26,500.

MINOR IMPROVEMENTS

- 3.21 The budget for these works was withdrawn in 2012/13. Members agreed that departments will have to fund such works from their own budgets or wait until major works are undertaken to the areas concerned.

4. POLICY IMPLICATIONS

- 4.1 As less funding will be available for maintenance of the operational property portfolio, it is essential that the Council optimises the utilisation of its assets and ensures that it retains only those properties that meet the corporate and service aims and objectives. A series of property reviews and challenges is underway to ensure that this remains the case in the light of the ongoing efficiency savings.
- 4.2 Building Maintenance is an important part of managing the Council's Property Assets and one of the aims contained in the Council's Best Value performance plan is that "the Council should manage its assets well".
- 4.3 The Council has a policy of supporting local business and Small Medium Enterprises (SMEs). The procurement strategy outlined in paragraph 13 directly encourages this support.

5. FINANCIAL IMPLICATIONS

- 5.1 The draft budget for Bromley's building maintenance controlled by Operational Property Division (excluding CYP properties), in 2013 is £2,124,540. Appendix B shows the comparison between 2012/13 and the proposed 2013/14 budget across the various subjective headings.
- 5.2 The draft 2013/14 Budget is £2,124,540, subject to Members agreement, compares with the 2012/13 Budget of £2,240,100 and represents a reduction of £115,560 (5.16%). The savings are in recognition of the Council's need to make significant savings in the medium term and to address the Council's wide "budget gap" as reported elsewhere on this agenda. In recognition of the risks arising from the significant reduction in building maintenance budget, the Draft 2013/14 Budget includes a general provision for risk/uncertainty in the 2013/14 Central Contingency Sum and a recommended earmarked reserve for Infrastructure/Renewal Fund. These resources will help ensure there is provision within the Council's overall resources to mitigate partly against such risks. Officers will monitor the situation and provide a mid year progress report to the Executive. If there is a request for additional in year resources during 2013/14 a full business case would need to be provided to the Executive which will take into account the alternative funding options, the need to reduce the budget to a sustainable level as well as any reprioritisation of works required.

6. LEGAL IMPLICATIONS

- 6.1 There are, as is outlined in this report, a range of specific duties which require the Council to undertake certain maintenance of its properties. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff and members of the public can lead to criminal and civil liability. The proposed efficiency savings have been allocated in a way that will ensure that the Council fulfils these obligations. The savings against the other budget heads will mean that there will be year on year deterioration to its operational buildings.
- 6.2 The Council's Contract Procurement Rules (CPR) provide that dependent upon the estimated value of any item of work a variety of procurement processes may be followed. The availability of an approved selected list of contractors for a variety of trade specialisms, (the EXOR list), allows a relatively cheap and efficient means of securing value for money. The EXOR list also allows an opportunity for local SME's to participate in the process. Where appropriate, use will also be made of EU compliant frameworks where these are deemed to be advantageous to the Council. Exceptionally a waiver of a formal process would be sought in accordance with CPR 13.

6.3 All contracts are added to the Contract Register and contracts for works exceeding £200K are subject of monthly reviews which are designed to ensure the Council's requirements for performance, compliance with the specification, cost, value for money and client satisfaction are achieved.

7. PERSONNEL IMPLICATIONS

The proposals will facilitate the budget savings already identified.

8. CUSTOMER PROFILE

8.1 The programmes outlined in this report represent the cornerstone of Operational Property Division's responsibilities. The ongoing maintenance of the Council's operational buildings has an impact on all Council staff, customers and visitors.

9. STAKEHOLDER CONSULTATION

9.1 The proposed 2013/2014 planned programme will be sent to all departments for comment. Where possible changes requested by end users will be incorporated. A copy of the planned maintenance programme is lodged in the Members' room.

11. OUTLINE CONTRACTING PROPOSALS & PROCUREMENT STRATEGY

11.1 The programmes outlined in this report comprise a number of discrete building maintenance projects. The works range from minor/ reactive maintenance costing less than £100 to planned maintenance projects up to £200,000.

11.2 The **planned maintenance programme** which makes up 29% of the cost of the total maintenance budget is available to view in the Members' room.

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

11.4 Contractors are selected by auto rotation from an approved list managed by EXOR. Autorotation has the benefit ensuring fairness in the short listing process as all contractors registered on EXOR are given the opportunity to tender.

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

11.6 The **reactive and cyclical maintenance programmes** which make up 70% of the cost of the total maintenance budget will be procured mainly via trade based, competitively tendered, Measure Term Contracts.

11.7 The remaining programmes such as **redcoration and DDA works** make up 1% of the cost of the total maintenance budget. They are procured via a mixture of competitively tendered works, Measured term contracts or quotations.

12. SUSTAINABILITY/IMPACT ASSESSMENTS

12.1 In formulating its service and contacting strategies the Project Board has considered their impact on a number of issues, collectively referred to as "Sustainability" matters. These matters are associated with Economic, Social and Environmental considerations. They are also

addressed in the Council's "Building a Better Bromley" policy statement which has been agreed with its Local Strategic Partners and its own Sustainability Policy.

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

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

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

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

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	Operational Planned Maintenance programme (copy in members' room)

APPENDIX A

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

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

Gateway Review 0 – Strategic assessment

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

Gateway Review 1 – Business Justification

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

Gateway Review 2 – Procurement Strategy

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

**Appendix B
Comparison of Budgets for 2012/13 and draft 2013/14 Budget showing projected savings**

Repairs and Maintenance

	Original Budget 2012-13	Savings 2013-14	Inflation etc.	Budget 2013-14
	£	£	£	£
External Decorations	67,540	- 41,560	520	26,500
Planned Maintenance	600,990		12,020	613,010
Reactive Maintenance	902,240		18,045	921,083
Disability Discrimination Act Works	66,440	- 66,440	0	0
Cyclical Maintenance	327,490		6,550	334,040
Asbestos Management	153,080	-50,000	2,062	105,141
Water Treatment Works	122,320		2,446	124,766
	2,240,100	- 158,000	42,440	2,124,540

	Budget 2013-14 £
External Decorations	26,500
Planned Maintenance	613,010
Reactive Maintenance	921,083
Disability Discrimination Act Works	0
Cyclical Maintenance	334,040
Asbestos Management	105,141
Water Treatment Works	124,766
	2,124,540

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Report No.
CS12070

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 6 February 2013

Decision Type: Non-Urgent Executive Key

Title: GATEWAY REVIEW OF INTERMEDIATE CARE

Contact Officer: Andy Crawford, Commissioning Manager
E-mail: Andy.Crawford@bromley.gov.uk

Chief Officer: Executive Director of Education & Care Services

Ward: (All Wards);

1. Reason for report

The contract with Mission Care for provision of Intermediate Care beds at Elmwood expires on 28th November 2013. In February 2011 Executive approved the extension of the contract to this date with the specific intention of jointly commissioning future Intermediate Care with Bromley Primary Care Trust (PCT) once a consultation on the future approach to Intermediate Care and the review on the future of the Orpington Hospital site had been concluded. The consultation has now been completed and the report seeks the Executive's agreement to the Procurement of a reduced number of Intermediate Care beds in conjunction with the PCT.

