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DATE: 26 January 2017

To: Members of the
EXECUTIVE

Councillor Stephen Carr (Chairman)

Councillors Graham Arthur, Robert Evans, Peter Fortune, Kate Lymer, Peter Morgan and Colin Smith

A meeting of the Executive will be held at Bromley Civic Centre on **WEDNESDAY 8 FEBRUARY 2017 AT 7.00 PM**

MARK BOWEN
Director of Corporate Services

Copies of the documents referred to below can be obtained from
<http://cds.bromley.gov.uk/>

A G E N D A

- 1 **APOLOGIES FOR ABSENCE**
- 2 **DECLARATIONS OF INTEREST**
- 3 **TO CONFIRM THE MINUTES OF THE MEETING HELD ON 11TH JANUARY 2017**
(Pages 5 - 22)
- 4 **QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**
In accordance with the Council's Constitution, questions must be received in writing four working days before the date of the meeting. Therefore please ensure that questions are received by the Democratic Services Team by 5pm on Thursday 2nd February 2017.
- 5 **2017/18 COUNCIL TAX**
(Pages 23 - 58)
- 6 **CAPITAL PROGRAMME MONITORING Q3 2016/17 AND ANNUAL CAPITAL REVIEW 2017 TO 2021**
(Pages 59 - 74)

7 CHILDREN'S SERVICES UPDATE

(To follow)

8 GATEWAY REVIEW 1, 2 APPROVAL OF 2017/18 OPERATIONAL BUILDING MAINTENANCE BUDGETS, PLANNED MAINTENANCE PROGRAMME AND PREFERRED PROCUREMENT OPTION

(To Follow)

9 CARE HOME AND EXTRA CARE QUALITY MONITORING REPORT 2016

(Pages 75 - 94)

10 ENVIRONMENTAL SERVICES PROCUREMENT STRATEGY

(Pages 95 - 114)

11 NORMAN PARK ATHLETICS TRACK - FUTURE PROPOSALS

(Pages 115 - 130)

Hayes and Coney Hall Ward

12 SECOND REPORT OF THE EDUCATION SELECT COMMITTEE

(Pages 131 - 160)

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

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

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

Items of Business

Schedule 12A Description

15 OPPORTUNITY SITE G: PREFERRED DEVELOPMENT PARTNER

(Pages 161 - 226)

Bromley Town Ward

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

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|-----------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 16 | DISPOSAL OF SITE B, TWEEDY ROAD, BROMLEY
(Pages 227 - 232)
Bromley Town Ward | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 17 | AWARD OF CONTRACT FOR CAPITAL WORKS AT CASTLECOMBE PRIMARY SCHOOL
(Pages 233 - 242)
Mottingham & Chislehurst North Ward | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 18 | PRIMARY AND SECONDARY INTERVENTION SERVICES CONTRACT UPDATE
(Pages 243 - 250) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 19 | EXTRA CARE HOUSING CONTRACT UPDATE
(Pages 251 - 258) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 20 | CAPITAL PROGRAMME MONITORING Q3 2016/17 AND ANNUAL CAPITAL REVIEW - APPENDIX F: CAPITAL RECEIPTS
(Pages 259 - 260) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| 21 | AWARD OF CONTRACT FOR HEALTH SUPPORT TO SCHOOLS
(To follow) | 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 11 January 2017 starting at 7.00 pm

Present:

Councillor Stephen Carr (Chairman)
Councillors Graham Arthur, Robert Evans, Peter Fortune,
Kate Lymer, Peter Morgan and Colin Smith

Also Present:

Councillor Julian Benington, Councillor Nicholas Bennett
J.P., Councillor William Huntington-Thresher and
Councillor Angela Wilkins

147 APOLOGIES FOR ABSENCE

There were no apologies for absence.

148 DECLARATIONS OF INTEREST

Councillor Peter Morgan declared an interest in relation to minute 151, Draft 2017/18 Budget, as his daughter was a Director of Kier who held the Council's Street Cleansing contract.

149 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 30TH NOVEMBER 2016 Report CSD16086

RESOLVED that the minutes of the meeting held on 30th November 2016 (excluding exempt items) be confirmed.

150 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

One question for written reply had been received from Richard Gibbons. The question and reply is attached at Appendix A to these minutes.

151 DRAFT 2017/18 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY Report FSD17005

The Executive considered a report seeking approval of the initial draft 2017/18 Budget including the full year effect of savings agreed as part of the 2016/17 Council Tax report and any further savings approved during the year which had resulted in considerable reductions in the Council's medium term budget gap. The views of PDS Committees would be sought and reported back to the next

meeting, prior to the Executive making recommendations to Council on 2017/18 Council Tax levels.

The report provided details of the second year of the four year local government financial settlement (2016/17 to 2019/20), an update on the new social care precept as well as other changes reflected in the Autumn Statement 2016 and the Provisional Local Government Financial Settlement 2017/18. There were still outstanding issues and areas of uncertainty remaining, in particular relating to the Better Care Fund, Adult Social Care Support Grant and the Adult Social Care Precept. Any further updates would be included in the 2017/18 Council Tax report to the next meeting of the Executive.

The proposal included a pay increase of 1.2% to all staff except teachers, with the lowest paid also receiving £300 (pro rata for part time staff); this was higher than the national award again. The Departmental Representatives Forum had played a useful role in feeding back issues for budget discussions.

The position for the next two years was reasonably secure, but there was still a substantial budget gap looking ahead to 2019/20. The Council had front-loaded savings giving some breathing-space – it was important that this was used to focus on growth and self-sufficiency, becoming more commercially minded, and working with statutory partners on Building a Better Bromley priorities.

The report had been scrutinised by the Executive and Resources PDS Committee on 4th January 2017; the Committee had supported the recommendations.

RESOLVED that

- (1) The initial draft 2017/18 Budget, as detailed in Appendix 4 to the report, be agreed.**
- (2) The initial draft 2017/18 Budget for each portfolio be referred to the relevant PDS Committees for consideration.**
- (3) The financial projections for 2018/19 to 2020/21 be noted.**
- (4) That there are still areas of financial uncertainty which will impact on the final 2017/18 Budget and future year forecasts be noted.**
- (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 (see section 12.4 of the report).**
- (6) It is noted that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;**
- (7) The outcome of the public consultation meetings detailed in Appendix 8 to the report be noted.**

- (8) The proposed contribution of £281,355 in 2017/18 to the London Boroughs Grant Committee be agreed (see section 11 of the report.)**
- (9) The outcome of the Provisional Local Government Financial Settlement 2017/18 be noted (see section 4.19 of the report.)**
- (10) The significant budget gap remaining of an estimated £23.6m per annum by 2020/21, and that any decisions made for the 2017/18 Budget will have an impact on the future year projections, be noted.**
- (11) It is noted that any final decision by the Executive on recommended council tax and social care precept levels to Council will normally be undertaken at the next meeting of Executive.**
- (12) The release of one off grant funding in 2016/17 of £139,624 to fund the strategic review of SEN provision be agreed (see paragraph 4.14 of the report.)**

152 PROGRESS IN IMPLEMENTING CHILDREN'S SERVICE IMPROVEMENTS 'PHASE 3 SPENDING PLAN'
Report CS17089

The report provided an update on the progress on the Children's Services Improvement Areas and sought to obtain approval to spend the phase 3 resources as outlined in a report agreed by the Executive on 14th September 2016.

The Executive Director of Education, Care and Health Services and Deputy Chief Executive attended the meeting to update on progress since he had taken up his post in December. Working within the funding envelope agreed by Members in September 2016, he had identified two immediate priorities to ensure the safety of children – developing capacity, working with the Police, to tackle child sexual exploitation and reducing caseloads for social workers. A new placements panel had been put in place, with all cases reviewed by himself and the Interim Social Care Director, and Legal Services was being supported to ensure that cases going to court were better prepared.

Questioned about being disciplined about closing cases, the Director stated that it was important to move from being risk averse to managing risk well, remembering that care must have a purpose. Asked about the cost to the Council if it was forced to set up a trust to run children's services, the Director suggested that, based on un-validated information from other authorities, this could potentially be in the region of £8-10m.

The Leader announced that he was assessing how best to balance portfolio responsibilities. He recognised that the current arrangements placed a large burden on one portfolio holder in particular, and he hoped to communicate changes to Members soon.

Executive
11 January 2017

The Executive and Resources PDS Committee had considered the report on 4th January and had raised concerns about how the £300k for recruitment and retention of social workers from 2017/18 would be funded. Members agreed that these posts would be needed and the Leader asked that this be addressed in the next update. The Chairman of the PDS Committee also warned against spending money in the current budget just because it had been made available.

The report had also been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that

(1) The Phase 3 additional funding of £141, 000 part year and £795,000 in a full year be drawn down as outlined in Section 6 of the report.

(2) One-off funding of £150k to be met from the Council's Technology Fund for the purchase of the laptops and other associated hardware for children's social care staff be agreed as set out in paragraph 3.8 of the report.

153 RECRUITMENT OF THE FOSTER CARER SERVICE
Report CS17074

Recruitment of in-house Foster Carers was a key priority, and a detailed review had been undertaken to see whether improvements could be made in the service to increase the overall numbers recruited and consider how this service could be provided in the future. Three options were considered – (i) continuation of the current arrangements, (ii) market testing the Foster Carer recruitment service or (iii) market testing the whole fostering service with adoption and other children's services in a bigger bundle. The estimated whole contract value over up to five years was £1m, requiring clearance by the Executive.

The second option, market testing the recruitment service, was recommended as it should provide a specific focus on the recruitment service by a provider with detailed knowledge and experience in this area, and enable the Council to understand the breadth of the market available. Members emphasised that strong targets and carefully drafted service level agreements were needed if the service was tendered.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that

(1) Market testing of the recruitment of the Foster Carer service through a negotiated procurement process be agreed, for a contract term of 3 years, with the option to extend for a further 2 years, with a whole contract value of £1m, as set out in Option 2, paragraph 6.2 of the report.

(2) The improvements officers have undertaken around the recruitment process as set out in paragraphs 3.7 to 3.13 of the report be noted.

154 REGIONALISATION OF ADOPTION SERVICES
Report CS17093

The Executive considered a recommendation that Bromley should work collaboratively with other London boroughs to continue to develop the London Regional Adoption Agency with the intention of joining the agency when it becomes operational. The report set out the initial scope of the project and identified the advantages and the risks involved. The proposal would ensure value for money and reduce the current expenditure on high cost, at a distance, residential emergency placements. The Leader commented that it was important that this opportunity was taken to drive out duplication and become more efficient. Around eighteen or nineteen boroughs were already signed up, although LB Bexley had decided to join with Kent County Council. Officers confirmed that they anticipated that joining the London Agency would offer a wider range of appropriate placements for Bromley children.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that

(1) It is agreed in principle to join a London Regional Adoption Agency, subject to the business case and detailed financial analysis.

(2) The Interim Director of Children's Social Care, in consultation with the Portfolio Holder for Care Services, be authorised to progress arrangements relating to the development of a business case for the agency model.

155 PROPOSAL FOR CHILDREN'S RESIDENTIAL BLOCK BED PLACEMENTS
Report CS17073

The Executive considered a proposal setting out the need for block beds for residential placements for young people coming into care and what the benefits and implications would be for the Council, particularly in the light of the cost pressures facing the department.

Following the recent follow up visit from Ofsted, it was agreed that the Council's current strategy of placing children in high cost spot residential placements was not offering the Council value for money and not the best placement for these children. Market testing for a block booking for 12 beds was proposed. The other options considered were to do nothing, to increase internal capacity by opening a residential unit in Bromley, to use Drake Court (a provision for young people aged 16+), or shared services. Within the block

bed contract it was proposed that one or two beds would be set aside for emergency placements.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that

(1) Market testing of residential placements for young children aged 13 – 17 years of age be agreed, block booking up to 12 beds which will be within 10 miles of Bromley, for a period of 4 years with the option to extend for a further 4 years (2 plus 2), in line with the Commissioning Strategy as set out in paragraph 5.6 of the report, with a whole contract value of £15.4m.

(2) It is agreed that to enter into discussions with a local provider in the borough to block book 4 emergency residential care beds for young children aged between 13 – 17 years of age for a period of 9 months as set out in paragraph 5.5 of the report, with an estimated contract value of £540k.

(3) The on-going discussions with Drake Court for a provision for 16+ children, which will need further investigations as set out in paragraph 8.3 of the report, be noted.

156 AWARD OF CONTRACT FOR RESPITE SERVICES FOR CARERS
Report CS17978

In accordance with the Council's financial and contractual requirements, the report updated the Executive on the provision of Respite Services for Carers and requested approval to award a six month contract to Carers Bromley pending the outcome of the tender process for Primary and Secondary Intervention Services, which was due to start on 1st April 2017.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that the award of a contract for the Carers Respite Service to Carers Bromley for a period of 6 months commencing on 1st October 2016 and expiring on 31st March 2017 be approved.

157 CHANGES TO NON RESIDENTIAL CONTRIBUTION POLICY AND ADDITIONAL INCOME GENERATION
Report CS17090

The Executive considered proposed changes to non-residential contribution policy to ensure that charges continued to reflect costs. The changes took into account the previous and proposed increases to the National Living Wage, which would rise to £7.50 per hour in April. It was not possible to charge for

Reablement services, but the proposals included charges for a cancellation fee to deter last minute cancellations.

A Member commented that it was important that clients were supported to understand the changes, and this point would be taken up by the Director.

The report also suggested that future increases to reflect the National Living Wage should be delegated to the Director of Finance. However, the Leader stated that any such proposals should be referred to the Care Services PDS Committee.

It was confirmed that an equalities impact assessment was being carried out, and subject to this being satisfactory the Executive agreed the proposals in principle. A further report needed to be provided to the next meeting of the Executive to supply further details on the outcome of the equalities impact assessment and for the Executive to give final approval to the recommendations.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that, subject to the outcome of the equalities impact assessment,

(1) The new charging rates for 2017/18 for domiciliary care be agreed in principle as set out in paragraph 3.9 of the report.

(2) The new direct payment charging rates be agreed in principle as set out in paragraph 3.12 of the report.

(3) It is agreed in principle that a cancellation fee be charged in Reablement as set out in paragraph 3.20 of the report.

(4) It is noted that a blended rate for Extra Care Housing may be introduced subject to the outcome of tendering which will be reported at a later date.

**158 RENEWAL OF HOUSING ASSOCIATION LEASING SCHEMES -
DABORA CONWAY AND THEORI**
Report CS17094

The Council spent more than £4.5m (net) procuring temporary accommodation for homeless households every year and demand for this service was forecast to increase. Temporary accommodation was procured through a mixture of block and spot contract arrangements.

Members received regular reports outlining the key activities, new initiatives and pressures in the respect of homelessness and provision of temporary accommodation. The gateway report on Temporary Accommodation in January 2016 set out all activities and recommended actions required in order

to sustain the initiatives to source an adequate supply of general needs temporary accommodation to meet future requirements.

The Gateway Report had also recommended extending leasing scheme arrangements where possible to maintain existing supply. This report therefore sought to confirm extensions for two of the smaller leasing scheme arrangements as detailed in the earlier report. It was confirmed that extending the leases would secure the accommodation for the Council's exclusive use.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that

(1) The existing housing leasing scheme agreements with Theori Housing and Dabora Conway be renewed for a period of 3 years from 6th February 2017 to 5th February 2020 with the option to extend for a further 2 years – this to cover the existing individual leased properties under the scheme and any properties providers secure and offer under the same terms.

(2) Authority be delegated to the Assistant Director Housing to enter into individual leases for properties within the terms of the overarching agreement as and when leases require renewal or where providers are successful in securing new leases within Bromley.

159 EXTENSION OF BROMLEY Y COMMUNITY WELLBEING SERVICE FOR CHILDREN AND YOUNG PEOPLE
Report CS17099

Bromley Y had been awarded the contract for the Bromley Community Wellbeing Service for Children and Young People for a period of three years commencing 1st December 2014 to 30th November 2017. The contract permitted a two year extension beyond November 2017, subject to satisfactory contract monitoring and service delivery.

This service had introduced a new delivery model for children and young people's mental well-being provision which was now embedding. Bromley Clinical Commissioning Group (CCG) was supporting the Council's investment by providing additional investment to enhance the service provision. The report provided evidence and rationale to support an extension to the contract for a two year period commencing 1 December 2017 and terminating on 30 November 2019.

Members of the Executive queried whether the CCG was contributing to the service as the report indicated that the CAMHS service was benefiting from the LBB contract. This had been discussed previously with the CCG; however in the absence of relevant data agreement had not been reached. The data was now available and so the discussion would be picked up again. The CCG had separately contributed some extra funding to Bromley Y to strengthen the

links between Bromley Y and Oxleas services utilising additional funding for CAMHS which had been made available to CCGs. There was still time for negotiation with the CCG as the current contract ran until December 2017, and a further report would be made to Members in the summer; if necessary, a contract variation could be effected to better reflect the Council's funding responsibilities.

The report had been scrutinised by the Care Services PDS Committee on 10th January 2017; the Committee had supported the recommendations.

RESOLVED that the current service outcomes be noted and an extension to the existing contract with Bromley Y be agreed for a two year period commencing on 1st December 2017, subject to further report back on funding issues.

(During consideration of this item Councillor Stephen Carr declared a non-pecuniary interest as his daughter was involved in mentoring.)

160 UPDATE: BIGGIN HILL MEMORIAL MUSEUM
Report DRR17/001

The Executive received an update on the Biggin Hill Museum project, and in particular on the outcome of funding applications. The funding originally identified to deliver the preferred scheme was now wholly or partially in place, the Heritage Lottery Fund having announced in September 2016 that the scheme had passed its first stage for a grant of £1.85m, and an application to the Treasury's LIBOR fund for a second £1m grant having been successful. Section 106 money was also available from a Taylor Wimpey planning application – this would be either £914k or £968k depending on which permission was implemented, a difference of £54k, which the Executive was requested to underwrite.

Schemes that were passed at stage one by the Heritage Lottery Fund were supported towards the second stage, with around 80% being successful. If, however, the application failed at this next stage then it would be necessary to consider whether a reduced scheme could be delivered or funding could be secured through other means. Members confirmed that other fundraising opportunities should continue to be pursued.

Councillor Julian Benington attended the Executive to support the scheme. The report had also been scrutinised by the Executive and Resources PDS Committee on 4th January 2017; the Committee had supported the recommendations.

The Executive congratulated officers for progress with the scheme so far. The Memorial Museum would be a fitting tribute to those who had served at Biggin Hill, and its opening would be a focal point for commemorations of the end of the First World War. Members also thanked Jo Johnston MP for his assistance – the Leader undertook to write a letter of thanks to Mr Johnston.

RESOLVED that

(1) It is noted that the Heritage Lottery Fund (HLF) awarded a first stage pass for a grant of almost £2m and therefore the capital scheme is being developed to RIBA Stage 4, and that a planning application for the Biggin Hill Memorial Museum scheme will be submitted in February 2017.

(2) It is noted that the second £1m funding application to the Treasury was successful and that the monies will be received by the Council in early 2017.

(3) It is agreed that the Council underwrites the difference of £54k from S106 monies if Taylor Wimpey decide to deliver their scheme set out in planning application 16/02685 rather than planning application 15/00508; in the event that this sum is required it can be met from the Council's 2016/17 Central Contingency.

(4) The continued development of the project is approved, namely publication of the works tender, following the submission of the second stage HLF grant application in February, prior to the final funding decision being known in June 2017.

161 DISPOSAL OF BANBURY HOUSE, CHISLEHURST
Report DRR16/094

Authority to dispose of this site had originally been given in April 2014, but following two marketing attempts the potential purchasers had withdrawn. It was therefore proposed to try an alternative approach whereby planning permission for an optimal scheme would be obtained prior to re-marketing the site.

The report had been scrutinised by the Executive and Resources PDS Committee on 4th January 2017. The Committee supported the recommendations, but with the benefits of ensuring an overage clause and looking at whether the disposal should be considered as part of a joint venture; they had also suggested that investigations be undertaken prior to the Executive meeting on whether the site could be used to provide temporary accommodation. In addition, the PDS Committee commented that it would also be helpful to have some information on the extent to which £46k represented value for money for planning consent on the Banbury House site.

The Executive considered that further time should be allowed for potential use for temporary accommodation to be assessed, and therefore deferred consideration.

RESOLVED that the decision be deferred for a report on whether the property could be adapted for use as temporary accommodation.

162 DISPOSAL OF SMALL HALLS SITE, YORK RISE, ORPINGTON
Report DRR16/093

Authority to dispose of this site had been given in March 2016, but it had also been agreed that the temporary use of the site as a car park be explored. The Council's recent disposal practice was to go to market seeking offers subject to planning. However, this had led to offers being made on the basis of unrealistic schemes which could not obtain planning consent. It was therefore proposed to try an alternative approach whereby planning permission for an optimal scheme would be obtained prior to re-marketing the site. This would potentially generate a larger capital receipt. The Executive was particularly interested in exploring the possibility of a joint venture.

The report had been scrutinised by the Executive and Resources PDS Committee on 4th January 2017. The Committee supported the recommendations, but with the benefits of ensuring an overage clause and looking at whether the disposal should be considered as part of a joint venture. In addition, the PDS Committee commented that it would also be helpful to have some information on the extent to which £46k represented value for money for obtaining planning consent on the site, and the Chairman of the Committee commented that a transparent, "open-book" approach was required.

RESOLVED that

(1) The appointment of Cushman & Wakefield be approved to develop a scheme in order to achieve best consideration for the site by -

- a) The submission of a planning application.**
- b) Once planning permission has been achieved, exploring the possibility of a joint venture and marketing the site on a non-conditional basis.**
- c) Post marketing, evaluating the bids received, recommending a prospective purchaser for the site via a report to the Portfolio Holder for Resources seeking his approval for the disposal of the site to the recommended purchaser.**

(2) It is agreed that the estimated cost of £46k be met from the Investment Fund.

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

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

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

RESOLVED that the Press and public be excluded during consideration of the item 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 summary
refers to matters
involving exempt information**

165 EXEMPT MINUTES OF THE MEETING HELD ON 30TH NOVEMBER 2016

RESOLVED that the exempt minutes of the meeting held on 30th November 2016 be confirmed.

The Meeting ended at 8.27 pm

Chairman

EXECUTIVE

11th January 2017

QUESTIONS FROM MEMBERS OF THE PUBLIC

From Mr Richard Gibbons to the Portfolio Holder for Environment (for written reply)

Extra car parking at Orpington Station was deemed necessary to satisfy demand for railheading and to alleviate commuter parking in nearby residential streets. Recently, additional parking in York Rise has been approved. What contingencies are there, once the York Rise site has been sold, to avoid displacing the induced parking to nearby residential streets?

Reply:

The permanent/long term additional parking arrangement adjacent to Orpington Station was deemed helpful for both Commuters and local residents alike.

The temporary/short term parking planned for York Rise to alleviate existing parking pressures locally similarly.

When York Rise is sold and when the temporary parking opportunities it was planned to provide are lost, if and wherever sought by local homeowners, here as everywhere else across the Borough, protective measures will be offered to any road affected by heavy commuter parking and would be implemented where the majority of residents responding at consultation support such action being taken.

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Decision Maker: EXECUTIVE

Date: Wednesday 8 February 2017

Decision Type: Non-Urgent Executive Non-Key

Title: MATTERS ARISING FROM PREVIOUS MEETINGS

Contact Officer: Graham Walton, Democratic Services Manager
Tel: 0208 461 7743 E-mail: graham.walton@bromley.gov.uk

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

1.1 **Appendix A** updates Members on matters arising from previous meetings.

2. **RECOMMENDATION**

2.1 **The Executive is invited to consider progress on matters arising from previous meetings.**

Non-Applicable Sections:	Impact on Vulnerable Adults and Children/Policy/Financial/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	Minutes of previous Executive meetings

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
-

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: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £335,590
 5. Source of funding: 2016/17 Revenue Budget
-

Personnel

1. Number of staff (current and additional): 8 posts (7.27fte)
 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: None:
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: 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? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

Appendix A

<u>Minute Number/Title</u>	<u>Executive Decision/Request</u>	<u>Update</u>	<u>Action by</u>	<u>Completion Date</u>
23rd March 2016				
389/1 Site G: Revised Development Boundary and Procurement	(3) quarterly updating reports be submitted to the Executive; and (4) officers report back outcome details of the tender exercise for Executive approval.	A report is expected for the Executive's meeting on 8 th February 2017, following scrutiny at R&R PDS Committee on 26 th January 2017.	Chief Planner/Head of Renewal	February 2017 (on current agenda)
14th September 2016				
88/1 Extra Care Housing Contract Update	(3) a further report on the outcome of the tendering process and recommendations for the way forward be submitted to Executive in October 2016.	An update will be provided for the meeting on 8 th February 2017	Director of Health Integration Programme	February 2017 (on current agenda)
30th November 2016				
126 Update on Tackling Troubled Families (Outcomes/Draw-down)	The Leader asked that a further report on measuring outcomes be provided by the first quarter of next year.	Arrangements are now in hand to provide a further report for the May meeting.	Interim Social Care Director Head of Early Interventions and Family Support	May 2017
11th January 2017				
159 Extension of Bromley Y Community Wellbeing Service for Children and Young People	Executive agreed a two year extension to the current contract, subject to a further report on funding issues.	Funding issues are being considered with Bromley CCG – a further report will be presented in June 2017	Director, Health Integration Programme	June 2017
161 Disposal of Banbury House, Chislehurst	Report deferred for consideration of use of the property for temporary accommodation.	Currently being assessed.	Head of Strategic Property	March 2017

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Report No.
FSD17016

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **8th February 2017**

Decision Type: Non-Urgent Executive Key

TITLE: 2017/18 Council Tax

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Director: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

1.1 This report identifies the final issues affecting the 2017/18 revenue budget and seeks recommendations to the Council of the level of the Bromley element of the 2017/18 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 20th February 2017. 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 2017/18 but to have measures in place to deal with the medium term financial position (2018/19 to 2020/21).

2. RECOMMENDATIONS

2.1 The Executive is requested to recommend to Council that it:

- (a) Approves the schools budget of £80.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2017/18;
- (c) Agrees that Chief Officers identify alternative savings within their departmental budgets where it is not possible to realise any savings reported to the previous meeting of the Executive held on 11th January 2017;
- (d) Approves a contingency sum of £19.8m (see section 5);

- (e) Approves the following provisions for levies for inclusion in the budget for 2017/18:

	£'000
Local Pension Partnership *	487
London Boroughs Grant Committee	281
Environment Agency (Flood defence etc.) *	250
Lee Valley Regional Park *	380
Total	1,398

* Provisional estimate at this stage

- (f) 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 11);
- (g) Considers the “Bromley element” of the Council Tax for 2017/18 to be recommended to the Council, including a general increase and the Adult Social Care precept, having regard to possible “referendum” issues (see section 15);
- (h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);
- (i) 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 15.9);
- (j) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 20th February 2017.

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 1
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £143m Draft 2017/18 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 2 for overall funding of Council's budget
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Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2017/18 Financial Control Budget to be published in March 2017
 2. If from existing staff resources, number of staff hours – N/A
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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 Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015 .
 2. Call-in is applicable
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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2017/18 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. PREVIOUS REPORTING TO MEMBERS

- 3.1 There was a presentation for the Members Finance Seminar on 19th July 2016 which provided some detailed financial context. There has been separate seminars on Pension Matters and Welfare Reform on 11th January 2016 and 7th April 2016 respectively. The presentations are available on “One Bromley”.
- 3.2 The “Draft 2017/18 Budget and Update on the Council’s Financial Strategy 2018/19 to 2020/21” was reported to the Executive on 11th January 2017. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 11th January 2017)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
- (b) Council Tax Levels, Government Funding and Spend Levels (Appendix 2);
- (c) Spending Review and Autumn Statement 2016 and Provisional 2017/18 Local Government Financial Settlement (Appendix 3);
- (d) Changes since the 2016/17 Budget that impact on the Financial Forecast (Section 4);
- (e) Latest Financial Forecast including real changes (Section 6 and Appendices 4-5);
- (f) Detailed Draft 2017/18 Budget (Section 7 and Appendix 7);
- (g) Options being undertaken with a “One Council” approach (Section 8);
- (h) Identifying further savings (Section 9);
- (i) Future Local Authority Landscape (Section 10);
- (j) Issues for Future Years (Section 15);
- (k) Consultation (Section 18 and Appendix 8);
- (l) Risk Areas within each Portfolio (Section 19 and Appendix 9)

All of the above should be considered with this report as part of finalising the 2017/18 Budget and council tax levels.

4. 2017/18 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

- 4.1 The last report to the Executive identified a significant “budget gap” over the four year financial planning period. The main updates are shown below:
- (a) There continues to be upward pressure on inflation and the 2017/18 Draft Budget and financial forecast assumes increased costs of 2.7% per annum for 2017/18 and 2018/19 reducing to 2.5% per annum from 2019/20. The inflation mainly relates to contract price increases. The main measure used for contract price increases is RPIX. The Autumn Statement 2016 reported that inflation (RPI) is expected to be 3.2% in 2017, 3.5% in 2018, 3.2% in 2019 and 3.1% in 2020. Since the last meeting of the Executive the latest annual increase in RPIX (Dec.’16) is 2.7% which compares with 2.5% in the previous month. As reported previously, action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions;
 - (b) There has been a reduction in funding from Government of the Education Services Grant. Latest estimates indicate a further potential loss of income of £300k per annum;

- (c) Marcus Jones MP, Parliamentary Under Secretary of State (Minister for Local Government) recently announced additional national funding of £47.5m (£35.4m in 2017/18 and £12.1m in 2018/19) over the Spending Review Period towards funding the new burdens being introduced under the Homelessness Reduction Bill. If it becomes law, then Councils will be obliged to help all eligible people, whether they are single or family, for 56 days before they are threatened with homelessness. Those who are already homeless will get support for a further 56 days to help them secure accommodation. Other services will also be required including the provision of free information and advice services. It is too early to gauge the net financial impact on the Council at this stage. The situation will need to be closely monitored;
- (d) Although the details of the Better Care Fund funding allocations are awaited additional funding of £322k has been identified, at this stage. This income has been reflected in the updated 2017/18 Budget;
- (e) The Resources Portfolio Holder announced at the last meeting of the Executive that the Council is proposing a pay award of 1.2% for Council staff. For staff earning a full-time (FTE) salary of less than £18,000 an additional £300 per annum on the FTE salary is proposed. He also advised that there are proposed increases in the standby allowance. Further details are being reported to General Purposes and Licensing Committee on 6th February 2017. The financial impact of this proposal has been included in the Draft 2017/18 Budget;
- (f) The outcome of the Council's pension fund actuarial valuation as at 31/3/16 is being reported to Pensions Investment Sub Committee on 31st January 2017 and General Purposes and Licensing Committee on 6th February 2017. Net revenue savings of £1.5m per annum have already been reflected in the Draft 2017/18 Budget. Consideration of the deficit repayment period will be made at that meeting and any update on variations to the Draft 2017/18 Budget will be provided to this meeting of the Executive. The triennial actuarial valuation will impact on the budget from 2017/18 to 2019/20 with a subsequent valuation impacting from 2020/21;
- (g) The Provisional Local Government Financial Settlement 2017/18 was announced on 15th December 2016 and the final outcome following the consultation period is expected to be announced in early February. Details of various grant conditions as well as any changes in the Adult Social Care precept requirements are still awaited and a verbal update will be provided at the meeting.

4.2 A summary analysis of key variations in the Draft 2017/18 Budget, compared with the 2016/17 Budget, are shown in Appendix 1 and summarised below.

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Variations Compared with 2016/17 Budget				
Cost Pressures				
Inflation	4.6	9.9	15.2	20.7
Grant Loss (net of Adult Social Care Support Grant)	8.8	18.4	24.7	29.4
Potential Impact of Chancellor's 2015 Summer Budget on Future Costs (eg. welfare reforms and new living wage)	0.7	4.5	7.7	8.5
Review of Children's Services following Ofsted Report	2.3	2.3	2.3	2.3
Children's Placements - full year effect of 2016/17 overspend	2.1	2.1	2.1	2.1
Review of Children's Placements	0.0	-2.1	-2.1	-2.1
Provision for Cost Pressures - Children's Social Care	0.0	2.1	2.1	2.1
Full Year Effect of Additional Costs re. Adult Social Care and Education SEN	2.2	2.2	2.2	2.2
Impact of Reduction in Bank Base Rate	0.6	0.6	0.6	0.6
Commissioning Programme (one-off funding)	0.5	0.0	0.0	0.0
Real Changes (see Appendix 5)	-0.1	1.3	1.3	2.1
Total Additional Costs	21.7	41.3	56.1	67.9
Income / Savings				
Full Year Effect of Savings Agreed as part of 2016/17 Budget	-3.3	-4.2	-4.3	-4.3
Impact of Highways Investment Report	-2.5	-2.5	-2.5	-2.5
Acquisition of Residential Properties to Accommodate Homeless and "Gifting" of Scheme to Pension Fund	-2.2	-3.7	-4.1	-4.1
Reduction in Council's Central Contingency Sum	-0.7	-2.4	-2.5	-2.5
Additional Income from Business Rate Share	-0.3	-0.6	-0.9	-1.2
Additional Income Opportunity (TFM Contract)	0.0	-0.5	-0.7	-0.9
Total Income / Savings	-9.0	-13.9	-15.0	-15.5
Other Proposed Changes				
New Homes Bonus - Support for Revenue Budget	-6.0	-3.2	-2.5	-1.0
New Homes Bonus - Reallocation	2.2	-2.2	0.0	0.0
Impact of Pension Fund Triennial Valuation (Provisional)	-1.5	-1.5	-1.5	-1.5
Collection Fund Surplus 2014/15 and 2015/16 (set aside to meet funding shortfall in future years)	0.0	-6.9	-4.4	0.0
Total Other Proposed Changes	-5.3	-13.8	-8.4	-2.5
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-2.0	-2.7	-3.3	-4.0
Impact of 3.99% Increase in Council Tax (including Adult Social Care Precept)	-5.4	-10.9	-16.6	-22.3
Total Council Tax	-7.4	-13.6	-19.9	-26.3
Remaining "Budget Gap"	0.0	0.0	12.8	23.6

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2017/18 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.4m.

- 4.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,114.11 (1.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2017/18 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.
- 4.4 The above table highlights that, although it has been possible to achieve a potential balanced budget for the next two years through a combination of front loading savings in previous years, proactively generating investment income and prudent financial management, there remains a "budget gap" of £12.8m in 2019/20 rising to £23.6m in 2020/21. The remaining budget gap 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 fully funded by a corresponding growth in income from council tax, Adult Social Care precept or other sources of income. The "budget gap" may increase or reduce as a result of a number of variables in future years. The projections in later years have to be treated with some caution.
- 4.5 The Council has to continue to plan for several years of strong financial restraint. The future year's financial projections shown in Appendix 1 includes the Government's provisional allocations of ongoing reductions in Government funding in 2018/19 and 2019/20 with further reductions assumed from 2020/21. Any projections over the next four years need to be treated with caution as there remains significant uncertainty relating to any future changes arising from new welfare reforms and future new burdens. The full Devolution of Business Rates by the end of 2019/20, or possibly delayed until 2020/21, will create new risks as well as opportunities for the Council. 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.
- 4.6 Further changes will be required, prior to the report to full Council on 20th February for the finalisation of the Council Tax, to reflect latest available information on levies, and the GLA precept.
- 4.7 The key net cost pressures consist of inflation (£4.6m), impact of grant reductions (£8.8m) and various growth pressures (£8.3m) totalling £21.7m in 2017/18. This sum increases to an estimated £67.9m per annum by 2020/21. If further growth pressure continues in these areas, as well as other areas, the future years "budget gap" could increase.

5. DRAFT 2017/18 CENTRAL CONTINGENCY SUM

- 5.1 Details of the 2017/18 Draft Contingency Sum of £19,776k have been included in Appendix 3. This sum allows for proper financial planning and ensures the council is prepared for changes in financial circumstances. It is important to recognise that this includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2017/18 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 2017/18 Budget.

6. EARMARKED RESERVES

- 6.1 As reported to the Executive previously, the Council has reduced its level of general reserves (general fund reserves in 1997 were £131 million). Part of the reduction reflects the funding towards the Invest to Save Fund, Growth and Investment Fund. These funds will help support the achievement of sustainable savings/income to the Council. The Council will continue to seek opportunities to increase the Growth Fund and Investment Funds to support the purchase of investment properties (generating income) as well as meet future plans to invest in employment growth areas of Biggin Hill, Bromley Town Centre and the Cray Business Corridor.
- 6.2 Reserves are one off monies and are utilised to resource investment in schemes that will deliver long terms savings, support economic development, create employment opportunities and enable income opportunities as well as have sufficient resources to manage financial risks during this unprecedented period of austerity. It is not financially sustainable to use Council reserves as part of the revenue budget to fund ongoing service costs.
- 6.3 The position on reserves is reported to Executive as part of the final accounts report in June each year as well as the Council Tax report to Executive in February each year. Bromley's overall reserves are expected to remain below average for London and have to be considered in the context of an underlying "budget gap" of £23.6m per annum by 2020/21.
- 6.4 The Council had general reserves remaining of £20m as at 31/3/2016. A full breakdown of reserves including earmarked reserves is detailed in Appendix 4.
- 6.5 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

7. 2016/17 FINANCIAL MONITORING

- 7.1 The most recent financial monitoring position was reported to Executive on 30th November 2016.
- 7.2 At its meeting on 14th September 2016, Executive considered the "Ofsted Inspection of Children's Services" report and approved additional revenue funding of £949k in 2016/17 with a full year effect of £1,471k for Phase One and Phase Two. The allocation of funding for Phase Three of £141k in 2016/17 and £795k in the full year was approved at Executive on 11th January 2017. Overall funding of £2,314k in 2017/18 and £2,266k in the full year have been included in the Draft 2017/18 Budget and the financial forecast. There are cost pressures relating to children's social care which were reported in the 'Budget Monitoring 2016/17' report to Executive on 30th November 2016 and the full year effect of £2,093k has been included in the Draft 2017/18 Budget. Action is being taken by the Deputy Chief Executive & Executive Director for Education, Care and Health Services to provide a fundamental review of the placements budget which could potentially provide a corresponding reduction of £2,093k by 2018/19. However, a prudent approach has been adopted and an equivalent

sum of £2,093k has been set aside as a financial risk reserve from 2018/19, at this stage.