2. **RECOMMENDATION(S)**

Members are asked to approve that the Council retenders jointly with the PCT for the provision of up to 42 Intermediate Care beds for a new contract to commence December 2013.

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: The maximum potential cost for the proposed 3 year contract period at current prices would be £2,781,540, depending on tender outcomes and reductions negotiated with Health
 2. Ongoing costs: Recurring Cost: Maximum £927,180
 3. Budget head/performance centre: 824411 3811
 4. Total current budget for this head: £927,180
 5. Source of funding: CS Portfolio budget
-

Staff

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

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 243 people used the service at Elmwood in the 12 months January to December 2012
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

Intermediate Care beds

- 3.1. A National Audit of Intermediate Care conducted in 2012 refers to the “central importance of Intermediate Care to health and social care systems” and locally the service contributes significantly to speed and quality of discharge from hospital, prevention of unnecessary hospital admissions and the rehabilitation and reablement of people in returning to independence.
- 3.2. The current contracts for Intermediate Care beds were jointly commissioned by the Council and the PCT in 2005 although the contracts are held separately. The Council contracts with Missioncare for the provision of 22 Intermediate Care beds at Elmwood nursing home. This contract was originally for 6 years, expiring on 28th November 2011, with the option to extend for up to 2 years. Bromley PCT also commissions 40 Intermediate Care beds at Orpington Hospital of which only 20 are currently utilised.
- 3.3. The 2 year extension option with Missioncare was exercised in 2011 with the specific intention that this would facilitate the PCT conducting a consultation on Intermediate Care services, in particular on a reduction in the number of beds commissioned, and to enable a decision on the future of the Orpington Hospital site to be made. The intention was that a joint tender for Intermediate Care would then be carried out by the Council and the PCT in readiness for new contracts starting in 2013. The consultation was completed in 2012 and has resulted in the decision that Orpington Hospital will close and that the proposed reduction in the number of beds will be pursued.
- 3.4. It is therefore proposed that the PCT and the Council jointly retender for the provision of up to 42 Intermediate Care beds for a new contract to commence December 2013. This would provide value for money, secure access to savings, and will ensure that the beds are used efficiently and effectively in the future.
- 3.5. Due to the reduction in the overall number of beds, the Council will negotiate a share of any savings based upon the proportion of the Council’s contribution to the Intermediate Care service.
- 3.6. The outcomes of the tender and recommendations for contract award will be reported to Members for approval in accordance with Financial Regulations.

Community based intermediate care

- 3.7. The PCT also commissions community based intermediate care services (CARTs) from Bromley Healthcare. 13.5 FTE Council staff are seconded to Bromley Healthcare to provide the social care input to the service. The PCT intends to tender the provision of community based intermediate care alongside the tender for the Intermediate Care beds in order to provide a single integrated Intermediate Care service which will facilitate the effective use of both the bed based and community based services. It is not intended that the social care element of the service be tendered at this stage. Council staff will continue to be seconded to the successful provider of the community based service.

4. POLICY IMPLICATIONS

Intermediate care meets the Council’s policy to support independence by supporting hospital discharge and reducing levels of readmission.

5. FINANCIAL IMPLICATIONS

The budget for the Council's commitment for the 22 Intermediate Care beds is £927,180. The Council will negotiate a share of any savings realised based upon the proportion of the Council's commitment to the Intermediate Care service.

6. LEGAL IMPLICATIONS

A formal contract will be let if an award is made at the conclusion of the tender process.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	PROPOSED DEVELOPMENTS IN INTERMEDIATE CARE SERVICES – Report to Adult and Community PDS and Portfolio Holder 2 nd November 2010 CONTRACT FOR INTERMEDIATE CARE - Report to Adult and Community PDS 13 th December 2011 RESIDENTIAL INTERMEDIATE CARE SERVICES - CONTRACT EXTENSION – Report to Executive 1 st February 2012

Report No.
RES 13034

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive

Date: 6th February 2013

Decision Type: Non-Urgent Executive Non-Key

Title: **Commissioning Strategy for Older People - Day Opportunities and Respite Care -Invest to Save- Referral from Care Services Policy Development and Scrutiny Committee**

Contact Officer: Helen Long, Democratic Services Officer
Tel: 020 8313 4595 E-mail: helen.long@bromley.gov.uk

Chief Officer: Mark Bowen, Director of resources

Ward: Borough-wide

1. Reason for report

- 1.1 The attached report of the Executive Director, Education and Care Services (Report CS12067) was considered by the Care Services Policy Development and Scrutiny Committee and the Care Services Portfolio Holder on 16th January 2013.
- 1.2 The Committee resolved to request that the Portfolio Holder be asked to recommend approval of the commissioning approach to the Executive.

2. **RECOMMENDATION(S)**

The Executive is asked to approve:

- a) The legacy funding approach as set out in 3.19 to 3.21
- b) Transitional contracts for older people's day opportunity services as set out in 3.29
- c) The Personal Budget values for older people's day opportunity services as set out in 3.22 to 3.28
- d) The funding of transport as set out in 3.13
- e) Waivers to extend the contracts for the Respite at Home services as set out in 3.31 to 3.33
- f) Client contributions for older people day opportunity services as set out in 3.34 and 3.35
- g) The draw down of £900,000 of the NHS funds to invest to save as outlined in 5.3

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £900k Invest to Save
 2. Ongoing costs: Recurring Cost: £1.87m in 2013/14 reducing to £1.18m in 2015/16
 3. Budget head/performance centre: Care Services – Older Peoples’ Services - Respite and Day Care
 4. Total current budget for this head: £1.75m
 5. Source of funding: Care Services Portfolio
-