- 7.3 In addition, there have been overspends identified in the last 2016/17 Budget Monitoring report to Executive on 30th November 2016 relating to adult social care and SEN transport. The full year effect of these items is currently estimated at £2,200k. In view of the need to address the cost pressures and the uncertainty on the final financial impact, a sum of £2,200k has been included in the Draft 2017/18 Central Contingency Sum at this stage. The Deputy Chief Executive & Executive Director for Education, Care and Health Services will be seeking to establish the extent of the ongoing cost pressures and any measures to mitigate against such cost. He will also be progressing with a strategic review of Special Educational Needs utilising the one off grant funding of £139,624 reported at the previous meeting of the Executive.

8. THE SCHOOLS BUDGET

- 8.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 8.2 The Schools Budget includes the delegated budgets for individual maintained 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 so there is no funding required from the Revenue Support Grant or Council Tax.
- 8.3 The introduction of the National Funding Formula has been delayed until 2018/19. The second consultation on the make up of the formula is currently out to consultation and is due to be returned in March. Government will then finalise the proposals and mechanisms of the formula in due course. It is envisaged that the National Funding formula will lead to a more rigid system of 'block' funding meaning that the scope for transfer between the blocks (schools, early years, high needs, and central) will be extremely limited.
- 8.4 Funding for 2017/18 has followed a similar pattern to that of previous years, with one exception. Additional funding for Early years was granted due to changes in the formula that were advantageous to Bromley and the introduction of additional 15 hours of childcare being rolled out from September 2017 to eligible families. Schools funding per pupil has remained static although increases have been seen due to the increase in pupil numbers.
- 8.5 The ring fencing of this grant results in a continuation of minimal scope to redirect resources from the Schools Budget to other services.
- 8.6 The use of DSG was subject to consultation with the Schools Forum. At the time of writing this report, the Education Portfolio Holder will make a final decision following this consultation at the meeting of the Education Budget Sub Committee on the 31st January 2017.
- 8.7 In 2017/18 the Education Services Grant (ESG) statutory payment, worth in the region of £700k will be converted to DSG. Although the final outcome is not known, at this stage, latest estimates indicate that the Council will incur a further loss of funding of £300k per annum from Government which has been reflected in the 2017/18 Draft Budget. Details on the longer term impact are still awaited

8.8 Although it is difficult to accurately predict, the 2017/18 Draft Budget assumes ongoing conversion of remaining maintained schools to academies. The grant allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as more schools convert to academies.

9. LEVIES

9.1 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 20th February 2017 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.

10. COLLECTION FUND

10.1 It is a statutory requirement to maintain a Collection Fund at arms length from the remainder of the Council's accounts.

10.2 The Council has a non-recurring collection fund surplus of £8.0m reflected in the '2015/16 Provisional Final Accounts' report to Executive on 15th June 2016. The surplus income is mainly due to good debt recovery levels despite the previous recessionary period, an increase in new properties in the borough and the successful impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £1.6m will be allocated to the GLA and £6.4m to the Council. As part of medium term financial planning, the financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2018/19 and 2019/20.

10.3 There have been no changes to the council tax base since the previous meeting of the Executive.

11. THE GREATER LONDON AUTHORITY PRECEPT

11.1 The GLA's 2017/18 Draft Budget has been issued for consultation and includes proposals for an increase of 1.5% in existing GLA precept levels for 2017/18. The final GLA precept for 2017/18 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 20th February 2017.

12. COUNCIL’S CAPITAL PROGRAMME, UTILISATION OF GENERAL RESERVES AND BUILDING MAINTENANCE

12.1 The latest estimated general fund (revenue) balance at 31st March 2017, as shown in the “Budget Monitoring 2016/17” report to the November 2016 meeting of Executive, is provided below:

	2016/17 Projected Outturn £Million
General Fund Balance as at 1 st April 2016	20.0
Impact of net projected underspends reflected in the 2016/17 budget monitoring report	-3.7
Adjustment to Balances: Carry forwards (funded from underspends in 2015/16)	-1.7
Estimated General Fund Balance at 31 st March 2017 (end of year)	14.6

12.2 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.

12.3 The “Capital Programme Monitoring 2011/12 and Annual Capital Review 2012 to 2016” report to the February 2012 meeting of the Executive identified the long term financial implications of the capital programme. The report identified that abandoning the previously agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council’s entire general reserves being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07. However, given the ongoing financial constraints and limited opportunities to reduce costs in the medium term, it may be necessary to reconsider this approach. Executive considered the ‘Highways Investment’ report on 18th October 2016 and approved capital funding for investment in planned highway maintenance to be funded by capital receipts.

12.4 Alongside the introduction of the prudential code for capital spending, the Director of Finance 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 4.

12.5 Details of the Council’s Building Maintenance Programme and associated costs are awaited and will be subject to a separate report elsewhere on the agenda. The 2017/18 budget will need to be updated to reflect any required changes.

13. CONSULTATION

- 13.1 Executive, at its meeting on 11th January 2017, requested that the “Draft 2017/18 Budget and Update on Council’s Financial Strategy 2018/19 to 2020/21” report proposals are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 20th February 2017 where the 2017/18 Budget and Council Tax will be agreed.
- 13.2 Two separate resident association meetings were held on 21st November 2016 and 28th November 2016 and a wider public meeting on 24th November 2016 relating to “Your Voice in Your Borough” and “Council Budget 2017/18 and Beyond”. There was a web survey seeking the public’s views online (with a closing date extended to 4th December 2016). The outcome was reported to the previous meeting of the Executive.
- 13.3 A meeting has recently taken place with the Schools Forum to consider the Draft 2017/18 Budget. Head Teachers and Governors were consulted on the impact of removing funding from the Schools Block (therefore schools) and which sector it should come from. Following consultation, spending decisions will be taken by the Education Portfolio Holder on 31st January 2017.
- 13.4 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. At the time of writing this report no responses have been received.

14. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 14.1 There remain risks arising from the future scale of budget savings required to address the budget gap as well as the cost pressures arising from new burdens, inflation and the impact of Government policy changes including welfare reforms and the new Living Wage. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required.
- 14.2 Details of the potential risks which will be faced in future years, as part of finalising the 2017/18 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

15. COUNCIL TAX LEVEL 2017/18

- 15.1 The GLA’s 2017/18 Draft Budget was issued for consultation on 16th December 2016 and includes proposals for an increase of 1.5% in existing GLA precept levels for 2017/18. The final GLA precept for 2017/18 is expected to be announced after the Assembly has considered the Mayor’s draft consolidated budget on 20th February 2017.
- 15.2 The current overall Council Tax (Band D equivalent) includes the “Bromley element” relating to the cost of the council’s services and various levies of £1,114.11 in 2017/18 and a further sum of £280.02 for the GLA precept (providing a total Band D equivalent Council Tax of £1,394.13).

- 15.3 For 2017/18 every £1m change in income or expenditure causes a 0.74% variation in the “Bromley element” of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.4m.
- 15.4 As part of the Localism Act, any council tax increase of 2% or above in 2017/18 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £400k.
- 15.5 The Adult Social Care precept on council tax was originally set at 2% per annum for 2016/17 to 2019/20. The terms of the precept have changed and local authorities will now be able to increase the precept by up to 3% per annum in 2017/18 and 2018/19. However, the total allowable increase will be 6% over the three year period 2017/18 to 2019/20. Councils are able to levy the adult social care precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum.
- 15.6 If the Council chose to agree a Bromley element 3.99% council tax increase, including the 2% social care precept, and the GLA precept was increased by 1.5% there would be an overall combined council tax increase of around 3.5%. Utilising a 3% social care precept would increase the overall combined council tax by 4.3%.
- 15.7 The table below identifies the changes required to the draft 2017/18 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 3.99%, including 2% for the Adult Social Care precept, has been assumed in the 2017/18 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2017/18 including adult social care precept	Additional Income 2017/18 £'m
Freeze	NIL
1.0	1.4
2.0	2.7
3.0	4.1
3.99*	5.4
5.0 ^	6.8

*Assumed in draft 2017/18 Budget. Adult social care precept of 2% equates to additional income of £2.7m per annum. ^ Would be subject to a council tax referendum

- 15.8 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 2017/18 but also the longer term impact over the four year forecast period.
- 15.9 The Council Tax Referendum Principles are expected to be confirmed, as part of the final Local Government Finance Settlement 2017/18, by early February and may change the existing calculation. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.

- 15.10 Bromley has the second lowest settlement funding per head of population in the whole of London. Despite this in 2016/17, Bromley had the second lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £80m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details were reported to the previous meeting of the Executive.
- 15.11 As part of the Local Government Finance Settlement 2017/18, the Government provided indicative three year funding which assumed that the Council would raise funding from council tax increases of around 2% and a further 2% increase for the Adult Social Care precept.
- 15.12 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2017/18, having regard to all the above factors, including the Director of Finance comments in Appendix 4.

16. FUNDING SETTLEMENT

- 16.1 Details of the Provisional Local Government Finance Settlement 2017/18 were reported to the previous meeting of the Executive and the final settlement is expected by mid-February.
- 16.2 The Leader met with Greg Clark, Secretary of State and the local MPs to express concern about the Local Government Finance Settlement 2016/17. The Leader and the Director of Finance had also separately written to the Government as part of the response to the previous years consultation. A significant number of points were raised and the concerns relate to the higher than average reduction in funding, “lock in” of previous low funding levels, no transitional protection, no recognition that lower cost authorities such as Bromley have less scope to achieve further savings and no account is taken of London related additional cost pressures (e.g. homelessness and increasing population). The changes also resulted in a reduction in the future allocation of Better Care Fund which the Council proposes should continue to be distributed using the adult social care formula. The final 2016/17 Local Government Finance Settlement was published on 8th February 2016 and had resulted in Bromley being offered a new Transitional Grant of £2.068m in 2016/17 and £2.052m in 2017/18. Only 11 London boroughs (out of 32 London Boroughs plus City of London) received transitional protection with Bromley being the second highest. The highest was Richmond with £5.8m over 2 years, the average was £2.4m over 2 years and Bromley will receive £4.1m over 2 years. Although this represents one off income, it is still a significant contribution and, in view of the longer term ‘budget gap’, the forecast assumes that these monies are set aside as an earmarked reserve to fund future transformation changes.
- 16.3 To seek a better deal for Bromley, the Leader and Director of Finance met with Marcus Jones, Minister for Local Government on 25th May 2016 and further details were reported to the previous meeting of the Executive.
- 16.4 The Council’s response to the 2017/18 Provisional Local Government Finance Settlement is shown in Appendix 5.

17. MEDIUM TERM FINANCIAL PLANNING

- 17.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 11th January 2017 and the draft 2017/18 Budget and future years forecasts reflect the impact of this approach.
- 17.2 There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government's "Fairer Funding" review which may result in new responsibilities for the Council and associated risks. The changes may not be implemented until 2020/21 whilst austerity for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.
- 17.3 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough and the report has referred to some of the work undertaken in the current financial year. The contribution of local MPs has also assisted in this arrangement.
- 17.4 For financial planning purposes, the financial forecast assumes a council tax increase of 3.99% per annum over the next four years to compensate for the higher proportion of funding reductions, to meet inflationary costs on social care and provide funding to meet increasing social care costs, demographic cost pressures and to meet the ongoing "budget gap". As part of the Local Government Finance Settlement 2017/18, the Government's funding reductions assume that Councils could raise alternative funding, to partly offset grant reductions, from council tax increases of around 2% and a further 2% increase to reflect the full Adult Social Care precept. The financial forecast reflects that approach.
- 17.5 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.
- 17.6 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a potential balanced budget for the next two years. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £12.7m from a combination of treasury management income and rents from investment properties has been released. Without this income, equivalent service reductions may be required. Investment in economic growth (Growth Fund) will also be key to generate additional business rate income. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

- 17.7 There will be significant challenges as the Council is a low cost authority and the position will need to be regularly reviewed particularly as there are risks relating to potential higher increases in inflation, compared with the forecast, and further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2020/21 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their “cash envelope”.
- 17.8 Stewardship and delivering sustainable finances are increasingly important whilst the Government’s austerity measures continue. It is important to consider actions now that address the “budget gap” in the medium term.
- 17.9 The council has taken a prudent approach to identify and deliver front loading efficiency savings. This, together with being debt free and having healthy reserves places the council in a stronger 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.

18. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 18.1 The Draft 2017/18 Budget reflects the Council’s key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

19. POLICY IMPLICATIONS

- 19.1 The Council launched the updated “Building a Better Bromley 2016-2018” and the budget proposals reflect the Council’s priorities. “Building a Better Bromley 2016-2018” identifies key priorities as follows:

- Ensure financial independence and sustainability;
- Invest in our business and our people;
- Ambitious for all our children and young people;
- Enhance our clean and green borough.

- 19.2 Ensure financial independence and sustainability priorities include:

- Strict management of our budgets to ensure we live within our means;
- Working to achieve the benefits of the integration of health and social care;
- Early intervention for our vulnerable residents.

20. PERSONNEL IMPLICATIONS

- 20.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2017/18 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

21. LEGAL IMPLICATIONS

- 21.1 The Council is required to fix its Council Tax by the 11th March in any year. The Local Authorities (Standing Orders) (England) Regulations 2001 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) 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 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011) set out the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. The main change being replacing the need to calculate a budget requirement for a financial year with the obligation to calculate a Council tax requirement. These calculations are required to be presented to and be subject to formal resolution by the Council.
- 21.2 Schedule 5 to the Localism Act 2011 inserted 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 will apply (see Section 15 of the Report). This replaced the previous power of the Secretary of State to "cap" local Authority budgets.
- 21.3 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.
- 21.4 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 the 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.
- 21.5 The making of these budget decisions is a statutory responsibility for all Members. Section 106 of the Finance act 1992 provides that Members who are present and who are 2 months or more in arrears with their Council Tax must declare this to this meeting and the budget meeting and not vote on budget recommendations.
- 21.6 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 the adequacy of future years reserves in making budget decisions.

- 21.7 In setting the proposed budget, due regard has been necessary to relevant considerations including equality, human rights, proportionality, reasonableness, need to maintain our statutory obligations, legitimate expectation and the Council's priorities. 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' which includes age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 21.8 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' including the potential for cumulative impact on some groups from separate work streams arising from this budget. 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. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.
- 21.9 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.

Background documents	<p>Gateway Review 1,2 Approval of 2017/18 Operational Building Maintenance Budgets, Planned Maintenance Programme and Preferred Procurement Option, Executive, 8th February 2017</p> <p>Capital Programme Monitoring Q3 2016/17 and Annual Capital Review 2017 to 2021, Executive, 8th February 2017</p> <p>Pension Fund Triennial Valuation, Pensions Investment Sub-Committee (31st January 2017) and General purposes and Licensing Committee (6th February 2017)</p> <p>Progress in Implementing Children’s Services Improvements Phase3 Spending Plan, Executive, 11th January 2017</p> <p>Draft 2017/18 Budget and Update on Council’s Financial Strategy 2018/19 to 2020/21, Executive, 11th January 2017</p> <p>Drawdown of Homeless Contingency Needs Grant, Executive, 30th November 2016</p> <p>Budget Monitoring 2016/17, Executive, 30th November 2016</p> <p>Highways Investment, Executive, 18th October 2016</p> <p>Insurance Fund – Annual Report 2015/16, Executive and Resources PDS Committee, 12th October 2016</p> <p>Ofsted Inspection of Children’s Services, Executive, 14th September 2016</p> <p>Government’s Four Year Funding Offer, Executive, 14th September 2016</p> <p>Gateway Report Commissioning – Proposed Total facilities Management Contract, Executive, 20th July 2016</p> <p>2015/16 Provisional Final Accounts. Executive, 15th June 2016</p> <p>2016/17 Council Tax, Executive 10th February 2016</p> <p>Draft 2016/17 Budget and Update on Council’s Financial Strategy 2017/18 to 2018/19, Executive, 13th January 2016</p>
Financial Considerations	<p>Covered within overall report</p>

DRAFT 2017/18 BUDGET AND FINANCIAL FORECAST 2018/19 to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2016/17 (before funding from Formula Grant)	192,363	192,363	192,363	192,363	192,363
Formula Grant and Business Rate Share	-56,680	-56,680	-56,680	-56,680	-56,680
	135,683	135,683	135,683	135,683	135,683
Increased costs (2.7% 2017/18 and 2018/19 then 2.5% per annum)		4,591	9,892	15,242	20,747
Net reduction in core funding		9,620	15,114	20,507	24,900
Potential impact of Chancellor's 2015 Summer Budget on future costs (eg. further changes on welfare reform, new living wage, etc.)		5,250	9,050	12,150	13,000
Less contingency for growth already reflected in 2016/17 budget		-4,483	-4,483	-4,483	-4,483
Impact of reduction on bank base rate resulting in lower interest rates for lending		600	600	600	600
Additional income from business rate share to reflect new developments in borough		-300	-600	-900	-1,200
General reductions in government funding		0	1,000	1,500	1,500
Reductions in Government Funding - Public Health		375	785	1,195	1,500
Estimated impact of National Formula Funding resulting in funding reductions for SEN placements		0	1,500	1,500	1,500
Better Care Fund (provisional estimate at this stage - allocations not known)		0	-2,010	-4,630	-4,630
Assumed compensatory cost requirements at this stage		0	2,010	4,630	4,630
Adult Social Care Grant		-1,196	0	0	0
		246	7,852	11,562	12,417
Real Changes and Other Variations					
Education, Care and Health Services		-189	-189	-189	-189
Environment		528	1,205	1,808	2,423
Renewal and Recreation		29	58	88	118
Other (mainly council wide)		-443	207	-375	-256
Sub total - real changes and other variations		-75	1,281	1,332	2,096
New Homes Bonus		-6,011	-3,250	-2,500	-1,000
New Homes Bonus - Support for Revenue Budget		2,171	-2,170	0	0
		-3,840	-5,420	-2,500	-1,000
Transitional Funding 2017/18 (part of Local Government Finance Settlement 2016/17)		-2,052	0	0	0
Transitional Funding set aside for Transitional Funding Reserve		2,052	0	0	0
Collection Fund surplus 2015/16		-6,401	0	0	0
Collection Fund surplus 2014/15 and 2015/16 set aside as one off support towards meeting the funding shortfall in future years		6,401	-6,924	-4,389	0
		0	-6,924	-4,389	0
Full year effect of savings agreed as part of 2015/16 Budget		-45	-45	-45	-45
Full year effect of savings agreed as part of 2016/17 Budget		-3,273	-4,158	-4,251	-4,251
Acquisition of residential properties to accommodate the homeless (Executive 2nd December 2015)		-493	-1,951	-2,433	-2,433
"Gifting" of residential properties investment to pension fund (Executive 2nd December 2015)		-1,700	-1,700	-1,700	-1,700
Additional income opportunity (TFM Contract)		0	-500	-700	-945
Impact of Highways Investment report		-2,500	-2,500	-2,500	-2,500
		-8,011	-10,854	-11,629	-11,874
Review of Children's Services following Ofsted report (Executive and Council September 2016)		2,314	2,266	2,266	2,266
Full year impact of Children's Placements overspend in 2016/17		2,093	2,093	2,093	2,093
Review of Children's Placements		0	-2,093	-2,093	-2,093
Provision for cost pressures - Children's Social Care		0	2,093	2,093	2,093
Education SEN and Adult Social Care - full year effect of additional costs		2,200	2,200	2,200	2,200
Release general provision in contingency for significant uncertainty/variables		-724	-2,400	-2,500	-2,500
Increase in Council Tax Base to reflect additional properties and increased collection rates		-2,000	-2,650	-3,300	-3,950
Impact of Pension Fund triennial valuation		-1,500	-1,500	-1,500	-1,500
Resourcing commissioning programme		500	0	0	0
		2,883	9	-741	-1,391
Increase in council tax (assume 1.99% per annum) *		-2,700	-5,454	-8,263	-11,127
2016/17 Council Tax Income	-135,683	-135,683	-135,683	-135,683	-135,683
Remaining "Budget Gap"	0	2,714	5,496	21,121	34,768
Impact of Adult Social Care Precept (assume 2% per annum) *		-2,714	-5,482	-8,305	-11,185
Remaining "Budget Gap"	0	0	14	12,816	23,583

* Included for illustrative purposes. Any decision on council tax and adult social care precept levels will be part of the annual council tax setting meeting.

SUMMARY OF DRAFT 2017/18 REVENUE BUDGET - PORTFOLIO

2016/17 Final Budget £'000	Portfolio/Item	2017/18 Draft Budget £'000	2017/18 Band "D" Equivalent £
88,950	Education	85,871	668.14
Cr 83,705	Less costs funded through Dedicated Schools Grant	Cr 80,458	Cr 626.02
5,245	Sub total	5,413	42.12
92,548	Care Services	96,810	753.25
31,203	Environment	29,329	228.20
1,948	Public Protection and Safety	1,938	15.08
8,953	Renewal and Recreation	7,572	58.91
31,820	Resources	30,601	238.10
7,579	Non Distributed Costs & Corporate & Democratic Core	3,831	29.81
179,296	Total Controllable Budgets	175,494	1,365.47
11,521	Total Non Controllable Budgets	11,244	87.48
Cr 772	Total Excluded Recharges	Cr 731	Cr 5.69
190,045	Portfolio Total	186,007	1,447.26
Cr 10,203	Reversal of Net Capital Charges	Cr 9,901	Cr 77.04
Cr 3,491	Interest on General Fund Balances	Cr 2,891	Cr 22.49
7,402	Contribution to Investment Fund	-	0.00
-	New Homes Bonus - Support for Revenue Budget	2,171	16.89
2,068	Contribution to Transition Fund Reserve	2,052	15.96
4,912	Set Aside/Utilisation of Prior Year Collection Fund Surplus	6,401	49.80
15,629	Central Contingency Sum	19,776	153.87
	Levies		
464	- Local Pension Partnership*	487	3.79
320	- London Boroughs Grants Committee	281	2.19
238	- Environment Agency *	250	1.95
362	- Lee Valley Regional Park *	380	2.96
207,746	Sub Total	205,013	1,595.14
Cr 56,680	Revenue Support Grant and Business Rate Retention	Cr 47,360	Cr 368.49
Cr 2,068	Transition Grant	Cr 2,052	Cr 15.97
Cr 15	Local Services Support Grant	-	-
Cr 4,912	Collection Fund Surplus	Cr 6,401	Cr 49.80
Cr 7,402	New Homes Bonus	Cr 6,011	Cr 46.77
Cr 986	New Homes Bonus - London Top Slice	-	-
135,683	Bromley's Requirement (excluding GLA)	143,189	1,114.11

* Final allocations awaited

2017/18 CENTRAL CONTINGENCY SUM

£'000

Renewal and Recreation

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

Tackling Troubled Families Grant Expenditure		781
Tackling Troubled Families Grant Income	Cr	781
SEND Implementation Grant Expenditure		201
SEND Implementation Grant Income	Cr	201

General

Provision for Unallocated Inflation		2,504
Impact of Chancellor's Summer Budget 2015 on future costs including Welfare Reforms & Impact of Living Wage		6,737
Education SEN and Adult Social Care - full year effect of additional costs		2,200
Provision for risk/uncertainty relating to volume and cost pressure		2,182
General provision for risk/uncertainty		2,194
Impact of Pension Fund triennial valuation (provisional) - future service contribution		700
Commissioning Programme - one off funding		500
Retained Welfare Fund		450
Growth for waste services		424
Appreniceship levy		350
Provision for impact of NNDR revaluation		350
Better Care Fund		322
Other Provisions		293
Grants to voluntary organisations - pump priming funding		275
Deprivation of Liberty		118
Conversion of schools to academies		117
		<u>19,776</u>

It is important to note that the 2017/18 Central Contingency sum includes significant costs not allocated to Portfolio budgets as this stage. Therefore there will be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2017/18 BUDGET

1. Background

With the introduction of the prudential approach to capital investment, Chief Financial Officers 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, councils 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 that the 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 £14.6 million as at 31st March 2017 (as reported to Executive on 30th November 2016), as well as earmarked reserves (Section 3). 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, particularly 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) To buy time to identify further savings needed whilst avoiding "knee jerk" actions to deal with future budget deficits;
 - (k) To assist the Council to 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 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 approach to risk management. An "Annual Governance Statement" signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.
- 2.3 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.
- 2.4 Bromley's reserves have reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £14.6m. 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. However, given the ongoing financial constraints and an opportunity to reduce overall costs in the medium term, Executive on 18th October 2016 approved capital funding for investment in planned highways maintenance to be funded from capital receipts.
- 2.5 The most significant gain to balances was following the housing transfer to Broomleigh in 1992. 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.
- 2.6 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances over the next four years which should enable the current level of balances to be retained. This position could change if there is significant slippage in planned capital receipts.
- 2.7 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax 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 Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. If the reserves were used to just balance the budget they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. 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. It becomes increasingly more critical with the future devolution of business rates and associated risks (e.g. future recession) and the organisation moving to become "self-sufficient".
- 2.8 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 Director of Finance subsequently reviewed the minimum level of general reserves and recommended a minimum sum of £20m 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 continue to progress 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 general reserves in excess of the basic level on investments to increase the efficiency of the Council, provide income and reduce the cost base rather than in funding the continuation of current practices and patterns of spending.

2.9 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 including the sustainability of this measure over the lifetime of the medium term financial plan.

2.10 In the context of Bromley’s current financial position options need to be explored to ensure that the recommended minimum sum of general reserves are retained to provide adequate flexibility during the financial forecast period. However, the important issue to consider is planning the future use of 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 the 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 1/4/16	Estimated Net Movement	Balance at 31/3/17	Estimated Movement	Estimated Balance at 31/3/18
	£'000	£'000	£'000	£'000	£'000
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	871	-71	800	-	800
Technology Fund	1,853	-150	1,703	-200	1,503
Town Centre Improvement Fund (LABGI)	55	-	55	-55	-
Transformation Fund	3,165	-2,000	1,165	-500	665
Investment to Community (Resources)	578	-100	478	-100	378
Works to Property	100	-	100	-	100
Building Control Charging Account	131	-25	106	-	106
Government Grants (c/fwd from previous years)	2,257	-1,426	831	-220	611
Invest to Save Fund	13,381	993	14,374	993	15,367
One off Member Initiatives	1,566	-304	1,262	-438	824
Infrastructure Investment Fund	2,000	-200	1,800	-100	1,700
Commissioning Authority Programme	55	-55	-	-	-
Health & Social Care Initiatives – Promise Programme	5,953	-3,500	2,453	-2,453	-
Housing Strategy Trading Account	25	-	25	-	25
Community Right to Bid & Challenge	46	-	46	-	46
Investment Fund	3,769	-954	2,815	-2,815	-
Winter Pressures Reserve	1,542	-	1,542	-	1,542
Refurbishment of War Memorials	13	-	13	-	13
Key Health & Social Care Initiatives	1,700	-	1,700	-1,047	653
Integration of Health & Social Care Initiatives	1,614	-	1,614	-	1,614
Collection Fund Surplus Set Aside	-	4,912	4,912	-	4,912
Healthy Bromley Fund	3,815	-	3,815	-	3,815
Glaxo Wellcome Endowment	175	17	192	7	199
Cheyne woods & Cyphers Gate	173	10	183	10	193
Public Halls Fund	7	-	7	-	7
Future Repairs of High Street Properties	19	12	31	12	43
Parallel Fund	2,809	15	2,824	56	2,880
Growth Fund	29,483	-14,704	14,779	-12,534	2,245
Health & Social Care Integrated Commissioning Fund	4,550	-	4,550	-	4,550
Financial Planning & Risk Reserve	5,000	-	5,000	-	5,000
Bromley Welfare Fund	970	-110	860	-110	750
LBB Leased Properties Reserve	51	26	77	26	103
Business Rate Risk Reserve	4,200	-	4,200	-	4,200
Non Recurring Expenditure 2016/17 (inc. TFM contract)	461	-461	-	-	-
Crystal Palace Park Improvements	238	-105	133	-80	53
Various Joint Schemes and Pump Priming Investments	3,100	1,242	4,342	-	4,342
Transition Fund	-	2,038	2,038	2,022	4,060
Sub Total	95,725	-14,900	80,825	-17,526	63,299
PROVISIONS					
Insurance Fund	3,099	254	3,353	300	3,653
OTHER					
School Budget Share Funds	4,017	-1,259	2,758	-2,758	-
Total Reserves	102,841	-15,905	86,936	-19,984	66,952
New Reserves Subject to Final Approval					
Commissioning Programme	-	-	-	500	500
New Homes Bonus Support for Revenue Budget	-	-	-	2,171	2,171
Set Aside of Prior Year Collection Fund Surplus	-	-	-	6,401	6,401
Total Estimated Reserves	102,841	-15,905	86,936	-10,912	76,024

- 3.2 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 four 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 the growth fund to support economic development and employment within the borough whilst generating income opportunities. These measures are important to provide sustainable solutions in the longer term.
- 3.3 A summary of other 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.
 - Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with Bromley Clinical Commissioning Group for the funding of future transformation/integration of health and social care and to contribute towards the financial sustainability of Bromley CCG.
- 3.4 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 deficit on the pension fund needing to be made good from taxation in one year.
- 3.5 The outcome of the actuarial valuation as at 31/3/16 is being reported to Pensions Investment Sub Committee on 31st January 2017 and General Purposes and Licensing Committee on 6th February 2017. The Council’s pension fund is 91% funded with a total deficit of £71m (including other non-council employees) – this figure reduces to £40m if non-council employees are excluded. Decisions on the deficit repayment period will also be made at these meetings. The triennial actuarial valuation will impact on the budget from 2017/18 to 2019/20 with a subsequent valuation impacting from 2020/21.

4. Budget Assumptions

4.1 Treatment of Inflation and Interest Rates

- 4.1.1 The reduction in the Bank of England base rate from 0.5% to 0.25% compounded by banks having access to lending from central government at very low rates have resulted in a reduction of investment income from treasury management. In addition, the utilisation of the investment and growth fund as well as the planned Highways Investment Fund, have reduced the resources available for treasury management investment. A reduction of £600k per annum has been included in the 2017/18 Draft Budget and financial forecast. A combination of higher risk and longer term investments within Treasury Management have contributed towards the Council having one of the highest performing returns against

the local authority benchmark group.

4.1.2 A general allowance of 2.7% has been built into the forecast for 2017/18 reducing to 2.5% per annum from 2019/20 for contractual running expenses. This compares with current general RPIX increase of 2.7% (Dec. '16).

4.1.3 The 2017/18 Budget includes the proposed pay award of 1.2% for Council staff, including an additional £300 per annum for staff earning a full-time (FTE) salary of less than £18,000 as well as increases in standby allowances. Further details are being reported to General Purposes and Licensing Committee on 6th February 2017.

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 2016/17 and Annual Capital Review 2017 to 2021" report elsewhere on the agenda.

4.3 "Demand Led" Budgets

4.3.1 The major demand led services that currently affect Bromley's budget are homelessness, the impact of welfare reforms and the children's placement budget. The draft 2017/18 Budget includes reasonable estimates of likely changes in activity 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 98/99%. 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. 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 multiyear budget planning. There have been substantial improvements in the quality and accuracy of financial planning in recent years although the need to meet budget savings has reduced the frequency of budget monitoring. The introduction of cash targets for service departments has led to greater realism in the projection and management of the volume of service activity. Service overspends against the budget had been generally contained in overall terms in previous years although significant projected service overspends have been identified in 2016/17 and the future years position needs to be closely monitored and reviewed, with early corrective action being taken where possible. Balancing the budget will require very positive action if the council is not to overspend in future years.

4.6 Financial Information and Reporting

4.6.1 The arrangements for finance staff to report to the Director of Finance, 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 implementation of the full year effect of further savings to revenue budgets for 2017/18 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. 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. Any overspending should require compensating savings to be identified.

4.6.2 The Council will need to continue to adopt a corporate “One Council” approach in addressing budget pressures and identifying saving options.

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 Director of Finance 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**

4.8.1 Details were reported to the previous meeting of the Executive.

4.9 **Link with other plans/strategies**

4.9.1 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 Public Sector Equality Duty on 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 £1.965 million that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The “Insurance Fund – Annual Report 2015/16”, considered by the Resources Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 12th October 2016, 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 is maintained to reflect the impact of the future years budget gap of £12.8m in 2019/20 rising to £23.6m per annum in 2020/21, “balance sheet” liabilities (e.g. pension fund deficit) combined with the significant funding reductions facing the Council in this austerity period. The “budget gap” may increase or reduce as a result of a number of variables in future years. 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 ongoing austerity period makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future towards economic development within the borough (Growth Fund) whilst 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. The 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 Planning period.

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Charles Coleman,
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2nd floor, Fry Building,
2 Marsham Street,
London, SW1P 4DF.

13th January 2017

LGFsettlement@communities.gsi.gov.uk

Dear Mr. Coleman

Provisional 2017/18 Local Government Finance Settlement

This letter sets out the London Borough of Bromley's formal response to the provisional settlement consultation.

We would ask that this letter be considered in conjunction with our response to the Fair Funding Review: Call for evidence on Needs and Redistribution and also our response to the 2017/18 Local Government Finance Settlement: Technical Consultation Paper. Further information was also provided in our letter of 13th October 2016 in response to the multi-year settlement.

The London Borough of Bromley accepted the four-year funding offer on the basis it provides a minimum funding level and therefore more certainty about future resources. Whilst this is welcomed, it still fails to provide a fair funding level for our residents. Bromley received a cut in settlement funding of over 50% in real terms over the four year period – one of the highest reductions in London and significantly above the England average.

In 2017/18 we have the 4th lowest level of settlement funding in the whole of London despite having the 7th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people (in both the over 65 and over 85 age groups) and the largest road network. The associated cost implications are not reflected in the settlement funding which is the 2nd lowest funding per head of population in the whole of London.

Bromley has the second lowest spend per head of population in Outer London (2016/17) and we have managed to achieve a low cost base through many pioneering measures including outsourcing on a large scale, the transfer of our housing stock, creation of a Leisure Trust (leisure centres, swimming pools and other leisure activities), outsourced children's and older people's residential care and relentless cost control. Bromley was one of the first Councils nationally to undertake the social care outsourcing programme which maintained quality but led to significant cost reductions.

With increasing demand for our services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and increasing inflation levels it is becoming increasingly difficult to sustain the scale of funding reductions imposed upon us. The impact of the new national living wage has also resulted in a material increase in the costs we pay to third party providers and this is adding to the financial pressures we are facing.

Whilst we welcome the transitional funding awarded following our response to the 2016/17 provisional settlement, this represents non-recurring income for two years only with no change to the 2018/19 and 2019/20 settlement. The methodology for applying reductions in SFA is subjective in reflecting the council tax base within the calculation. Given the higher proportion of cuts applied to Bromley, compared with the average, we would wish for some form of 'damping' protection to be applied.

The settlement funding does not recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low but this in itself provides additional challenges in looking to identify further savings. We have already achieved savings of over £80m per annum since 2011/12 but still have to find around £30m in ongoing annual savings by 2019/20, including the savings already identified for 2017/18. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of "protection" to lessen the impact on that basis.

It is imperative that the Fair Funding model includes a mechanism to reward efficient authorities like Bromley through the inclusion of financial incentives. Also, it is essential that DCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels.

Bromley does not have the scale of infrastructure investment, such as Crossrail 1 and the potential Crossrail 2. As such, the impact of reductions in government funding has a more severe effect as our ability to generate additional business rates income is restricted compared to those authorities who benefit from such investment.

In previous consultation responses we have expressed concern regarding the transfer of funding for LACSEG and the way that this is calculated. The national average of £132 per pupil applied to the top-slice was considerably higher than Bromley's cost per pupil of approximately £87. We have fully supported Government policy as having the highest proportion of schools converted to academies. As a result, we have been severely disadvantaged by the use of a national per pupil rate for retained responsibilities and the funding that has been taken out is considerably higher than the savings that can be achieved from Academy conversion.

Bromley will be responding separately to the consultation on the proposed new national funding formula for schools and, in particular, changes to high needs funding will result in a significant loss of funding to the Council for its valuable Special Educational Needs services.

We are particularly concerned that the settlement has identified no new funding to meet the serious and significant funding gap in both adult and children's social care. The ability to increase council tax through the ASC precept and the redirected one-off funding for the ASC Support Grant does not go far enough and the financial impact of escalating pressures on social care costs, as well as health budgets, is unsustainable.

We note the confirmed approach to distributing funding through the improved Better Care fund using a methodology which includes the Social Care Precept. In our response to the 2017/18 LGFS Technical Consultation Paper, we disagreed with this proposal on the basis it unfairly penalises authorities like Bromley who have a larger tax base without adequately reflecting our needs profile (eg. an increasing ageing population with social care needs) and the significant and increasing

pressures on adult social care services. The Better Care Fund provides a significant funding stream but under this methodology Bromley will lose funding of £2.8m per annum from 2019/20 compared with using the Adult Social Care RNF.