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: The Council has a duty under s29 National Assistance Act 1948 to provide advice and support services for rehabilitation, occupational, social, cultural and recreational activities and under s2 Chronically Sick and Disabled Persons Act 1970 a duty to a range of services to meet the needs of disabled people including recreational facilities outside the home.
 2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Estimated number of users/beneficiaries (current and projected): There are an estimated 51,900 people aged over 65 in the borough, over 4,000 of whom have dementia. Around 670 individuals are currently funded by the Council in day opportunity services for older people and approximately 500 individuals over 65 access various forms of Council funded respite.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 A report on Commissioning strategy for older people day opportunities and respite care – Invest to Save was presented to the Care Services Policy Development and Scrutiny Committee on 16th January 2013.
- 3.2 Following consideration of the report, Members resolved to request that Executive agree the recommendations outlined in the report.
- 3.3 The relevant draft Minute from Care Services Policy Development and Scrutiny Committee is attached at **Appendix A**. The report considered by the Care Services Policy Development and Scrutiny Committee is attached at **Appendix B**.
- 3.4 Members are asked to note that at the meeting of Care Services Policy Development and Scrutiny Committee the following corrections and clarifications were identified.
- In paragraph 3.26 where it referred to the Personal Budgets being 'per week' it was clarified that this should have read 'per session'.
 - The final column of the spreadsheet in paragraph 3.12, Total Service Costs, should read '(A+B+C+D)' and for the sake of clarity an asterisk be placed by the total figure at the bottom of that column so it is clear to what the comment at the bottom of the table refers.

Non-Applicable Sections:	Policy, Financial, Legal and Personnel
Background Documents: (Access via Contact Officer)	Report to the Care Services Policy Development and Scrutiny on 16 th January 2013 - on Commissioning strategy for older people day opportunities and respite care – Invest to Save.

Report CS12066

In September 2012 the Care Services Portfolio Holder approved in principle the proposed commissioning strategy for older people's day opportunity services and respite at home services in which individual choice and control was central and Personal Budgets/ Direct Payments the preferred mechanism to fund the support provided by the Council to eligible individuals.

Transitional arrangements to reach that position were described whereby, from 1st April 2013, all block contract arrangements with older peoples' day opportunities providers and respite at home service providers would cease. At that point all existing users of the services would have continuation of the service guaranteed by their places being spot-purchased by the Council on an individual basis (referred to as "legacy placements"). As clients left the service the value of the spot placement would be withdrawn from the provider.

Future eligible clients coming new to the system from April 2013 would have the value of their service included in their Personal Budget. If the Council managed the Personal Budget on behalf of the service user, the Council could either purchase an individual place at a day centre or another form of respite/ activity according to the individual's choice. Alternatively the service user can take a Direct Payment, which would enable them to purchase either a day opportunities place of their choice or other forms of respite/day activities (e.g. sitting service) should they wish to do so.

Members asked that the detailed arrangements in respect of Legacy Placements, Personal Budget values and future arrangements with providers be worked up and reported in January/February 2013 in order to implement the changes.

Members queried whether the report gave them the details they were seeking. Savings needed to be delivered and Officers explained that they had listened to the views of service users and providers on these services. Existing service users want to continue to use the services, providers had expressed a strong view that they did not want the services to be put out to tender. Therefore they needed to look at the service they provided and ways to develop for the needs of current users and to make it more attractive to future users whose needs and wishes may differ.

Community Links Bromley had worked with a number of providers to assist with business planning and development but only where help was requested. They were unable to intervene if providers did not request their help. Community Links Bromley have now been commissioned to undertake a project to undertake a survey of support needs, run a provider event and deliver a report to officers by April 2013 on future development requirements for providers. Providers were aware that their funding would decrease from October 2013. Officers agreed to provide a list of all the providers who were working with Community Links.

Members then queried how the costs had been calculated. The Chairman was concerned that these would not be sufficient for the providers to offer the services. Officers explained that they had looked carefully at the historical costs and projected service use and had set the personal budget bands at what appeared to be realistic levels. The Chairman added that in conversations with providers they felt constrained. Officers added that this approach protected existing users of services, provided support to providers whilst they change their services and delivered the required level of savings. All the services would need to change substantially but the officers would work closely with the providers and the process would be subject to close monitoring. The Chairman requested a report back at the end of the year.

RESOLVED that the Portfolio Holder is asked to recommend approval of the commissioning approach to the Council Executive.

Decision Maker: Portfolio Holder for Care Services
Executive

Date: **For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Wednesday 16 January 2013**
For recommendation by the Care Services Portfolio Holder to the Council Executive on Wednesday 6th February 2013

Decision Type: Non-Urgent Executive Key

Title: **COMMISSIONING STRATEGY FOR OLDER PEOPLE DAY OPPORTUNITIES AND RESPITE CARE - INVEST TO SAVE.**

Contact Officer: Andy Crawford, Commissioning Manager
E-mail: Andy.Crawford@bromley.gov.uk

Chief Officer: Executive Director of Education & Care Services

Ward: (All Wards);

1. Reason for report

- a. In September 2012 the Care Services Portfolio Holder approved in principle the proposed commissioning strategy for older people's day opportunity services and respite at home services in which individual choice and control is central and Personal Budgets/ Direct Payments the preferred mechanism to fund the support provided by the Council to eligible individuals.
- b. Transitional arrangements to reach that position were described whereby, from 1st April 2013, all block contract arrangements with older peoples' day opportunities providers and respite at home service providers would cease. At that point all existing users of the services would have continuation of the service guaranteed by their places being spot-purchased by the Council on an individual basis (referred to as "legacy placements"). As clients leave the service the value of the spot placement would be withdrawn from the provider.
- c. Future eligible clients coming new to the system from April 2013 would have the value of their service included in their Personal Budget. If the Council manages the Personal Budget on behalf of the service user, the Council can either purchase an individual place at a day centre or another form of respite/ activity according to the individual's choice. Alternatively the service user can take a Direct Payment, which would enable them to purchase either a day opportunities place of their choice or other forms of respite/day activities (e.g. sitting service) should they wish to do so.
- d. Members asked that the detailed arrangements in respect of Legacy Placements, Personal Budget values and future arrangements with providers be worked up and reported in January/February 2013 in order to implement the changes.

2. RECOMMENDATION(S)

The Policy Development and Scrutiny Committee is asked to comment on the proposals in the report.