The settlement funding also does not reflect the impact of new burdens relating to the impact of welfare reform which results in an increase in homelessness costs (estimated additional costs of £6m per annum by 2020/21) as well as other changes including, for example, deprivation of liberty and no recourse to public funds.

The Council can address some of these funding burdens, without increasing funding requirements, if we are allowed further flexibility in the use of other government funding streams, including funding for schools, to help manage within the overall resource envelope provided locally. The ring-fencing of grant funding reduces the ability to re-divert resources to meet local priorities and maximise opportunities for VFM. More opportunities to progress the integration of health and social care could also ensure a better use of resources, reducing the funding burden, with better outcomes for our residents.

Lastly, we would like to re-iterate that Bromley does not support the principle of capping council tax increases. Council tax levels should be determined locally and referendum principles should be removed. Expenditure priorities, income generation and council tax levels are a matter for local decision making, not central control. In setting our annual budget, we face increasingly difficult decisions on service priorities and council tax levels and the balance between the two is a key consideration every year. It is important that we are given local flexibility to determine how our services are funded. This view extends to the ASC Precept which, again, should be determined locally and should not be ring-fenced to fund adult social care. There are a number of services that are not sufficiently funded and this flexibility should be extended to fund other key pressure areas, for example children's social care.

We, with the support of three of our local MPs, have met with the previous Secretary of State for Communities and Local Government, Rt. Hon. Greg Clark MP and Rt. Hon. Marcus Jones MP, Parliamentary Under-Secretary of State for Communities and Local Government with your colleagues from DCLG to discuss our concerns and identify opportunities. We look forward to contributing further towards the Fair Funding review as well as the changes arising from the devolution of business rates.

Bromley's response to the specific consultation questions is appended.

Yours sincerely

Peter Turner
Director of Finance.

Consultation Questions

Question 1: Do you agree with the methodology of Revenue Support Grant in 2017-18?

Whilst we agree that this provides consistency with the information provided for the 2016-17 SFA, we disagree with the methodology and refer to concerns about overall funding levels detailed in the main body of this letter. Allocating changes to the level of Revenue Support Grant on the basis of Settlement Core Funding unfairly penalises authorities like Bromley who, whilst having a larger tax base, have worked tirelessly to keep our council tax low. The ability to raise council tax must not be a factor in the allocation of funding to individual authorities. We strongly argue that there needs to be an adjustment to the baseline position of historic underfunding that Bromley has received.

Question 2: Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?

Whilst we do not agree that New Homes Bonus should be reduced at a time of significant cuts in Government funding and increasing demand for our services (including housing), we do agree that some form of transitional protection should be applied to reduce the impact on authorities. The proposed changes will result in a significant reduction in funding at a time when authorities are already under considerable financial pressure and it will be important to provide some degree of protection to support medium and longer term financial planning.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2017-18 with £1.16 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?

We do not agree with Government holding back £1.16 billion to fund New Homes Bonus as this is larger than expected and proportionately larger than in previous years. There is no information provided about the methodology to be used for the return of any surplus so it is not possible to comment fully on this proposal. However, we believe that the return of any surplus to authorities should be allocated in proportion to how it was originally deducted.

Question 4: Do you agree with the proposal to provide £240 million in 2017-18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?

We do not agree that funding for adult social care should be re-allocated from existing New Homes Bonus funding. Government should have identified additional, new monies to meet the serious and significant funding shortfalls for adult social care. This is not new money but a re-allocation of existing resources.

Whilst we agree that funding for social care should be distributed on the basis of Relative Needs Formula, we have concerns with the accuracy of the information used as this has not been updated since 2013-14.

Question 5: Do you agree with the government's proposal to hold back £25 million to fund the business rates safety net in 2017-18, on the basis of the methodology described in paragraph 2.8.2?

We do not agree that increases in the safety net holdback should be funded from a cut to Revenue Support Grant. The initial safety net holdback was understood to be a one-off. Authorities should not be financially penalised for an increase in the safety net holdback because of lower than expected business rate growth and the effect of outstanding and estimated future rating appeals.

Any surplus on the overall safety net should be held back and any deficit should be funded by Government.

Question 6: Do you agree with the methodology for allocating Transition Grant payments in 2017-18?

We welcomed the announcement of the Transition Grant following our response to the Provisional 2016/17 Local Government Finance Settlement. However, as this is non-recurring income it can only be used to meet one-off expenditure and is not available to support ongoing front-line services.

Despite the issue of an updated explanatory note on the methodology for allocating the Transition Grant, the calculation of the grant is still unclear so it is not possible to comment further at this stage.

Question 7: Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017-18 to the upper quartile of local authorities based on the super-sparsity indicator?

We do not agree that the Rural Services Delivery Grant, which benefits rural areas only, should be funded from a top-slice to Revenue Support Grant.

If the financial pressures faced by rural authorities are recognised, it is not unreasonable to expect the same considerations for the unique and significant pressures faced by London authorities. Historic funding levels have failed to reflect the pressures on London (and Bromley) including its underestimated population and the failure to recognise the impact of daytime visitors.

Bromley is the largest London Borough in terms of geographical size and this does have a negative impact on costs, not only relating to the maintenance of our large road network but also with regard to 'sparsity' issues including the higher cost of delivering services than in smaller, more condensed areas.

Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

The draft equality statement refers to the re-cycling of New Homes Bonus funding as being expected to provide additional funding for areas with higher social care needs, including areas with greater numbers of elderly or disabled residents. Based on the information available, this does not appear to be the case. For example, Bromley has the largest proportion of older people in the whole of London and this does not seem to have been adequately reflected.

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Report No.
FSD17020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive
Council

Date: Executive 8th February 2017
Council 22nd February 2017

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING Q3 2016/17 & ANNUAL
CAPITAL REVIEW 2017 TO 2021

Contact Officer: James Mullender, Principal Accountant
Tel: 020 8313 4292 E-mail: james.mullender@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

1.1 This report summarises the current position on capital expenditure and receipts following the third quarter of 2016/17 and presents for approval the new capital schemes 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. The Executive is asked to approve a revised Capital Programme.

2. **RECOMMENDATION(S)**

2.1 The Executive is requested to:

- (a) Note the report, including the rephrasing of a total of £25,279k from 2016/17 into future years (see paragraph 3.4.1) and agree a revised Capital Programme;
- (b) Approve the following amendments to the Capital Programme:
 - (i) A net reduction of £3k in 2016/17 to reflect revised grant support from Transport for London for Highways and Traffic schemes (see para 3.3.1);
 - (ii) A total reduction of £446k to reflect the revised grant funding for the Formula Devolved Capital Grant relating to the Council's remaining maintained schools (see para 3.3.2);

(c) Recommend to Council:

- (i) An increase of £14,539k in 2016/17 to the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.3);**
- (ii) An increase of £6,896k in 2018/19 to the Basic Need Programme (see para 3.3.4);**
- (iii) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5);**

2.2 Council is requested to:

- (d) Agree an increase of £14,539k in 2016/17 to the Council's Property Investment Fund scheme to reflect the latest update on successful property acquisitions (see para 3.3.3);**
- (e) Agree an increase of £6,896k in 2018/19 to the Basic Need Programme (see para 3.3.4);**
- (f) Agree the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5).**

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Effective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. For each of the portfolios and service priorities, the Council reviews its main aims and outcomes through the AMP process and identify those that require the use of capital assets. The primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley".
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Estimated Cost: Total increase of £25,026k over the 5 years 2016/17 to 2020/21, mainly due to the overall net increase of £14,539k in the Property Investment Fund scheme, £6,896k increase to Basic Needs and the schemes proposed in the 2016 annual review (£4,040k).
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: Total £150.5m over 5 years 2016/17 to 2020/21
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

Staff

1. Number of staff (current and additional): 1 fte
 2. If from existing staff resources, number of staff hours: 36 hours per week
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Call-in is Applicable
-

Customer Impact

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

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 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2016/17 and also seeks approval to the new capital schemes in the 2016 annual capital review process. The report is divided into two distinct parts; the first (sections 3.3 and 3.4) looks at the Q3 monitoring exercise and the second (section 3.5) includes details of the proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 30th November 2016, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2016/17 to 2020/21 would increase by £25,026k, mainly due to the overall net increase of £14,539k in the Property Investment Fund scheme, £6,896k increase to Basic Needs, and the schemes proposed in the 2016 annual review at £4,040k. Estimated expenditure in 2016/17 will reduce by £25,279k due to the re-phasing of expenditure from 2016/17 into future years. Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme, including the proposed new schemes, is summarised in the table below.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL 2016/17 to 2020/21 £000
Programme approved by Executive 30/11/16	64,046	56,537	13,606	4,516	0	138,705
Variations approved at subsequent Executive meetings (Appendix A)	500	6,000	5,300	0	0	11,800
Approved Programme prior to 3rd Quarter's Monitoring	64,546	62,537	18,906	4,516	0	150,505
Variations identified in Q3 monitoring exercise						
Variation requiring the approval of the Executive (Appendix A)	14,402	-104	6,792	-104	0	20,986
Variation not requiring approval:						
Schemes rephasing from 2016/17 to future years	-25,279	24,529	0	750	0	0
Total Q3 Monitoring variations	-10,877	24,425	6,792	646	0	20,986
New schemes (Appendix C)	0	0	0	0	4,040	4,040
Revised Capital Programme	53,669	86,962	25,698	5,162	4,040	175,531
Assumed Further Slippage (for financing purposes)	-3,500	-10,000	5,000	5,000	3,500	0
Assumed New Schemes (to be agreed in future years)	0	0	0	2,500	2,500	5,000
	-3,500	-10,000	5,000	7,500	6,000	5,000
Total revised expenditure to be financed	50,169	76,962	30,698	12,662	10,040	180,531
Rounded to financing statement (Appendix D)	50,170	76,960	30,700	12,660	10,040	180,530

3.2 Variations approved at subsequent Executive meetings (£11,800k net increase)

3.2.1 On 12th December 2016, Council agreed the addition of a scheme totalling £11.8m to the capital programme for the investment in planned highway maintenance, to be funded from capital receipts. This scheme will reduce the need for reactive maintenance to the Council's highway assets (e.g. fixing potholes etc.) and should improve value for money and customer satisfaction, and reduce unplanned disruption and insurance claims for damages. The scheme will also enable revenue savings of £2.5m per annum to be made for a period of five years from 2017/18.

3.3 Variations requiring the approval of the Executive (£20,986k net increase)

3.3.1 Transport for London (TfL) – Revised support for Highways and Traffic Schemes (£3k reduction in 2016/17):

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2016/17 to 2019/20 on the basis of the bid in the Borough Spending Plan (BSP). Notification of an overall reduction of £3k in the 2016/17 grant has been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.3.2 Formula Devolved Capital (£446k reduction):

The Formula Devolved Capital scheme is funded by a grant from the Department for Education, which is passed straight on to Council maintained schools. The grant has reduced as schools have converted to academy status, and members are asked to agree a total reduction of £446k to reflect the revised funding.

3.3.3 Property Investment Fund (£14,539k increase in 2016/17):

In November 2016 Members approved reports which considered Growth Fund Acquisition of Properties. This includes the purchase of 63 The Walnuts in Orpington which was completed in December, and a further purchase for which contracts have been exchanged and is anticipated to be completed in March 2017. Members are asked to agree an increase of £14,539k to the Property Investment Fund capital scheme for these two acquisitions, which will be funded from the Growth Fund.

3.3.4 Basic Need Programme (£6,896k increase in 2018/19):

In the Basic Need Capital Programme Report approved by the Executive on 23rd March 2016, main works at Castlecombe Primary School were included as a Project in Delivery (Unfunded). The Council has now received additional Basic Need Capital Grant for the period 2018-19 of £6,896k from the DfE and is now in a position to fund these works. Members are asked to agree the addition of this amount to the Basic Need capital scheme, and note that an updated Basic Need Capital Programme is due to be reported to the next meeting of the Executive.

3.4 Scheme Rephasing

3.4.1 As part of the 3rd quarter monitoring exercise, a total of £25,279k has been re-phased from 2016/17 into future years to reflect revised estimates of when expenditure is likely to be incurred. The majority (£24,529k) has been rephased into 17/18, and is mainly due to £15,163k relating to the Property Investment Fund Scheme. There are no intentions of further property purchases within this financial year, following the purchase of 63 The Walnuts which was completed in December 2016, and a further property for which contracts have been exchanged and is expected to complete by the end of March 2017.

3.4.2 Other schemes rephased into next financial year include LIP formula funding (£1,024k) which is 100% TFL funded, based on Borough Spending Plan submission to TfL and which will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received. The following amounts have also all been rephased into 2017/18: SharePoint Productivity Platform upgrade/replacement (£800k), Penge Town Centre (£681k), Beckenham Town Centre Improvements (£643k), and Basic Needs (£600k). In addition, £750k has been rephased into 19/20 relating to the Civic Centre

Development Strategy scheme. This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

- 3.4.3 There are a small number of schemes which, from a simple comparison of the projections for 2016/17 against expenditure to date, would suggest that further slippage may occur by year end. Below are the schemes with the largest potential variations, and comments from the responsible officers:

Land Acquisition - Cornwall Drive: Following the completion of the purchase of the site in September 2016, works began on clearing the previous Waste4Fuel site in early November 2016. To date a total of 16,200 tons has been cleared from the site and it is expected to be fully cleared by mid-March 2017 at the current rate of operation, barring unforeseen circumstances. However, there are current operational issues that relate to the quality of the post recycled waste residues (known as 'fines') that may need to be treated as contaminated waste depending on the results of tests currently being undertaken. The amount of residual waste on the site is also under discussion and awaits further physical analysis to quantify the remaining waste.

TfL LIP Schemes: The construction of a number of highway schemes is only just starting, including the congestion and public realm scheme in Penge High Street, safety schemes in Copers Cope Road, Beckenham and Warren Road/Windsor Drive, Chelsfield and the new footpath in Norman Park. A substantial part of these schemes will be completed by the end of March 2017.

- 3.4.4 In view of the variations that have arisen in recent years, further slippage of £3.5m has been assumed for the remainder of 2016/17 for financing purposes to cover unforeseen delays to capital schemes.

3.5 Annual Capital Review – new scheme proposals

- 3.5.1 In recent years, the Council has steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £49.6m (including unapplied capital receipts) as at 31st March 2016. The Council's asset disposal programme has diminished and any new capital spending will effectively have to be met from the Council's remaining revenue reserves.

- 3.5.2 As part of the normal annual review of the Capital Programme, Chief Officers were invited to come forward with bids for new capital investment. Apart from the regular annual capital bids (TfL-funded Highway and Traffic schemes and Feasibility Studies) summarised in Appendix C, no additional bids were submitted. Apart from the budget for feasibility studies (£40k) the bids in this report will not require funding from Council resources. Invest to Save bids were particularly encouraged, but none were received, and it is assumed that any such bids will be submitted in due course through the earmarked reserve that was created in 2011.

3.6 Capital Receipts

- 3.6.1 Details of the receipts forecast in the years 2016/17 to 2019/20 are included elsewhere on the agenda in a confidential appendix to this report (Appendix F). The latest estimate for 2016/17 has reduced slightly to £4.7m from £4.9m as reported in November 2016. Estimates for 2017/18, 2018/19 and 2019/20 are now £11.4m, £1.0m and £16.0m respectively (£11.1m, £1.0m and £16.0m were reported in November 2016). A total of £1m per annum is assumed for receipts yet to be identified in later years. The financing and balances projections shown in Appendix D reflect prudent assumptions for capital receipts.

3.7 Financing the Proposed Capital Programme

3.7.1 The following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections, which reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £49.6m (General Fund £20.0m and capital receipts £29.6m) at the end of 2015/16 to £32.0m by the end of 2019/20 and would then reduce further to £23.3m by the end of 2023/24.

	Balance 1/4/16	Estimated Balance 31/3/20	Estimated Balance 31/3/24
	£m	£m	£m
General Fund	20.0	14.6	14.6
Capital Receipts	29.6	17.4	8.7
	49.6	32.0	23.3

3.7.2 A summary of how the capital programme will be financed is shown in the table below with further detail provided in Appendix D.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Total Capital Expenditure	50,170	76,960	30,700	12,660	10,040	180,530
Financed by:						
Usable Receipts	16,271	7,370	19,542	8,398	5,940	57,521
Revenue Contributions	10,043	19,870	100	100	100	30,213
Government Grants	8,935	36,578	7,058	162	0	52,733
Other Contributions	14,921	13,142	4,000	4,000	4,000	40,063
Total	50,170	76,960	30,700	12,660	10,040	180,530

3.8 Section 106 Receipts

3.8.1 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 as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £8,026k as at 31st December 2016 as shown in the table below, and will be used to finance capital expenditure from 2016/17 onwards:

Specified capital works	Balance 31/03/16	Receipts 2016/17	Expenditure 2016/17	Balance 31/12/16
	£000	£000	£000	£000
Housing	5,181	233	636	4,778
Education	2,801	259	-	3,060
Highways	81	1	-	82
Local Economy	0	106	-	106
Total	8,063	599	636	8,026

3.8.2 The Council's budgets are limited and, where a developer contribution (S106) can be secured, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

3.9 Investment Fund and Growth Fund

3.9.1 To date, total funding of £124.1m has been placed in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities. In November 2014, £10m was set aside in the Growth Fund to support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre. Council approved additional allocations of £6.5m in December 2015, £6m in March 2016 and £7m in June 2016 to the Growth Fund.

3.9.2 Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011. A total of £76.5m has been spent to date, and schemes totalling £101.6m have been approved (£76.7m on Investment Fund, and £24.9m on Growth Fund). The uncommitted balance as at January 2017 stands at £17.9m for the Investment Fund and £4.6m for the Growth Fund.

3.10 Post-Completion Reports

3.10.1 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. Post-completion reports are due to be submitted to the relevant PDS Committees for the following schemes:

- Increasing Network Security
- Civic Centre Cabling Renewal
- Civic Centre for the future
- Joint Web Platform
- Server Virtualisation
- Financial systems upgrade/replacement of unsupported software
- Office Accommodation Strategy
- Pavilion Leisure centre redevelopment & refurbishment
- Central Library/Churchill Theatre – replacement of chillers and control

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. 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 financing projections continue to estimate that no General Fund support to the revenue budget will be required in future years. They assume approval of the revised capital programme recommended in this report, together with an estimated £2.5m per annum for new capital schemes and service developments from 2019/20 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 30/11/16). List of potential capital receipts from Valuation & Estates as at 17/01/17. Disposal of Small Halls Site, York Rise, Orpington (Executive 11/01/17) Highway Investment (Executive 29/09/16) Growth Fund Acquisition of Properties (Executive 01/11/16)

CAPITAL PROGRAMME MONITORING - FEB 2017 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL 2016/17 to 2020/21 £000	Comments/reason for variation
Current Approved Capital Programme								
Programme approved in Qtr2 monitoring	Exec 30/11/16	64,046	56,537	13,606	4,516	0	138,705	
Highway Investment	Council 12/12/16	500	6,000	5,300	0	0	11,800	See paragraph 3.2.1
Approved Programme prior to 3rd Quarter's Monitoring		64,546	62,537	18,906	4,516	0	150,505	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive/Council								
Reduction in TFL funding for Highways & Traffic schemes		-3	0	0	0	0	-3	See paragraph 3.3.1
Reduction in Formula Devolved Capital		-134	-104	-104	-104	0	-446	See paragraph 3.3.2
Property Acquisitions	Exec 01/11/16	14,539	0	0	0	0	14,539	See paragraph 3.3.3
Basic Need Programme		0	0	6,896	0	0	6,896	See paragraph 3.3.4
(ii) Variations not requiring approval								
Net repasing from 2016/17 into future years		14,402	-104	6,792	-104	0	20,986	
		-25,279	24,529	0	750	0	0	See section 3.4 and Appendix B
		-25,279	24,529	0	750	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		-10,877	24,425	6,792	646	0	20,986	
Add: Proposed new schemes (see Appendix C)		0	0	0	0	4,040	4,040	See section 3.5
		0	0	0	0	4,040	4,040	
TOTAL REVISED CAPITAL PROGRAMME		53,669	86,962	25,698	5,162	4,040	175,531	
Less: Further slippage projection		-3,500	-10,000	5,000	5,000	3,500	0	
Add: Estimate for further new schemes								
TOTAL TO BE FINANCED		50,169	76,962	30,698	12,662	10,040	180,531	
NB. ROUNDED		50,170	76,960	30,700	12,660	10,040	180,530	

CAPITAL PROGRAMME MONITORING - FEB 2017 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000	Comments/reason for variation
Rephasing of schemes						
Primary Capital Programme 2.7	-117	117	0	0	0	Scheme completed. Awaiting outstanding final payment for consultancy cost, and other legal issues. Once all outstanding invoices are paid, any funding that may remain can be returned to Basic Need as allocations were made from this funding source to underpin this scheme. The remaining balance of £117k has been rephased into FY17/18.
Seed Challenge Fund	-400	400	0	0	0	£100k additional allocation from DfE as reported in Executive 18/05/16. 16/17 Seed programme was rephased to 17/18 in Qtr 1 monitoring as works have not been allocated yet and it will be subject to approval of Education PDS. Works are managed by Schools and it is anticipated to be spent in FY17/18. £400k has been rephased into 17/18.
Schools Access Initiative	-25	25	0	0	0	Officers are exploring options for expanding number of places of hygiene room in schools. Works at Charles Darwin and Valley schools have completed. Works at Tubbenden and Crofton will be carried out in the next FY. As part of the savings required to balance the 16/17 Schools Budget (DSG), the Direct Revenue Financing for Schools Access Initiative has been ceased. (Executive 20/07/16). £25k has been rephased into FY17/18.
Security Works	-130	130	0	0	0	Ad hoc security works for schools. Works at Burwood (Fencing & Maglock), Oakland and Worsley Bridge are completed. Works at Churchfield are currently in planning permission stage, and £12k expenditure is expected around Feb 17. £130k has been rephased into 17/18.
Children and Family Centres	-50	50	0	0	0	Works are managed by Operational Property. It is anticipated that the works will be completed soon. Retention cost are expected. £50k has been rephased into 17/18.
Suitability / Modernisation issues in schools - general 2.2	-400	400	0	0	0	£350k additional allocation from DfE as report in Executive 18/05/16. The funding will be used to Health and Safety works at school (in discussion with the Commissioning Board). Works are anticipated to be carried out in FY17/18. £400k has been rephased into 17/18.
Capital maintenance in schools	-265	265	0	0	0	£458k additional allocation from DfE as reported to Executive 18/05/16. Works are managed by Operational Property (Amev). One project, Bromley Road Primary School has not been completed, although an order has been placed and the work will be carried out in April. The amount is approximately £115k and this has been rephased 2017/18. Health & Safety works (including kitchen shutters) were completed last summer. The remaining balance relates to retention and service contract (2 years) for which £150k has been rephased into 2017/18. It is estimated that a total of £6.5m works will be completed by 16/17. A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 23rd March 16. This includes works at Trinity (started in Oct 16), Castlecoomb (work to start around Feb 17), Bishop Justus (to be completed by Easter), Edgebury (to be completed in Feb 16), Poverest (to start in Easter), Stewart Fleming (1st phase has started in Dec 16), and Leasons (to start in Easter), St George (started in Dec 16). It is anticipated that around £2.3m expenditure will be incurred between Jan 17 and Mar 17 which includes: approximately £350k for work on Bishop Justus in March, £150k remainder of work at Trinity, also temporary classrooms at Castlecoomb. £600k has been rephased into 17/18.
Basic Need	-600	600	0	0	0	It is anticipated that the works will be completed soon. £15k has been rephased into FY17/18.
Universal free school meals	-15	15	0	0	0	Further additions £558k in the Early Education for Two Year Olds scheme; £150k contribution from revenue (DSG), and £186k for the London Childcare Grant (Approved in Executive 26/11/14). Works in development at Poverest, Leasons School now have planning permission, Southborough pre-school completed and now in defect process. Works completed at Blenheim Nursery and Community Vision nursery. The proposed work at Poverest and Leasons are both now coming to the end of the tender process. It is now expected that the works at both sites will start in April 2017. £361k has been rephased into the next financial year. The Poverest project is a large one and it is expected to come in around £400k. It is expected that all works will be completed by September 2017.
Early Education for Two Year Olds	-361	361	0	0	0	£3m of DSG and remaining balance £0.577m from Basic Need. Details of expenditure were reported to Executive on 09/09/15. Additional allocation from Basic Need. Project currently on time and within budget. Scheme completed and Defects Liability Period to run for 12 months to Sep 17, so £30k has been rephased to 17/18.
Beacon House Refurbishment	-30	30	0	0	0	Re-instated - approved by Executive 2/12/15. A payment of £160k was made to NHS. Remaining balance is not anticipated to be spent in FY16/17 and has been rephased to 17/18.
Phoenix Centre	-40	40	0	0	0	The Department for Health capital is for uses associated with the provision of NHS Campus clients to the community, and projects relating to the closure of the Bassetts site. Approximately £850k has been identified for alternative day service provision following the closure of the Bassetts Day Centre. LD Day activities have been market tested and have now been transferred to an external provider tasked with the running and modernisation of services. The new provider is now progressing service modernisation which may require an element of capital investment. Proposals are now being drawn up with any resulting capital expenditure potentially starting in 17/18. Officers still await the final invoice for the retained snagging amount at 118 Widmore Road which will be approximately £20k. The NHS are entitled to request the return of the remaining capital sum. £200k has been rephased to 17/18.
PCT Learning Disability provision programme - Walpole Road	-200	200	0	0	0	This funding is made available to support reform of adult social care services. To date, these have been funded by the Council. As the new legislation for adult social care becomes clearer it is likely that this funding will be used to support the changes required. It is unlikely that spend would occur in FY16/17, so £100k has been rephased to 17/18.
Mental health grant	-100	100	0	0	0	This funding is available for specialist equipment/adaptations in extra care housing to enable schemes to support people with dementia or severe physical disabilities. Consideration is being given to the potential for additional telecare in ECH. It is unlikely that spend would occur in FY16/17 and £13k has been rephased to 17/18.
Supporting Independence - Extra Care Housing	-13	13	0	0	0	The remaining balance is to undertake work supporting mobile working in Adult Social Care. It is anticipated that the remaining work totalling £11k will be carried out in FY17/18 and has therefore been rephased.
Transforming Social care	-11	11	0	0	0	

Gateway Review of Housing I.T System	-183	183	0	0	0	0	Evaluation is currently under way of the bids received. This will be concluded to appoint a new provider by year end in line with the project plan. Implementation will commence from April 2017, and £183k has been rephased to 17/18.
Payment in Lieu Fund - Properties Acquisitions	-94	94	0	0	0	0	The remaining funds relate to work required post lettings during the term of the tenancies. There may be a small spend this year of £5k but it is anticipated that the rest is unlikely to be spent until next financial year and £94k has been rephased.
Payment in Lieu Fund - Site K London private sector renewal schemes	-67 -70	67 70	0	0	0	0	Further delays have been incurred with the build and final completion is now due in March 2018. £67k has been rephased to 17/18. Officers anticipate spend of approximately £130k in FY16/17; the remaining £70k has been rephased to 17/18.
Empty Homes Programme	-113	113	0	0	0	0	Spending is being targeted on long term empty property as per the funders criteria; take up is slow, but consistent. Revised correspondence drawn up and being given to every owner of empty property with their Council Tax revised bill to increase awareness of the assistance available. It is anticipated that spend will fall in next financial year, so £113k has been rephased into 17/18.
Renovation Grants - Disabled Facilities	-180	180	0	0	0	0	In line with previous years, it was estimated that total value of £820k would be spent in this FY. Spend on mandatory DFGs has been substantially reduced since a significant reorganisation of the OT service in 2012. This has impacted on the major adaptations team ability to progress all cases and resulted in waiting lists for assessment. Last financial year a private OT agency was employed to process 50 cases from the waiting list, which resulted in numbers and spend in line with pre 2012 levels. A paper proposing major changes to assisting disabled clients with financial assistance will be considered by the portfolio holder shortly to improve throughput, and £180k has been rephased into 17/18.
Star Lane Traveller Site	-192	192	0	0	0	0	The property division have now commenced this project and they anticipate work will be completed in 16/17. The work is to replace much of the water supply to meet minimum regulatory standards. Officers are due to discuss when these works will be undertaken following the handover to Amey, and this has been raised as a priority. Given work has not yet started, and discussions with property are ongoing, it is unlikely that budget will be spent this financial year, so £192k has been rephased into 17/18.
CC/TV Control room - refurbishment	-33	33	0	0	0	0	There were minor delays due to slight changes on the specification. One of the lower cost options was adopted by Parking, and Vemotion costs was slightly lower than expected. The Parking scheme has not yet received authorisation from the Secretary of State for the TCF (Technical Content File), and the system will not go live until this has been agreed. Officers are not prepared to complete and accept hand over until problems have been rectified. 90%+ of project is complete. The remainder of the funds will not be released until after the live transfer. It is anticipated that the total cost of project will be £307k and once all the outstanding works have been completed, the remaining residual balance will be removed from the programme. This will be reviewed in first quarter of next financial year. £33k has been rephased to 17/18.
Relocation of Exhibitions - Bromley Museum	-40	40	0	0	0	0	Approved by Executive 10/06/15 - £395k allocation from capital receipts for the relocation of exhibitions from Priory, Orpington to Central Library. The exhibitions were installed in August 2016 (local studies space) and September 2016 (library space). £40k has been rephased to 17/18.
Biggin Hill Memorial Museum	-85	85	0	0	0	0	Approved 02/12/15. We anticipate £418k of works to be complete in 16/17. This includes £44k salary costs which will be recharged at year end. £85k has been rephased into 17/18.
Emergency Works on Surplus Sites	-68	68	0	0	0	0	(Block Capital) Essential to maximise capital receipts. £8k was carried forward from 15/16 to 16/17 as agreed by Executive 15/06/16 to prepare surplus sites for disposal and to cover any emergency works. The Priory/Orpington Library (listed building) is likely to require some works to maintain/secure it prior to disposal. £68k has been rephased to 17/18.
Review of Corporate Customer Services I.T Systems	-100	100	0	0	0	0	£100k Approved by Executive 10/02/16, further £176k approved by Executive 14/09/16. Officers have now secured technical resources to implement the work and upgrade of the systems. It is anticipated the project will conclude Summer/Autumn 2017; £100k has been rephased into next financial year.
Upgrade of Core Network Hardware	-112	112	0	0	0	0	The additional hardware has been purchased and is being configured to meet the needs of London Public Service Network, Direct access, Citrix and reverse proxy application servers. Due to changes on the service provider, we do not anticipate the project to be complete in this financial year, as several other projects will have to be completed first. It is taking longer than anticipated to migrate; £112k has been rephased into 17/18.
Replacement of Storage Area Networks	-291	291	0	0	0	0	The major SAN replacement project was previously postponed due to conflicts with other major projects. Various work streams are now working parallel in together (undertaken by BT), and the data migration stage is currently underway. It is anticipated approximately £118k of works will be completed in this FY, and £291k has been rephased into 17/18.
Rollout of Windows 7 and Office 2000	-100	100	0	0	0	0	Executive 15/07/15 approved £43k virement between Financial system upgrade and Window & rollout - Work is progressing and has been re-baselined. There has been a new plan for the rollout due to the problems experienced at other councils. We are at the final stage of the scheme. The 'core' project finished however there are few minor outstanding works such as application package which will not be completed until data migration is completed. Improvement and enhancement work is anticipated to be carried out next FY; £100k has therefore been rephased into 17/18.
Replacement of MD110 telephone switch	-190	190	0	0	0	0	The bulk of the works (including MD110, Lync and call recording) are completed. Minor outstanding works include finalising the move to the new provider. £190k has been rephased.
SharePoint Productivity Platform upgrade/replacement	-800	800	0	0	0	0	The project is slowly progressing. The workshop has taken longer than anticipated. Officers are working closely with the contractors in resolving these issues. There were also delays on the specification. A clear picture of the anticipated spend will be available once the tender exercise has been completed. However, it is unlikely that all the works will be completed in this FY, so £800k has been rephased into 17/18.
Windows Server 2003 replacement program	-300	300	0	0	0	0	Approved by Executive 11/02/15. This scheme is linked with various other schemes including Replacement of Storage Area Networks and Upgrade of Core Network Hardware. We are in the process of updating / replacing around 230 servers with approximately 70 remaining. We anticipate the works to be completed by late spring 17, in compliance with the PSN (Public Service Network) and PCI (Payment Card Industry) requirement.
Mobile technology to support children's social workers	-32	32	0	0	0	0	Officers are unable to progress the mobile working plans and expenditure until data protection issues are resolved. Evaluation of the laptop pilot in CSC will enable officers to plan and spend the remainder of this grant in 2017/18; so £32k has been rephased.

Performance Management/Children's Services - information technology	-164	164	0	0	0	The Care First upgrade to Eclipse is in progress. All capital funding will be needed for identified expenditure. It is estimated a maximum of £155k will be spent for remainder of 16/17; £164k has been rephased into 17/18.
Penge Town Centre	-681	681	0	0	0	The New Homes Bonus funded project consisting of public realm improvements, Shopfront improvements, Business Support, and Wayfinding. The scheme is to be implemented alongside planned TfL bus route and carriageway improvements. It would not be practical to implement the public realm scheme until these improvements are finalised. The bulk of the capital spend will take place early 17/18 once the TfL works have commenced. The New Homes Bonus Funding agreement concludes in Mar 18.
Orpington Town Centre - Walnut Centre & New Market infrastructure	-355	355	0	0	0	High Street Fund and New Homes Bonus funded project to enhance the pedestrian experience of the prime shopping areas to increase footfall. This includes paving, lighting, treatment for trees, new street furniture, and new market infrastructure. Approximately £200k will be spent in 16/17 as part of the High Street Fund and the remaining £355k scheduled to be spent in 17/18. The New Homes Bonus Funding agreement concludes in Mar 18.
Beckenham Town Centre improvements	-643	643	0	0	0	Design and Development for TfL Major Improvement Initiative. Final design and implementation costs funded by TfL. The rephasing of capital is required because TfL delayed confirmation of award and as a result the implementation of the programme is subject to slippage. Adjusted 16/17 budget to match TfL portal funding.
Property Investment Fund	-15,163	15,163	0	0	0	An additional £15m funding from capital receipts was approved by Executive on 11/02/15 for future acquisitions. No further purchases are expected for the remainder of FY16/17, and £163k commitments from previous purchases are outstanding, so the balance of £15,163k has been rephased into 17/18.
Civic Centre Development Strategy	-750	0	0	750	0	Approved by Council 04/07/16. The project will be delivered through the TFM Contract which commences on 1 October 2016. LBB Client team and Amey Community Ltd are agreeing delivery team arrangements.
Maintenance	-215	215	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
LIP Formula Funding	-1,024	1,024	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
Bus Stop Improvement works	-94	94	0	0	0	100% TfL funding, based on Borough Spending Plan submission to TfL and will only proceed if 100% funding is agreed by TfL. The Capital Programme will be adjusted to reflect revised TfL approvals as these are received.
Carbon Management Programme	-383	383	0	0	0	Remaining projects which repayment are being made includes SON SL project and MSCP LED project. Officers are currently reviewing potential projects which includes lighting in Stockwell Blocks and other Street Lighting projects. It is not anticipated that £383k will be spent within FY16/17 and has been rephased to 17/18.
TOTAL REPHASING ADJUSTMENTS	-25,279	24,529	0	750	0	

CAPITAL PROGRAMME REVIEW 2016 - RECOMMENDED TO EXECUTIVE 08/02/17

Capital Scheme/Project	Priority	TOTAL £000's	17/18 £000's	18/19 £000's	19/20 £000's	20/21 £000's	Revenue effect		Comments
							Running £000's	Financing £000's	
Transport for London (Highways and Traffic Schemes)	HIGH	4,000			4,000		0	0	0 Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2016/17 to 2019/20 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40			40		0	0	1 Provision for 16/17 - 19/20 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		4,040	0	0	0	4,040	0	0	1

COST TO THE COUNCIL (LBB RESOURCES)						
	17/18 £000's	18/19 £000's	19/20 £000's	20/21 £000's	TOTAL £000's	
Grand total new bids above	0	0	0	4,040	4,040	
<u>External funding for new bids</u>						
Transport for London (Highway Schemes)	0	0	0	-4,000	-4,000	100% TFL funding
Funding from Council's resources	0	0	0	40	40	

CAPITAL FINANCING STATEMENT - EXECUTIVE 08/02/17 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's
<u>Summary Financing Statement</u>								
Capital Grants	8,935	36,578	7,058	162	0	0	0	0
Other external contributions	14,921	13,142	4,000	4,000	4,000	4,000	4,000	4,000
Usable Capital Receipts	16,271	7,370	19,542	8,398	5,940	2,900	2,900	2,900
Revenue Contributions	10,043	19,870	100	100	100	100	100	100
General Fund	0	0	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0	0	0
Total expenditure	50,170	76,960	30,700	12,660	10,040	7,000	7,000	7,000
<u>Usable Capital Receipts</u>								
Balance brought forward	29,583	21,510	25,635	7,173	17,355	12,415	10,515	10,615
New usable receipts	8,198	11,495	1,080	18,580	1,000	1,000	3,000	1,000
Capital Financing	37,781	33,005	26,715	25,753	18,355	13,415	13,515	11,615
	-16,271	-7,370	-19,542	-8,398	-5,940	-2,900	-2,900	-2,900
Balance carried forward	21,510	25,635	7,173	17,355	12,415	10,515	10,615	8,715
<u>General Fund</u>								
Balance brought forward	20,000	14,631	14,631	14,631	14,631	14,631	14,631	14,631
Less: Capital Financing	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	-5,369	0	0	0	0	0	0	0
Balance carried forward	14,631	14,631	14,631	14,631	14,631	14,631	14,631	14,631
TOTAL AVAILABLE RESERVES	36,141	40,266	21,804	31,986	27,046	25,146	25,246	23,346
Assumptions:								
GF contribution to support capital programme not required in any year.								
New capital schemes - £2.5m p.a. from 2019/20 for future new schemes.								
Capital receipts - includes figures reported by Property Division as at 17/01/17 (including Tweedy Road & Town Hall) and £1m pa from 2017/18.								
Current approved programme - as recommended to Executive 08/02/17								