The Portfolio Holder is asked to recommend approval of the commissioning approach to the Council Executive

The Council Executive is asked to approve:

- a) The legacy funding approach as set out in 3.19 to 3.21
- b) Transitional contracts for older people's day opportunity services as set out in 3.29
- c) The Personal Budget values for older people's day opportunity services as set out in 3.22 to 3.28
- d) The funding of transport as set out in 3.13
- e) Waivers to extend the contracts for the Respite at Home services as set out in 3.31 to 3.33
- f) Client contributions for older people day opportunity services as set out in 3.34 and 3.35
- g) The draw down of £900,000 of the NHS funds to invest to save as outlined in 5.3

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost: £900k Invest to Save
 2. Ongoing costs: Recurring Cost: £1.87m in 2013/14 reducing to £1.18m in 2015/16
 3. Budget head/performance centre: Care Services – Older Peoples' Services - Respite and Day Care
 4. Total current budget for this head: £1.75m
 5. Source of funding: Care Services Portfolio
-

Staff

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

Legal

1. Legal Requirement: Statutory Requirement The Council has a duty under s29 National Assistance Act 1948 to provide advice and support services for rehabilitation, occupational, social, cultural and recreational activities and under s2 Chronically Sick and Disabled Persons Act 1970 a duty to a range of services to meet the needs of disabled people including recreational facilities outside the home.

2. Call-in: Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are an estimated 51,900 people aged over 65 in the borough, over 4,000 of whom have dementia. Around 670 individuals are currently funded by the Council in day opportunity services for older people and approximately 500 individuals over 65 access various forms of Council funded respite.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

Update

- 3.1. A project group was established, led by Commissioners and including representation of Finance, Care Management, Procurement and Communications, to deliver the benefits of the planned commissioning and contracting approach for older people's day opportunity services and respite at home services..
- 3.2. In order to deliver the benefits and to realise the intended savings the main focus to date has been on
 - The establishment of the transitional arrangements with the providers from 1st April 2013, including the detail of the legacy placements, contracting arrangements and how services will adapt and change.
 - Financial modelling of the anticipated reducing legacy costs and the future costs of new Personal Budgets so that there is clarity about what savings will be delivered and the anticipated trajectory.
- 3.3. A series of meetings has taken place with all the existing providers at which the approach has been discussed in detail, including the basis for the calculations of the legacy placement costs and the potential different transitional arrangements, with their relative benefits, risks and issues explored.
- 3.4. This has been an opportunity for a full and open sharing of views, ensuring that there is as extensive and clear an understanding as possible on both sides of the way in which things will work in the future, the issues, risks and concerns.
- 3.5. The potential impacts of personal choice and control have been the subject of discussion between the Council and the providers for at least 3 years in both 1:1 meetings between the Council and each provider and the Council co-ordinated Day Opportunities Forum. Whilst each of the providers are at different stages in their own business planning and service planning they all fully understand the principles of the intended approach and what this will mean for the way in which they will need to operate. Although there is considerable trepidation from them about their future, how they will adapt and change and how they will attract future clients, particularly self funders, they are generally accepting of the proposed way forward and have worked with commissioners in a spirit of cooperation.
- 3.6. It is recognised that ending the block contract arrangements, and thereby the guaranteed funding regardless of service level and demand, represents a transfer of risk from the Council to the service providers.
- 3.7. Throughout the last year there have been significant efforts to support providers to fully understand the implications of the new approach and how they will need to adapt and change in order to attract either the service users with Personal Budgets/ Direct Payments or other business from people who self fund. Opportunities have been made available for providers to explore possibilities for partnership arrangements and to consider how their own service can be presented and marketed to best effect.
- 3.8. Community Links Bromley have been commissioned to provide support for providers to identify priority areas for learning and development and deliver support through training, workshops or facilitated sessions as appropriate.
- 3.9. The Bromley MyLife team have also made proactive approach to all the providers with a view to ensuring that the information presented on the MyLife website is as accurate and comprehensive as possible. It has also been the intention through this process to assist the providers to review how they each present themselves and what other developments, such as websites, advertising, literature etc. they could best benefit from.

Transitional arrangements

- 3.10. The approach to calculating the unit costing of the legacy placements is that the cost of the service is divided by the number of days being used by Bromley funded people on 31st March 2013.
- 3.11. The service cost. This is the full cost of the operation of each day centre to the Council, less any costs that are not directly part of providing the day service. The service cost includes the current block contract value plus any additional costs currently borne by the Council, including premises (lease costs), utilities, caretaking arrangements, building and equipment maintenance, less any costs that are not directly part of delivering the day service. The position of each provider in respect of such costs is variable.

DAY PROVIDER SERVICE COSTS DECEMBER 2012		A	B	C	D	
Day Centre	Run By	Contract Cost 12/13	Additional lease costs (PA)	Additional utility costs etc	Non LBB transport costs	TOTAL SERVICE COSTS (A+B+C-D)
Bertha James Day Centre	Age Concern Ravensbourne	£219,318	£68,000	£18,818	n/a	306,136
Melvin Hall Day Centre	Age Concern Penge & Anerley	£152,102	£22,000	n/a	-£41,379	132,723
Saxon Day Centre	Age Concern Orpington	£160,123	£36,000	£11,186	n/a	207,309
St Edwards' Day Centre	Age Concern Bromley	£110,239	£5,000	n/a	n/a	115,239
St Mark's Day Centre	BHCCA	£38,200	£20,991	Incl in lease cost	-£9,129	50,062
White Gables	Alzheimer's Society	£223,001	£27,000	n/a	-£42,397	207,604
Mindcare	Bromley Mind	£410,751	£22,011	n/a	-£107,381	325,381
		£1,313,734	£201,002	£30,004	-£200,286	1,344,454

* the figure including transport is £1,544,740.

- 3.12. Legacy placements. There are various patterns of use of the day centres with people currently attending for anything between 1 and 6 days per week. The unit cost will be based upon actual units of attendance not the number of individuals. The implementation of the charging policy for day opportunity services in 2011 has ensured the availability of good quality information about the number of users and days of attendance but there are daily changes and therefore a final number of legacy units on 31st March will not be known until 1st April.

3.13. Transport

- 3.13.1. Transport is subject to a separate review and is specifically not part of this project but it is important that legacy clients continue to be transported as at present and that new Personal Budget clients are able to access transport.
- 3.13.2. The majority of clients at the day centres are transported to the centres by the Council's in-house transport service. However, approximately 25% of the clients are transported by the day service providers under the terms of the current contracts. The provider's costs of delivering transport have been identified as £200k and these have been separated out from the service costs. This sum will need to be ringfenced so that it is included in the transport costs and activity for the transport review.

- 3.13.3. The providers will need to continue to operate the transport as under the current contract terms for the duration of the transitional contract period for which they will receive the ringfenced sum and the transitional contract will reflect this.
- 3.14. The mechanism by which the legacy costs are reduced affects the timescale in which any savings to the Council are realised and is also crucial to the providers in giving them a degree of protection, allowing them time to change their business model. There is a balance between the two, the providers wanting as much cushioning as possible but the savings needing to be achieved.
- 3.15. Three basic options have been considered upon which the approach can be developed.

OPTION 1 <i>Real time</i> – As a legacy client leaves the service the payment is stopped immediately.	
<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none"> Savings from the reduction in legacy placements are realised quickly. 	<ul style="list-style-type: none"> It will be administratively burdensome for both the Council and providers. All the risk is with the providers with the level of income reducing very quickly and at an unknown rate.
OPTION 2 <i>Periodic</i> – At the end of an established period, e.g. a quarter, the number of units of legacy placement to have ceased in that period is checked and the payment for the following quarter is reduced accordingly.	
<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none"> Simple to operate with minimal administrative burden. Starts to realise savings at the end of each period. Providers have a guaranteed level of funding for the length of the period. 	<ul style="list-style-type: none"> The removal of funding from the providers at the end of the period will be sudden and make it difficult for them to plan their service.
OPTION 3 <i>Periodic with notice</i> - At the end of the established period, e.g. 3 months, the number of units of legacy placement to have ceased in that period is checked. One period's notice is given to the provider of the level of consequent reduction that will apply from the subsequent period.	
<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none"> Simple to operate. Beneficial to providers as it gives guaranteed funding for 2 whole periods. Providers have a notice period in which they can make service adjustments if required (e.g. notice to staff) 	<ul style="list-style-type: none"> Savings are realised more slowly. As new people with Personal Budgets will be coming into the service there will be an element of double running costs

- 3.16. With each of the periodic approaches any length of period could be adopted, 1 month, 2 months, quarterly or even longer. The shorter the period the more quickly any savings will be realised but the advantages of that approach in supporting the providers will diminish.
- 3.17. The question of whether there should be a level of core funding has arisen from some of the providers. The argument put forward is that, in order to deliver the service, each organisation will need a basic level of infrastructure that might include premises, management, administration and other central costs. Core funding would be a mechanism by which a degree of security and cushioning over the transition period could be afforded to the providers.

3.18. Core funding however is a potentially cumbersome approach that is difficult to implement in a fair and equitable way given the very different sizes and funding levels of each provider.

Recommended approach

- 3.19. The Periodic With Notice approach (Option 3), based on a quarterly period but without any core funding is the approach recommended following discussions with all the providers on the various options and consideration of how the change can be achieved with best effect, minimising the risk of services failing.
- 3.20. It will provide a good level of early protection for providers by guaranteeing their income for the first 6 months, giving them the opportunity to adapt and to attract new clients, building up some level of reserve income through new clients in the initial 6 months. This will provide additional cushioning as the legacy placement funding reduces from October 2013.
- 3.21. The periodic with notice approach also makes core funding unnecessary as it provides transitional support in a way that enables providers to plan in advance, based on a known level of income, yet still bringing about major service change and realising the required savings by 2015.

Personal Budget value

- 3.22. Whilst some of the service providers currently offer private placements and have a price for those places. the market cost for day care is not yet established. It is important however that, in setting their prices, providers are not starting with a blank sheet of paper and pitching them at any level they may wish. By the Council being clear what it sees as reasonable rates for a Personal Budget it will steer the providers to keep their costs within appropriate levels.
- 3.23. The value of a Personal Budget is a quite different calculation to the unit cost of a legacy placement. Whereas the legacy placements are based on actual usage, because there is significant under-occupancy they will be high. Personal Budget values will be somewhat less and will reflect what the Council believes to be fair and appropriate rates to enable people to purchase a service that will meet the assessed need.
- 3.24. The planned level of service under the block contracts has been taken as the start point in the calculation of Personal Budget rates. Because of changes in service levels since the contracts were implemented, resulting in lower numbers of service users but with higher levels of need, adjustments were made to reflect a more realistic situation.
- 3.25. The approach developed is of bandings and units. By having different banding levels the differential costs of mainstream day opportunities and dementia specialist services can be accommodated. By people being offered units, the Personal Budget will accommodate where people need to access a service on more than one day per week.
- 3.26. The chart below outlines three banding levels for Personal Budgets at £17, £24 and £32 per week. A person who might under current arrangements be referred to a mainstream day centre for 2 days per week would in future, in this example, receive a Personal Budget allocation of £34 (2 units at band 1).

UNITS	BAND 1	BAND 2	BAND 3
1	£17.00	£24.00	£32.00
2	£34.00	£48.00	£64.00
3	£51.00	£72.00	£96.00
4	£68.00	£96.00	£128.00
5	£85.00	£120.00	£160.00

3.27. Each band represents an adequate sum to enable an individual to purchase a service that meets their needs and to exercise choice in so doing. The actual service charges by

providers will vary within these bands. Where the actual service charge is lower the Council will only pay the service cost. If a person wishes to access a more expensive service or purchase more provision (e.g additional days) they will be able to do so by paying a top-up directly to the provider.

3.28. The weighted average cost for each band and therefore what the Council will expect to pay overall is:

- Band 1 - £15.17
- Band 2 - £23.03
- Band 3 - £30.90

Contracting

3.29. Although the block contract arrangements will cease on 31st March 2013 it will be necessary to have contracts with each of the providers for the transitional arrangements from April 1st 2013 to March 31st 2015. This will ensure clarity about the operation of the legacy payments and tapering arrangements along with maintaining an overview of the service quality and outcomes through the period of change.

3.30. Consideration has been given as to whether a new contract arrangement or procurement approach, such as a framework agreement of preferred provider list, will be required for the new approach with Personal Budgets. It is not anticipated it will be necessary to put in place any new arrangement for people using Personal Budgets in terms of the Councils relationship with providers. Each person going to a centre or provider will be on an individual spot purchase basis with people making their choice of appropriate service through the Bromley MyLife website.

Respite at home

3.31. The respite at home services provided by Carers Bromley and Bromley Mind are also part of this same approach. However, what has become clear as a result of the meetings with the providers is that, whilst day services and respite have many parallels there are some fundamental differences which mean some different approaches need to be adopted. It has also become clear that the basis on which each of the two respite at home services operate is completely different. The Carers Bromley service is a universal service, taking direct referrals from various local organisations and including self-referrals and for which Carers Bromley levy a charge towards their costs. The Bromley Mind service is only for people referred by the Council who meet eligibility criteria. The Council pays the full cost and no charge is levied.

3.32. Because of the very different footing on which these services are provided the work needed to align them is complex and involved. As the implementation of the changes in day opportunity services is central to realising the projected savings it is proposed to take the work forward on day services and respite on two different tracks, implementing the changes in day services by 1st April 2013 but delaying the changes in respite at home services until later in the year.