APPENDIX E - INVESTMENT FUND & GROWTH FUND

INVESTMENT FUND & GROWTH FUND - 23rd JAN 2017

Investment Fund	£'000
Revenue Funding:	
Approved by Executive 7th September 2011	10,000
Approved by Council 27th February 2013	16,320
Approved by Council 1st July 2013	20,978
Approved by Executive 10th June 2014	13,792
Approved by Executive 15th October 2014	90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	Cr 10,000
New Home Bonus (2014/15)	5,040
Approved by Executive 11th February 2015 (New Homes Bonus)	4,400
Approved by Executive 10th June 2015	10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)	141
Approved by Executive 10th Feb 2016 (New Homes Bonus)	7,482
	<hr/>
	78,408
Capital Funding*:	
Approved by Executive 11th February 2015 (general capital receipts)	15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)	1,216
	<hr/>
	16,216
Total Funding Approved:	<hr/>
	94,624
Total spend to 23rd January 2017	Cr 72,671
Schemes Approved and Committed	
Approved by Executive 20th November 2013 (Queens's Garden)	Cr 990
Approved by Executive 15th January 2014 (Bromley BID Project)	Cr 110
Approved by Executive 26th November 2014 (BCT Development Strategy)	Cr 135
Approved by Executive 2nd December 2015 (Bromley Centre Town)	Cr 270
Approved by Executive 15th June 2016 (Glades Shopping Centre)	Cr 1,800
Approved by Executive 11th January 2017 (Disposal of Small Halls site, York Rise)	Cr 46
Valuation for 1 Westmoreland Rd	Cr 5
Valuation for Biggin Hill - West Camp	Cr 10
Growth Fund Study	Cr 170
Crystal Park Development work	Cr 200
Civic Centre for the future	Cr 50
Strategic Property cost	Cr 258
Total further spending approvals	Cr 4,044
Uncommitted Balance on Investment Fund	17,909
*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund	
Growth Fund:	
	£'000
Funding:	
Approved by Executive 26th November 2014 (Transfer from Investment Fund)	10,000
Approved by Executive 2nd December 2015	6,500
Approved by Executive 23rd March 2016	6,000
Approved by Executive 15th June 2016	7,024
Total funding approved	<hr/>
	29,524
Total spend to 23rd January 2017	Cr 3,829
Schemes Approved and Committed	
Approved by Executive 24th March 2015 (Housing Zone Bid (Site G))	Cr 2,700
Approved by Executive 24th March 2015 ((Site G) - Specialist)	Cr 200
Approved by Executive 18th May 2016 (Feasibility Studies and Strategic Employment Review)	Cr 180
Approved by Executive 18th May 2016 (Broadband Infrastructure Investment)	Cr 50
Approved by Executive 20th Jul 2016 (BID - Penge & Beckenham)	Cr 110
Approved by Executive 1st Nov 2016 (see para 3.3.3)	Cr 10,705
Approved by Executive 1st Nov 2016 (63 The Walnuts)	Cr 46
Renewal Team Cost	Cr 269
Total further spending approvals	Cr 14,260
Schemes Approved, but not committed	
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr 6,790
Uncommitted Balance on Growth Fund	4,645

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Report No.
CS17091

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: EXECUTIVE

Date: For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on 10th January 2017

Decision Type: Non-Urgent Executive Non-Key

Title: CARE HOME AND EXTRA CARE QUALITY MONITORING REPORT 2016

Contact Officer: Wendy Norman, Head of Contract Compliance and Monitoring
Tel: 020 8313 4212 E-mail: wendy.norman@bromley.gov.uk

Chief Officer: Doug Patterson, Chief Executive

Ward: Borough-wide

1. Reason for report

- 1.1 This report sets out the monitoring arrangements for Care Homes and Extra Care Housing Schemes in Bromley and comments on performance during 2016. The report also covers the performance of block contracts for nursing beds and Extra Care Housing.
 - 1.2 The report also considers the impact of the introduction of the National Living Wage in 2016 on fees and recommends that funds set aside in the contingency budget to fund this increase are released.
-

2. RECOMMENDATION

2.1 The Care Services PDS Committee is asked to note and comment on the contents of this report prior to the Council's Executive being requested to:

- i) Agree the drawdown of £1m from the Central Contingency Budget for 2017/18 as set out in paragraph 13.6 of this report.

Corporate Policy

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

Financial

1. Cost of proposal: N/A
2. Ongoing costs: N/A.
3. Budget head/performance centre:

Codes: 755*** / 756*** / 757*** / 819*** / 821*** / 824500/1/2				
	Long Term	Respite	Emergency Plcmts	TOTAL
Nursing Care	£8,143,240	£49,000	£409,910	£8,602,150
Residential Care	£23,645,980	£201,830	£474,630	£24,322,440
Mission Care Block Contract	£2,093,610			£2,093,610
Mission Care Spot Placements	£373,830			£373,830
Third Party Payments to Others - Extra Care Housing	£1,857,250			£1,857,250
	£36,113,910	£250,830	£884,540	£37,249,280

4. Total current budget for this head: £37,249,280
 5. Source of funding: Revenue Support Grant
-

Staff

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours: 1.5FTE Contract Compliance Staff
-

Legal

1. Legal Requirement: Statutory requirement.
 2. Call-in: Call-in is applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 751 placements in and out of borough
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 Where it is appropriate the Council meets assessed needs by making placements available in residential and nursing homes. Service Users are then able to choose their placement, although this can be limited depending on the availability of placements and the user's financial resources. The majority of placements funded by the Council are contracted with individual homes on a spot contract basis (691 in December 2016), supplemented by 60 nursing care beds purchased via a block contract with Mission Care. The Contract Compliance Team closely monitors the quality of care of homes based in Bromley.
- 3.2 The Council ensures that service users have a choice of placements in homes in the borough for which the Council will pay a fair market rate. These rates are monitored and reviewed regularly in order to reflect demand as an inability to make local placements quickly also has a negative impact on the local acute hospital services.
- 3.3 The Council pays up to an agreed ceiling rate, based on criteria that service users have sufficient choice of placements in the borough at those ceiling rates. When it is not possible to place at those rates, a placement will be made above that level. Setting the ceiling rate too low means that providers will offer their beds to other local authorities or full payers as the first option, which will then also cause bed blocking at the hospital etc

MONITORING ACTIVITY

- 3.4 This report sets out the monitoring activity undertaken by the Contract Compliance Team in Care Homes in Bromley during 2016. The report also comments on the performance of the block contract with Mission Care.
- 3.5 For Service Users who are able to live more independently with support Extra Care Housing may be (is) a more appropriate option. The Council has contracts with Mears and Sanctuary Care Ltd to deliver support in the Extra Care Housing schemes at Crown Meadow Court, Regency Court and Sutherland Court.

Contractor	Service	Annual Budget	Contract Term	Expires
Mission Care	60 Nursing Beds	£2,093,610	5 years	1.1.18
Sanctuary Home Care Ltd	Care to tenants in Regency Court	£565,060	71 mths	19.7.2018
Sanctuary Home Care Ltd	Care to tenants in Sutherland Courts	£450,510	72 mths	18.11.2018
Mears	Care to tenants in Crown Meadow Court	£684,861	84 mths	24.3.18

- 3.6 The Council's Care Services Team undertakes reviews of the Bromley funded Individual service users annually, or more frequently if necessary. The Contract Compliance Team monitors the quality of service delivered in each Bromley location using a Quality Assessment Framework covering everything from the quality of accommodation, the state of the building, health and safety, fire safety and business continuity plans, but also focussing in detail on care plans, recording, medication arrangements, staffing and training. Complaints, safeguarding alerts, feedback from service users and their families and Care Quality Commission (CQC) ratings also

form part of the picture that is built up of each home. Compliance officers visit every home in Bromley at least annually, but more frequently where a risk assessment indicates more input is required. This Contract Compliance activity encompasses the service delivered to all residents whether or not they are funded by the Council as many Bromley homes have a high proportion of self-funded residents.

Care Services Intelligence Group (CSIG)

- 3.7 The Council's safeguarding manager convenes CSIG which is a regular meeting of officers from the Council, Bromley Clinical Commissioning Group, Bromley Healthcare, Oxleas, and CQC to exchange information and share any concerns about local providers. This ensures that any potential issues with individual or multiple providers are identified early; that investigations progress appropriately and that any learning requirements are factored into monitoring and training programmes.

CQC RATINGS

- 3.8 The regulatory framework covering care services for adults is the Health and Social Care Act 2008. Care Quality Commission (Registration) Regulations 2009 and Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 detail the key care standards which providers must deliver. There are 28 regulations and associated outcomes that are set out in this legislation. The CQC monitors for compliance against these Fundamental Standards of Quality and Safety. CQC Compliance reports may identify 'minor', 'moderate' or 'major' concerns against any of the Fundamental Standards. The fundamental standards are grouped into 5 key themed areas for the purposes of providing a consolidated rating for each home. These are: CQC inspects services against 5 key themed areas which are:

- Safe
- Effective
- Caring
- Responsive
- Well-led

- 3.9 Each individual area is rated separately and together with a summary rating is published on the CQC website.

The ratings are:

- Outstanding
- Good
- Requires improvement
- Inadequate

- 3.10 If the provider is failing to meet an individual standard the CQC will issue a notice of a breach of conditions which has to be remedied within a set timescale. If the provider fails to remedy the warning notice within the given time scales the provider may be put into special measures which if not remedied could result in the registration of the service being withdrawn.

- 3.11 Within the overall CQC rating a home may have individual ratings from different categories. A home could be rated overall "good" while still having an area that "requires improvement", or as "requires improvement" while having an area rated as "inadequate". A home may also be rated overall as "inadequate" whilst having a "good" rating in an area. Therefore it is necessary to consider the individual ratings and overall report about a home together with all other available

current information when considering the performance of a home. Performance sometimes changes relatively quickly, particularly if there is a change of key staff members or internal quality assurance checks are not undertaken.

3.12 A table showing a summary of Bromley Providers CQC ratings is below. The number of providers in the Good category has increased, however during the year four providers were deemed to be inadequate compared with two in 2015. More details about the homes in these ratings are set out below. Appendix 1 sets out the current CQC ratings for all the Bromley providers. It also shows the number of placements funded by the Council and the dates of monitoring visits made by the Council's Contract Compliance Officer and CQC.

Outstanding	Good	Requires Improvement	Inadequate.
0 (0 in 2015)	43 (37 in 2015)	12 (17 in 2015)	2(2 in 2015 1 different provider)

3.13 The CQC checks that providers have appropriate levels of management and that the registered person for that business has appropriate values and are well motivated. CQC inspections work closely with the Contract Compliance officers to ensure that information is shared appropriately and that resources are best used. Providers also have a duty to be transparent with their residents and their representatives which includes displaying their rating and informing them of any changes in rating, breaches etc.

3.14 The Council has adopted a policy of not making any new placements with a registered provider where the CQC has found the service to be **"inadequate"**. If a service receives this rating the Council's Care Services managers, together with the Contract Compliance and Safeguarding Teams in liaison with Health partners undertake a risk assessment in order to decide what action should be taken in respect of existing service users. Depending on the situation service users funded by Bromley could be given the option to move to alternative care homes.

3.15 Where a provider is given an overall rating of **"Requires Improvement"** by CQC the Council's Contract Compliance Officer will intensify the level of scrutiny of the provider and the provider's performance is regularly reviewed by the partners at the Care Services Intelligence Group (CSIG).

Outstanding:

3.16 Very few homes in the country are rated as outstanding in every category. In Bromley 4 providers have received an 'Outstanding' rating in one of the key areas. Antokol Nursing Home, Coloma Court and Community Options (78 Croydon Road) have received an outstanding rating for 'Caring' and Clairleigh Nursing Home has achieved an outstanding rating in the 'Well-led' category.

Good:

3.17 43 Bromley providers have received an overall rating of 'Good' by CQC.

Key areas where good practice was observed across several homes: People were treated with respect and dignity. Social needs of people were met and they were involved in care planning & decision making. The providers effectively liaised with other medical professionals and agencies.

Requires Improvement:

- 3.18 12 providers have received an overall rating of 'Requires Improvement'. A provider receives this rating when 2 or more key areas have been rated as requiring improvement. Each of these providers is working to an improvement plan in order to achieve a 'Good' rating. Key areas which require improvement are: risk assessments to be more robust, effective application of Deprivation of Liberty Safeguards (DoLS) and overall quality assurance which is related to the areas mentioned above. These areas of concern are picked up and used as themes for learning and discussion in the Care Home Forum which is held quarterly throughout the year for Providers.

Inadequate:

- 3.19 St Cecilia's Nursing Home is currently rated as 'Inadequate'. Woodham House, Newlands; Prince George Duke of Kent and The Heathers were also rated Inadequate during the year, but these overall ratings have been improved as set out below.

St. Cecilia's Nursing Home:

- 3.20 St. Cecilia's run by the Leonard Cheshire Foundation received an overall rating of 'Inadequate' in the CQC report published in July 2016. 'Safe' & 'Well-led' categories were rated as inadequate. The provider was found to be in breach of Regulation 17 (Good Governance) & 18 (Staffing) of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. Warning notices were served in response to these breaches. The provider was also found to be in breach of Regulation 12 (Safe care and treatment) however a warning notice was not served.
- 3.21 A suspension of new placements was implemented by the Council following this report and current placements were reviewed in order to assess whether service users living in the home were at risk. No service users moved out as a result. The issues that required resolution were around management and the provision of adequate staffing. An enhanced improvement plan was put in place and the performance of home has been monitored regularly. Senior Officers met with the Head of Operations (currently the Home Manager) and will continue to do so in order to ensure that longer term plans for the recovery of the service are robust and improvements made are sustainable. These have also been explored with the Leonard Cheshire Director of Operations for South East.
- 3.22 At a focussed CQC inspection on the 21st September 2016 (report published in November 2016), CQC found the provider had addressed the breaches of Regulations of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 and were complaint with the warning notices served during the last inspection. The rating for well-led category was improved to 'Requires Improvement'.
- 3.23 The overall rating continues to be 'Inadequate' as CQC will check on other breaches and improvements required at the next comprehensive inspection of the service. The Contract Compliance team will continue with an enhanced programme of monitoring until the rating is good.

Woodham

- 3.24 In 2015 Woodham House, a small care home for Adults with Mental Ill Health was rated inadequate by CQC. The Council moved the 2 service users funded to live in this home to alternative placements. The Provider subsequently took the decision to formally de-register the home with CQC and is now operating a supported living scheme from this location.

Homes rated as requiring improvement during 2016

Archers Point:

- 3.25 In January 2016, Archers Point received a CQC rating of 'Requires Improvement' for 3 key areas – Safe, Effective & Well-led. Since publication of the CQC report, LBB Contract Compliance Officer has visited the service twice. Significant improvements have been identified in the service during these visits. CQC is due to visit the service again.

Ashling Lodge:

- 3.26 In the CQC report published in February 2016, Ashling Lodge received a rating of 'Requires Improvement' in 4 out of 5 key areas. The Contract Compliance Officer visited the service in March 2016 and agreed an improvement plan with the provider. In the CQC report published in October 2016, the areas requiring improvement have reduced from 4 to 2. The Contract Compliance Team continues to work with the provider to ensure further improvements are made to achieve an overall good rating in the next CQC inspection.

Burrows House:

- 3.27 Burrows House received a rating of requiring improvement in 2 out of 5 key areas in the CQC report published in May 2016. The previous rating for this service was good. The Contract Compliance Officer has visited the service since and has made recommendations to the provider to rectify the concerns identified during the last CQC report. An improvement plan is currently in place.

Fairlight & Fallowfield:

- 3.28 The provider received a rating of requiring improvement in 3 out of 5 key areas in the CQC report published in March 2016. The Contract Compliance Officer has recently visited the service and an improvement plan is being implemented.

Fairmount:

- 3.29 2 out of 5 key areas received a rating of requiring improvement in the CQC report published in December 2015. The Contract Compliance Officer has visited the service twice since publication of this report. The organisation has been taken over by Chislehurst Care Ltd (The Mills Group) in August 2016. Some improvements were identified during the LBB monitoring visit conducted in September 2016; an improvement plan has been agreed with the provider.

Heatherwood:

- 3.30 In the CQC report published in September 2016, 3 out of 5 areas were rated as requiring improvement. The Contract Compliance Officer will re-visit the service shortly; an improvement plan will be agreed with the provider based on the findings of the visit.

Homefield:

- 3.31 This home is part of the block contract with Mission Care. In the CQC report published in November 2015, the provider had received following ratings: **Safe** – Inadequate; **Effective, Responsive, Well-led** – Requires Improvement and **Caring** – Good.. The home is monitored by the Contract Compliance Team on a quarterly basis and the provider has been working on the improvement plan agreed. The overall ratings improved in the CQC report published in June 2016 to: **Safe, Effective, Well-led** – Requires Improvement and **Caring, Responsive** – Good. Homefield's overall rating remains at Requires Improvement:
- 3.32 Action has been taken to improve the service across all areas, including: monitoring of nutrition, management of safeguarding alerts, medication storage, Deprivation of Liberty safeguards, improved quality of personal information in care plans and quality assessment auditing. The service has been consistently rated good for caring.

Lauriston House (residential beds):

- 3.33 In the CQC report published in May 2016, the provider was found to be in breach of Regulation 12 HSCA RA Regulations 2014 - Safe care and treatment - People who use the service were not protected against the risk of unsafe management of medicines. A warning notice was issued against the provider.
- 3.34 During the LBB monitoring visit conducted in July 2016; recommendations were made to the provider to improve compliance and an improvement plan was agreed. In the CQC report published in September 2016; the provider met the requirements of the warning notice issued earlier however received a rating of requiring improvement in 4 out of 5 key areas as the provider was still working on the improvement plan. The Contract Compliance Officer is due to visit the service again; a new action plan will be agreed with the provider based on the findings of the visit.

Maple House:

- 3.35 Maple House received a CQC rating of requiring improvement for 2 out of 5 key areas in the CQC report published in December 2015. The Contract Compliance Officer has visited the service twice since this report and the provider continues to make progress on an improvement plan agreed.