3.33. This will necessitate approval of waivers to extend the contracts for the respite at home services to enable the necessary work to be undertaken and it is proposed that contracts for 12 months be put in place from April 2013, with a break clause to end at an earlier date if the intended changes can be implemented sooner.

Client contributions

3.34. As the principal being applied to legacy clients is that they do not experience any obvious difference or disadvantage as a result of the changes, the current level of contribution will need to remain the same as at present at £15.68 per session (subject to any annual uplift).

- 3.35. To ensure equity and fairness under the new arrangements future clients in receipt of a Personal Budget for their day opportunity services, either as a Direct Payment or as a managed service, should also have their contribution based upon the same day care contribution rate.

Next steps

- 3.36. The project will enter the implementation phase to put in place the agreed approach to both legacy placements and Personal Budgets. A new project group will be convened, led by Commissioning, to oversee the work with providers including procurement activity and development support, to specifically address the business change issues for care management and finance and to manage the communication and information requirements.
- 3.37. Throughout the transition period there will be pro-active management, including regular ongoing engagement with the providers, to ensure that there is good overview of the whole process and that emerging risks and issues are identified at an early stage.

4. POLICY IMPLICATIONS

The provision of support to service users and carers through Personal Budgets meets the Council's priority to support independence, enabling vulnerable people to remain in the community and in their own homes and by providing breaks for carers that support them to continue in their caring role, in a way that enables personal choice and control over the support they receive.

5. FINANCIAL IMPLICATIONS

- 5.1 The level of savings achieved and the speed with which they can be realised will depend upon a number of variables and factors, some of which are directly controllable and some not.
- 5.1.1. **Value of legacy place** – will be defined by the number of legacy users at 31/3/13 and the total service cost.
- 5.1.2. **Rate of decline of legacy placements** – as this is the multiplier against the value of the legacy placements the speed at which legacy clients leave the service will be key factor in defining the speed and level of savings. It is not controllable, however there is good statistical information on historical rate of movement from the day centres to be able to make a reasonable prediction of the departure rate.
- 5.1.3. **Amount of protection for providers** – this will be key to the rate at which savings are realised but the overall level of savings achieved in the first full year post-transition (2015/16) is only marginally affected.
- 5.1.4. **Value of Personal Budgets** – this will be controllable although the value of the PB will need to be realistic and adequate to meet the assessed needs.
- 5.1.5. **Rate of new clients receiving a Personal Budget** – as with the rate of decline of legacy placements this is a key factor in defining future costs as it is the multiplier against the value of the Personal Budgets. It is not controllable but there is good statistical information on the number of new clients over the last year to enable projections to be made with reasonable confidence.
- 5.2 The financial model that has been developed based upon statistical information about movement out of and into the service, projects the following:

	Periodic changes with notice			
	2013/14	2014/15	2015/16	2016/17
Legacy costs	1,169,406	512,325	0	0
P.B. client costs	286,228	596,502	786,137	685,779
Transport (ringfenced)	200,300	200,300	200,300	200,300
Total costs	1,655,934	1,309,127	986,437	886,079
Saving	-141,234	205,573	528,263	628,621

Assumptions in the above:

- Movement out of the service (legacy placements) and movements into the service (Personal Budgets) is consistent with historical changes in the 24 months October 2010 to September 2012.
- Three bandings for Personal Budgets, with average weighted costs applied for estimated numbers at each level.
- 3 months applied for the period of notice.
- From April 2015 all legacy clients are absorbed into the Personal Budgets and transitional arrangements cease.

5.3 Savings of £500k has been assumed in the draft 2013/14 budget against the overall day care budget of £1,544,740, which will leave £1,044,740 available for the service next year. To deliver the new service model outlined in this paper will require an investment to save over the next two years, to offset the transitional funding being provided by the council whilst the providers move to a more business operating model. The table below breaks down the financial implications proposed in this report:-

Current Expenditure (including transport, utilities etc)

	Budget 2012/13 £	Saving 2013/14	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Bertha James	306,136					
Melvin Hall	174,102					
Saxon Centre	207,309					
St Edwards	115,239					
St Marks	59,191					
White Gables	250,001					
Mindcare	432,762					
	1,544,740	-500,000	1,044,740	1,044,740	1,044,740	1,044,740
Financial Model (para 5.2)			1,655,934	1,309,127	986,437	886,079
Costs/Savings			-611,194	-264,387	58,303	158,661
Money for one off invest to Save initiative			611,194	264,387	0	0
NET POSITION			0	0	58,303	158,661

- 5.4 As can be seen from the table above for a one off investment out of the NHS Social Care Fund of £875,581 by 2015/16 the council will have delivered savings of £558,303 increasing to £658,661 by 2016/17 compared to the 2012/13 budget
- 5.5 The 2012/13 budget for the respite at home service is £231k and the impact of renewing this contract for 1 year is £218k so there are no financial implications.

6. LEGAL IMPLICATIONS

- 6.1 The Council has a duty under s29 National Assistance Act 1948 to provide advice and support services for rehabilitation, occupational, social, cultural and recreational activities and under s2 Chronically Sick and Disabled Persons Act 1970 a duty to a range of services to meet the needs of disabled people including recreational facilities outside the home.
- 6.2 The Council is entitled to determine the threshold at which it considers it will fund the provision of facilities. Effectively a person has to have substantial or critical need for support and inadequate means before state funding will be provided. This funding in terms of a Personal Budget can be held by the Council and used to purchase the necessary support or as is being increasingly promoted by means of a Direct Payment. This allows the individual more choice in their selection of the services they require, subject to the Council retaining an overarching duty to monitor the effectiveness and value for money of the service purchased to meet their assessed need .

Non-Applicable Sections:	PERSONNEL IMPLICATIONS
Background Documents: (Access via Contact Officer)	Report to Adult and Community PDS, 13 th December 2011 and Executive 14 th December 2011; GATEWAY REVIEW – DAY OPPORTUNITIES FOR OLDER PEOPLE, Report to Care Services Portfolio Holder and PDS, 19 th June 2012; RESPITE AT HOME CONTRACTS Report to Care Services Portfolio Holder and PDS, 4 th September 2012; COMMISSIONING STRATEGY FOR OLDER PEOPLE - DAY OPPORTUNITIES AND RESPITE CARE

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Report No.
CS12060

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: For pre- decision scrutiny by Care Services Policy Development and Scrutiny Committee

Executive

16th January 2013

Date:

6th February 2013

Decision Type:

Non-Urgent

Executive

Key

Title:

GATEWAY REVIEW : ADULT DIRECT CARE SERVICES

Contact Officer:

Lorna Blackwood, Assistant Director Commissioning, ECS
E-mail: lorna.blackwood@bromley.gov.uk

Chief Officer:

Executive Director, Education & Care Services

Ward:

(All Wards)

1. Reason for report

- 1.1 In line with the Council's Corporate Operating principle that the Council's services will be provided by whoever offers customers and council tax payers excellent value for money, and in accordance with our gateway review process under Contract Procedure Rules, Education and Care Services have considered options for delivering reablement, extra care housing for older people and learning disability services which are currently provided by in house teams.
- 1.2 It is proposed that extra care housing and reablement services are tendered in April 2013 in order to establish who is best placed to deliver these services and that further work is carried out to establish the most appropriate model for future commissioning of learning disability services.

2. **RECOMMENDATION(S)**

- 2.1 The Policy Development and Scrutiny Committee is asked to comment on the proposals in the report.
- 2.2 The Executive is asked to:
- a) agree to proceed to tendering the extra care housing service using the framework which was set up in 2011;

b) agree to proceed to tendering the reablement service; and

c) note that savings will be sought in the in house learning disability service in 2013/14 and that a further report on the most appropriate future commissioning model will be made during 2013.

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Supporting Independence and Excellent Council
-

Financial

1. Cost of proposal: Estimated Cost: £500, 000 savings identified for 2013/14
 2. Ongoing costs: Recurring Cost: £5,519, 000 2013/14
 3. Budget head/performance centre: Care Services – Learning Disability Respite and Day Care; Learning Disability Homes; Extra Care Housing; Reablement
 4. Total current budget for this head: £6, 019, 000
 5. Source of funding: Care Services Portfolio
-

Staff

1. Number of staff (current and additional): In post : 29.5 FTE (38 staff) in reablement service; 48.4 FTE (68 staff) in extra care housing service
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable
-

Customer Impact

1. Approximately :130 residents in extra care housing schemes; 50 service users in reablement service at any one time; 39 residents in learning disability supported living and care homes; approx 90 service users of learning disability day and respite services
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Council's Corporate Operating principles include a commitment that services will be provided by whoever offers customers and council tax payers excellent value for money. This is underpinned by a commitment to be a commissioning organisation determining who is best placed to deliver high quality services based on local priorities and value for money principles.
- 3.2 To support this, the Council has undertaken to regularly review why and how we provide services and to identify who is best placed to deliver services.
- 3.3 Within Education and Care Services (ECS), a number of adult social care services are still directly provided by in house teams. These include reablement, extra care housing for older people and learning disability services (day care, short breaks (aka respite), supported living and residential care). To date none of these services have been market tested, although separate tender processes did indicate that external providers of care and support in extra care housing and reablement were more economic.
- 3.4 The Council's 2013/14 draft budget includes savings options for these services, totalling £0.5m.
- 3.5 Each of the service areas are described below, together with recommendations for the future of the services.

Extra care housing

- 3.6 The Council still provides an in house care and support service within four extra care housing schemes for older people. These are:

Norton Court	(Beckenham)	45 units
Durham House	(Shortlands)	30 units
Lubbock House	(Orpington)	30 units
Apsley Court	(St Mary Cray)	26 units

- 3.7 There are currently 48.4 FTE (68 staff) in post providing the service. The buildings in which the schemes are located are owned by Affinity Sutton and by A2Dominion.
- 3.8 The average weekly cost of the care and support within these schemes is approximately £298 per week.
- 3.9 During 2011 and 2012 the Council opened three new extra care housing schemes in Bromley and Penge in buildings owned by Hanover Housing. The care and support within these schemes was tendered, the later two schemes being tendered through a framework set up in 2011. The contracts were awarded to two external providers, Mears Care and Sanctuary Care. The hourly rates for these schemes are between £12.68 and £14.25 per hour depending on the volume of hours provided, which results in an average weekly cost of £184. However, the actual cost of schemes is dependent on the number of service users and their level of dependency.
- 3.10 The savings options for 2013/14 assume a reduction in costs of £100k from the in house extra care scheme budget.
- 3.11 Following the previous tendering exercises, a generic specification for the delivery of care and support in extra care housing is already available which can be tailored to meet the specific requirements of the four in house schemes. Given the potential to realise savings from tendering, it is proposed that the service within the four in house schemes is tendered using

the framework. As the framework is already available, this could take place in April 2013. Once the result of the tendering is known, a further report will be made to the Executive recommending the way forward.

Reablement

- 3.12 The in-house reablement service started in March 2010. The service was developed alongside the in house domiciliary care service and as this service closed some of the staff joined the reablement service.
- 3.13 Reablement services aim to maximise a service user's independence for as long as possible. The service is the usual response to most new referrals to ECS where an element of care is required and engages with service users for up to six weeks, working to meet a set of goals established during an initial assessment by a Care Manager. The key outcome achieved from the service is that 68% of users do not require an ongoing package of care, whilst 24% continue with a care package indefinitely. The service has also proved successful in reducing the level of existing packages through improving the confidence and functioning of the individual.
- 3.14 In 2010, as the in-house reablement service was proving to be successful, it was decided to test whether the independent sector domiciliary care providers could deliver a reablement service for self funders to the same specification. Providers were invited to tender for a contract to deliver reablement and contracts were awarded to two providers. As the external service was slow to develop, only one provider, Advanced Care and Support Services (ACSC), was subsequently awarded any work. ACSC have delivered a service since February 2011 to people who are receiving Council support, providing additional resource if the in house service does not have sufficient capacity to deal with the demand for service. The outcomes from this service have been consistent with those achieved by the in house service, but have been delivered at a more cost effective rate.
- 3.15 The comparative costs of the services are:
- | | |
|----------|------------------------------|
| ACSC | £ 12.89 per hour |
| In House | £ 24.99 per hour (estimated) |
- 3.16 The number of hours being delivered by the in house service is approximately 480, to an average of 50 service users. There are currently 29.5 FTE (38 staff) in post delivering the in house service, including administration staff.
- 3.17 The 2013/14 savings options assume a reduction in the cost of the reablement service of £250k.
- 3.18 Although the Council's domiciliary care providers are expected to re-enable service users wherever possible it is understood that the majority of users will be with the service on a long term basis and the providers are commissioned on a time and task basis. The key difference between traditional domiciliary care and reablement is the emphasis on achieving sustainable independence outcomes for service users.
- 3.19 As with extra care housing, a generic specification for reablement is already available and the previous tender has demonstrated that there are providers in the market with reablement experience. It is therefore proposed that the reablement service is tendered and subject to the response a minimum of two external providers sought to deliver the service in the borough in order to maximise the potential for incentivising the providers. The service could be tendered

in April 2013. As with extra care, once the result of the tender is known, a further report will be made to the Executive recommending the way forward.

- 3.20 With regard to outcomes, other authorities have built in incentives to providers to achieve the required outcomes. Whilst this is desirable it must be balanced with a practical approach to management as it would not be prudent to build in incentives which result in a complex monitoring arrangement involving the Council and provider in further costs. It is recommended that options for incentives are explored prior to going out to tender for this service which balances all these considerations.

Learning disability services

Residential and supported living

- 3.21 Bromley's in house service currently provides support to 39 clients, seven of whom live in two registered care homes and the remainder in supported living homes located around the borough.
- 3.22 The in house services are well established in Bromley. Care and support is provided to clients with a wide range of needs. Due to the length of time in which some clients have been in the service, some may only just meet current eligibility criteria whilst some would fall into the 'critical' banding.
- 3.23 The services have developed over many years without a clear strategy and this is reflected in the diverse mix of community based properties and registered care homes. The benefits of supported living were recognised by management some years ago and most of the properties are now registered for domiciliary care and support and with only two of the homes registered as care homes (although the Executive agreed to pursue deregistration of these two homes in July 2012 and this is being progressed). Whilst of benefit to the clients, who have assured tenancies, the supported living properties are of varying quality, type and ownership and some will be more suitable in the longer term, than others. The Council owns the two registered care homes and two other properties for which it receives rental income, which currently contributes to the overall cost of service provision.
- 3.24 Many clients' needs have changed over the years and meetings with the Group Manager have established that some individuals may benefit from living in more accessible properties or moving to properties where the client compatibility is more appropriate. Three properties have already been closed as a result of such moves.
- 3.25 Within the current service there is a heavy reliance upon Supporting People funding and Independent Living Funded support. These funding streams potentially add to the complexity of re-providing services and care must be taken to ensure that in seeking value for money the funding streams are not destabilised resulting in increased cost for the Council.
- 3.26 The diverse funding streams of some of the services and the complexity of establishing the full package costs for individual properties and/ or individuals mean that it would be premature at this stage to progress to market testing as there are a number of actions that should be undertaken before consideration is given to market testing the service. This would include consideration of appropriate groupings of schemes, the identification of the properties where ownership could/ should be retained and establishing / progressing any individual moves following consultation with service users and families.

Respite and day care

- 3.27 Learning disability respite services were reconfigured as part of the learning disability campus re-provision programme, which resulted in the closure of the services at 44 Bromley Road and 3 Tugmutton Close and the opening of an integrated service at 118 Widmore Road which opened in November 2012. There are currently 16.02 FTE (17 staff) in post in the respite service, 6 of whom are seconded to the Council from Bromley Primary Care Trust (PCT) and who will transfer to the Council's employment from 1st April 2013. Bringing together the two previous services provides an opportunity to review the staffing structure within the new service with a view to establishing whether there is potential for efficiencies.
- 3.28 Day services are provided from three locations – Astley Day Centre, Cotmandene and Kentwood - which together cater for approximately 90 service users at any one time. There are currently 39.71 FTE (51 staff) currently in post in the day service, 11 of whom are seconded to the Council from Bromley Primary Care Trust (PCT) and who will transfer to the Council's employment from 1st April 2013.
- 3.29 Discussions with learning disability providers have indicated that, due to their experience with for example PCT campus re-provision programmes, there is a reluctance to tender for public sector services where these involve TUPE staff transfers (the risks associated with pension scheme deficits appear to be the main concern). It is therefore proposed that the learning disability service continues to work to identify the potential to achieve efficiencies prior to consideration of commissioning options for the future. Initial estimates are that the in house service is likely to achieve a significant part of the £150k assumed during 2013/14 by internal reconfiguration of services, including deregistration of residential services and staff restructuring. Further reports will be presented to Members during 2013 on these proposals including proposals for the future commissioning of the services.

4. POLICY IMPLICATIONS

- 4.1 All of the services referred to in the report support the Council's aim to help people live as independently as possible in the community and are in accordance with the Council's Corporate Operating Principles as set out in para 3.1.

5. FINANCIAL IMPLICATIONS

- 5.1 The draft budget for 2013/14 assumes savings in respect of the in house services covered by this report. They are:

Service	Budget	Savings assumed
	2012/13	2013/14 Draft budget
	£000s	£000s
Extra care housing	971	100
Reablement	1,701	250
LD homes	1,317	75
LD day and respite	2,030	75
Total	6,019	500

- 5.2 Full year savings of £100k p.a. and £250k p.a have been assumed in the budget for Extra Care Housing and the Reablement service. Any shortfall in delivering this will need to be contained within the overall budget for 2013/14.

5.3 The savings for Learning Disabilities totalling £150k will in part be met from changes to staffing structures and deregistration of residential services.

6. PERSONNEL IMPLICATIONS

6.1 Informal consultation with staff and their representatives around market testing these services has been ongoing since 2011 following the publication of the Departmental Business Plan which outlined the services identified for market testing. Further meetings with staff and their representatives will be taking place before the date of the Committee and any feedback from these discussions will be provided at the meeting. In the event that a recommendation to proceed with tendering is made by the Executive and as more detailed proposals are developed these will be the subject of formal consultation with staff and their representatives.

6.2 Any staffing implications arising from the recommendations in this report will need to be carefully planned for and managed in accordance with Council policies and procedures and with due regard for the existing framework of employment law. The tendering process will consider whether or not the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) would apply and the consequential legal and financial implications arising from this.

7. LEGAL IMPLICATIONS

7.1 The Extra Care Housing and Reablement Services are Part B Services for the purposes of Schedule 1 to the Public Contract Regulations 2006 (as amended). For Part B services there is a lighter regulatory regime under the 2006 regulations mainly covering non-discriminatory simplification and publishing award notices. Regards must also be had to government guidance around to ensure the appropriate level of advertising needed to demonstrate a transparent process, We also have to have regard to our general fiduciary duty to local tax payers to secure value for money and comply with our internal Procurement and financial regulations in the process followed..

7.2 The proposals to use a recently established framework agreement for Extra Care Housing services and to follow a competitive tendering process for Reablement Services will secure compliance with the principles set out in paragraph 7.1 above.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	

Agenda Item 16

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Agenda Item 17

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Agenda Item 18

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Agenda Item 19

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