Prince George Duke of Kent:

- 3.36 In the CQC report published in February 2016, the provider received a rating of 'Inadequate' for Safe category and 'Requires Improvement' for other 4 categories. CQC conducted a focussed inspection of the service in May 2016 as a result of which the rating of Safe category was improved to 'Requires Improvement'. A comprehensive CQC inspection was conducted in July 2016, the provider received an overall rating of 'Requires Improvement' with 3 key categories (Effective, Caring & Responsive) being rated as 'Good'. The Contract Compliance Officer has been working closely with the provider and further improvements were seen during the LBB monitoring visit conducted in October 2016.

The Heathers:

- 3.37 In the CQC report published in January 2016, the provider received a rating of 'Inadequate' for Safe category. CQC undertook an enforcement action against the provider - The provider was required to fit an appropriate locking mechanism to the fire exit door so that it cannot be opened, except in the event of a fire when it will automatically release.
- 3.38 The rating for key question 'Is the service safe' was changed from Inadequate to Requires Improvement in the CQC report published in February 2016 as the provider had implemented the actions required to meet the requirements of the enforcement notice issued during the last CQC inspection. In the CQC report published in June 2016; the provider received rating of requiring improvement in 2 out of 5 key areas. The Contract Compliance officer has visited the service since; it was identified during this visit that further improvements have been made in the service. An improvement plan continues to be in place.

Whiteoak Court:

- 3.39 Two out of five key areas were rated as requiring improvement in the CQC report published in July 2016. The Contract Compliance Officer visited the service in September 2016 and observed the provider was working on the improvement plan has been put in place.

Benedict House:

- 3.40 There had been ongoing concerns with the quality of care being delivered in the Benedict House for some time. The Council continued to offer its support to the provider to help drive the required improvements however the owner decided to close the service in August 2016.

The Council worked closely with the provider on the 'Plan of Closure' and ensured that residents were safely transferred to other suitable settings as per their needs.

OUT OF BOROUGH HOMES

- 3.41 Where service users have chosen to live out of the borough the contract compliance team undertakes regular checks of the CQC ratings. Care Services are alerted to any issues raised about the quality of care provided and will take follow up action if necessary. Care Services staff reviews service users in residential care regularly in order to ensure that residents continue to be safely placed. Social Services Authorities communicate with each other to ensure that new placements are not made in homes where there are concerns for the quality of care.

4. Safe Guarding Alerts and Complaints

- 4.1 Service users are encouraged to make complaints in the first instance directly to the service provider. The Contract Compliance Officer checks the Complaints log at care homes during visits and follows up on these, for example by checking the service user's file and care plans to ensure that actions have been recorded. Where a complaint is not resolved satisfactorily the complainant may approach the Council for assistance. There are relatively few complaints received. Between April and November 2016 the Council received 1 formal complaint about a care home. Between April 2015 and March 2016 there were 4 formal complaints.
- 4.2 A detailed analysis of safeguarding alerts and complaints by home is set out in Appendix 2. Between April and November 2016 the Council received 48 safeguarding referrals about Bromley care homes. Seven of these referrals have been substantiated and investigations are ongoing for 20 referrals. As a comparison between April 2015 and March 2016, 74 safeguarding referrals were raised out of which 22 were substantiated.
- 4.3 The increase in the number of complaints and safeguarding alerts should not necessarily be considered negatively. It is important that service users and their families feel confident to report concerns. Twenty two investigations resulted in a conclusion of substantiated in 2015/16 (28% of investigations). Appendix 2 shows a breakdown of the safeguarding alerts by category. The largest number of incidents are categorised as "neglect or acts of omission". This would include failures with medication, uncaring attitude or poor care by carers, or failure to act in response to problems with service user's health.

All Residents Safeguarding Concerns

- 4.4 Where a risk to all residents in a care home is identified an "all residents" safeguarding case is opened. In this instance the Council works with all relevant partners (CCG, Health Providers, Police, CQC) in order to ensure the ongoing safety of residents. It is normal to require the provider to stop accepting new referrals into the home whilst investigations are ongoing. The Council will undertake reviews of all Bromley funded residents and will also ensure that residents who are self funders are supported.

Rosecroft:

- 4.5 An all Residents Safeguarding Alert was raised for this home in November 2016. Bromley Council, Bromley Healthcare and the police are currently investigating the matter. Care management, Safeguarding and the Contract Compliance Team are working in partnership to ensure safety of all residents in the home. The current CQC rating of this service is Good which improved from a rating of Inadequate in 2015.

5. User/ Stakeholder Satisfaction:

- 5.1 During every monitoring visit Officers take time to talk to residents about their experiences of care and support. They will also observe the interaction between staff and residents. Each provider undertakes its own annual user satisfaction survey. Residents and relatives meetings are conducted to promote inclusion; the feedback received is acted upon. The Contract compliance officer reviews the outcomes of these surveys and meetings as part of the contract monitoring process.
- 5.2 The feedback received as part of these surveys has been satisfactory. Difficulties have been recognised where residents lack the capacity to get involved due to cognitive impairment; a best interest decision has been taken by the provider in such cases.

Council Members Visits

- 5.3 Members of the PDS committee visit care homes during the year and are able to engage with service users and their relatives.

6. NURSING BED BLOCK CONTRACT

- 6.1 The Council has a contract with Mission Care for 60 nursing care beds in Bromley. These are spread across Willet House, Greenfield, Elmwood and Homefield. All homes are rated good except Homefield which requires improvement (see 3.31 -3.32). The Council is closely monitoring the action plan with the expectation that the actions taken will result in the rating improving at the next inspection. Mission Care won this contract following a procurement exercise. The original term of the contract has been extended twice as allowed and will expire on 31.12.17
- 6.2 The occupancy of these contracted beds during 2016 has been 100%. This extremely good performance is sustained due to close partnership working with Mission Care. The contract continues to deliver extremely good value for money. Quarterly contract monitoring meetings are held to review performance and explore issues arising. The key challenge for Mission Care and all providers in Bromley is to attract, recruit and retain a well-motivated and skilled workforce, both carers and nurses and managers. Mission Care has a well-developed practice of “growing its own “work force by recognising potential in staff and promoting them within the group where possible.

7. EXTRA CARE HOUSING

- 7.1 The contract compliance team also monitors the quality of service provided in externally provided Extra Care Housing Schemes for older people. There are 6 schemes in total and care is provided by 3 providers – Bromley In House Care Services, Mears and Sanctuary Support. These schemes are registered and inspected by the CQC as Domiciliary Care Providers. Bromley has a Quality Assessment Framework which is used to monitor care and support and the frequency of monitoring visits is determined by our standard risk assessment tool.
- 7.2 Contract compliance work has been led by user satisfaction levels. These were gathered by the Council’s Quality Monitoring Officer who met individually with a sample of service users. Satisfaction levels were high in Crown Meadow Court and Sutherland Court. Service users at Regency Court expressed concern about communication with carers, continuity of care staff, missed calls and failure to prepare food adequately. The Contract Compliance Officer has met monthly with local and regional managers from Sanctuary Home Care Ltd to ensure their progress against an improvement plan to address these issues. Officers expect the plan to be completed in December 2016.

- 7.3 The summary of complaints and safeguarding alerts is included in Appendix 2. The majority of these are from Sutherland and Regency Courts reflecting the concerns already identified about Sanctuary Homecare's performance. The support contracts for Extra Care Housing are currently subject to a procurement exercise which will be reported separately. Officers will continue compliance visits with this contract.

Bromley and Lewisham Healthwatch

- 7.4 As part of their role as a watchdog of health and social care services Bromley and Lewisham Healthwatch have a statutory power to Enter and View care homes. Healthwatch visited all Bromley's Extra Care schemes during 2015/16. They engaged with 65 residents. An extract from their report stated, " Most tenants said that with their needs for additional support the Extra Care Scheme was appropriate for them. Ninety two percent of tenants said that they were comfortable and felt secure in their living environment."

8. INHOUSE SERVICES – QUALITY ASSURANCE

- 8.1 The Contract Compliance Team was required to focus on external services provided by third party providers under contract. The Director of Adult Care Services has formally requested that the quality assurance for in-house services is undertaken by the contract Compliance Team in future.

9. CHILDRENS PLACEMENTS – QUALITY REPORT

- 9.1 Arrangements for the quality monitoring of placements for children and young people are subject to review

Service Standards

- 9.2 Service provision for children and young people (CYP) under 16yrs is required to comply with the Care Standards set by Care Standards Act 2000 and are regulated and inspected by Ofsted. This includes Residential Parenting Assessment Centres, Independent Foster Agencies (IFAs), Children's Homes, Special Schools, Residential (Boarding) Schools and Secure accommodation (for both remand and welfare placements).
- 9.3 Ofsted conducts a full inspection on an annual cycle for residential units and a 3-year cycle for independent fostering agencies, for which they may make a judgement in the following categories:
- Outstanding: a service of exceptional quality that significantly exceeds minimum requirements
 - Good: a service of high quality that exceeds minimum requirements
 - Requires Improvement: a service that only meets minimum requirements
 - Inadequate: a service that does not meet minimum requirements

The Central Placements team only makes placements with providers that have a rating of Good or above.

- 9.4 Care Services PDS will receive a full report on the monitoring of placements for Children and Young People at the meeting in April 2017.

10. RISKS

- 10.1 Providers continue to find it difficult to recruit suitable motivated care and nursing staff. There is also quite a high turnover of managers in some homes which tends to enhance staffing difficulties. Owners are reviewing salaries in order to ensure that they can recruit experienced managers. The Department of Health increased the fee paid for nursing care by 39% for 2016/7 which helped homes with nursing salaries. The Council has also reviewed the rate it pays to care homes during 2016/17.
- 10.2 Some of the homes are in older properties which present challenges for nursing higher dependency residents, but few owners have the appetite for the challenge that undertaking a refurbishment presents, or the funding required for this investment.

11. EMERGING NEEDS

- 11.1 A small number of people with dementia present with challenging behaviour and require additional support and monitoring for a time in order to ensure both their safety and that of other residents. Placements specialising in this type of care are extremely expensive and the only alternative is to provide 1:1 care in the current home which is expensive and unsatisfactory for residents and staff. Some local providers are proposing to set up small units which specialise in this intense level of care. This could be a more cost effective and caring alternative to 1:1 care and will be explored as part of future commissioning arrangements.

12. IMPACT ON VULNERABLE ADULTS

- 12.1 The residents of Care Homes and Extra Care Housing are amongst the most vulnerable residents in the borough. Regular monitoring of the quality of care provided, both via announced and unannounced visits by officers is essential to ensure that provision is satisfactory. It is also critical to ensure that the person responsible for the care home has made appropriate arrangements to check quality assurance and service user feedback and that they have clearly publicised their whistle blowing policy.

13. FINANCIAL CONSIDERATIONS

- 13.1 Providers have been experiencing price rises due to the introduction of the National Living Wage which took effect from April 2016 and is due to rise to £7.50 from April 2017. Officers are in negotiation with providers in order to ensure that the supply of places continues and to allow the providers to continue to provide care at the quality levels that are expected of them.
- 13.2 A number of legal challenges have also been received from the Ombudsman around how robust our ceiling rates are, and recent advice from Counsel is that the Council does not provide sufficient choice for service users.
- 13.3 Given the difficulties officers have experienced in the last few months around agreeing spot placements, the Head of Finance, Director of Commissioning and the Head of Contract Compliance and Monitoring have met with providers to discuss their concerns. It is clear from those discussions that the ceiling rate for 2016/17 (based on 2015/16 prices uplifted by inflation) is not sustainable and for the latter part of this year officers have had no option but to increase the rates paid to providers. This has been done to avoid higher cost placements with providers insisting they are paid a premium (particularly this time of year), providers offering their spot placements to other local authorities and full payers rather than the Council's service users. Ultimately, there is a requirement for vulnerable adults to be placed and if no suitable accommodation is available at the time regardless of the Council ceiling rates, the service users will be placed, at times above these rates. The table below sets out the proposed new rate:-

Ceiling Rates

	<u>Current</u> <u>Per week</u> £	<u>Proposed</u> <u>Per week</u> £
Nursing Homes	648	680
Residential Homes - Physically Frail	560	590
Residential Homes - Elderly Mentally Ill	580	610

13.4 In setting the ceiling rate officers have set out a clear criteria based on sufficient choice, local offer as far as possible, and quality. The calculations are based on 2016/17 prices and so will need to be uplifted for 2017/18 as part of the budget process.

13.5 The impact of the National Living Wage and the ceiling rate is estimated to be £1m based on 2016/17 prices, so when the increased in the National Living Wage of £0.30 is introduced ,from April 2017, it is inevitable that a further review will be required. Any change in rates will be managed through the Budget Monitoring process.

13.6 Funding has been set aside in the contingency to cover this impact

14. LEGAL CONSIDERATIONS

14.1 This report sets out the monitoring activity undertaken by the Contract Compliance Team in Care Homes in Bromley during 2016 and comments on the performance during 2016.

14.2 The legal framework covering care services for adults is the Health and Social Care Act 2008. Care Quality Commission (Registration) Regulations 2009 and Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 detail the key care standards which providers must deliver.

14.3 The legal framework for children and young people (under 16yrs) is the Care Standards set out in the Care Standards Act 2000 and are regulated and inspected by Ofsted. This includes Residential Parenting Assessment Centres, Independent Foster Agencies (IFAs), Children's Homes, Special Schools, Residential (Boarding) Schools and Secure accommodation (for both remand and welfare placements).

14.4 In accordance with the above legislation/regulations and the individual contractual requirements between the Council and the Providers the Council's Contract Compliance Team are required to monitor the quality of service delivered in each Bromley location and do so by using a Quality Assessment Framework. The Care Quality Commission (CQC) rating also contributes to the overall assessments of each home annually. The Council's safeguarding manager also convenes CSIG which is a regular meeting of officers from the Council, Bromley Clinical Commissioning Group, Bromley Healthcare, Oxleas, and CQC to exchange information and share any concerns about local providers.

Non-Applicable Sections:	Personnel Considerations
Background Documents: (Access via Contact Officer)	(Appendices to be Included)
	Version 3 WN November 2016

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Cabrini Childrens Society, 3 Healy Drive (Diagrama Healthcare Services Limited)	3 Healy Drive, Orpington, BR6 9LB	Cabrini Children's Society	LD		28/06/16				2	8	25.0%		Jul-16	June 13 5 ticks	Good	Good	Good	Good	Good	Good	
Clairleigh NH	104 Plaistow Lane, Bromley, BR1 3AS	Palmgrange Ltd	OP Nursing PF		20/04/16				0	30	0.0%		Mar-15	5 ticks Nov 13	Good	Good	Good	Good	Good	Outstanding	
Coloma Court	Layhams Road, West Wickham, BR4 9QJ	Hospital Management Trust	OP Nursing PF/EMI		21/01/16			x	2	68	2.9%		Aug-16		Good	Good	Good	Outstanding	Good	Good	
Community Options Ltd 56 High St	56 High Street, Orpington, BR7 5AQ	Community Options	MH					x (YA)	9	10	90.0%		Nov-15	May 15 - 5 good	Good	Good	Good	Good	Good	Good	
Community Options Ltd 73 Repton Road	73 Repton Road, Orpington, BR6 9HT	Community Options	MH					x (YA)	4	5	80.0%		Jul-15		Good	Good	Good	Good	Good	Good	
Community Options Ltd, 33 Albermarle Road	33 Albermarle Road, Beckenham, BR3 5HL	Community Options	MH					x (YA)	6	7	85.7%		May-15	June 13 5 ticks	Good	Good	Good	Good	Good	Good	
Community Options Ltd, 4 Sandford Road	4 Sandford Road, Bromley, BR2 9AW	Community Options	MH					x (YA)	2	5	40.0%		Apr-15	Oct 13 5 ticks	Good	Good	Good	Good	Good	Good	
Community Options Ltd, 78 Croydon Road	78 Croydon Road, SE20 7AB	Community Options	MH					x (YA)	7	7	100.0%		Oct-16	Jun 15 good	Good	Good	Good	Good	Good	Requires Improvement	
Community Options Ltd, Wheathill Road, 19	19 Wheathill Road, Se20 7XQ	Community Options	MH					x (YA)	5	5	100.0%		Feb-15	Nov 14 5 ticks	Good	Good	Good	Good	Good	Good	
Elmstead	104 Elmstead Lane, Chislehurst, BR7 5EL	BUPA	OP Resi PF/EMI					x	11	49	22.4%		Jul-16	Jul 13 4 ticks, 1 grey cross	Good	Good	Requires Improvement	Good	Good	Good	
Elmwood	42 Soutborough Road, Bickley, BR1 2EN	Mission Care	OP Nursing PF	04/02/16	Contract monitoring meeting 18th May 2016	11/08/16	Contract monitoring meeting, 08/11/2016	x	28	70	40.0%		Jul-15	Dec 14 Overall Good	Good	Requires Improvement	Good	Good	Good	Good	
Eversleigh Residential Care Home	13 Sundridge Ave, Bromley BR1 2PU	CNV	OP Resi PF		22/04/16		CQC good rating		3	31	9.7%		Jul-16	May 14 Overall Req Imp	Good	Good	Good	Good	Good	Good	
Fairlight and Fallowfield	Ashfield Lane, Chislehurst, BR7 6LQ	Mills Group	OP Resi/Nursing PF/EMI		12/01/16			x	x	8	55	14.5%		Mar-16	01/04/2015 - o/a req impr	Requires Improvement	Requires Improvement	Requires Improvement	Good	Good	Requires Improvement
Fairmount	Mottingham Lane, SE9 4RT	Independent	OP Resi PF/EMI		12/02/16		15/09/16	x	5	38	13.2%		Dec-15	Jan 14 5 ticks	Requires Improvement	Good	Requires Improvement	Good	Requires Improvement	Good	
Florence Nursing Home	47 Park Ave, Bromley BR1 4EG	Independent	OP Nursing PF		20/05/16		03/11/16		11	30	36.7%		Jan-14			✓	✓	✓	✓	✓	
Foxbridge House	Sevenoaks Road, Pratts Bottom, Orpington, BR6 7FB	Care UK	OP Nursing		09/02/16		CQC good rating	x	1	84	1.2%		Sep-16	Requires improvement	Good	Good	Good	Good	Good	Good	
Glebe Court	Glebe Way, West Wickham, BR4 0RZ	Glebe Housing Association	OP Nursing PF		27/05/16		CQC good rating		4	51	7.8%		Oct-16	Requires improvement	Good	Good	Good	Good	Good	Good	
Greenhill	5 Oaklands Road, Bromley, BR1 3SJ	Mission Care	OP Nursing PF/EMI	07/03/16	Contract monitoring meeting 18th May 2016	02/09/16	Contract monitoring meeting, 08/11/2016	x	26	64	40.6%		Nov-15	Jun 15 good	Good	Good	Good	Good	Good	Good	
Heatherwood	33 Station Road, Orpington, BR6 0RZ	Mills Group	OP Resi PF		08/01/16		CQC visited	x	0	6	0.0%		Sep-16	Requires improvement	Requires Improvement	Requires Improvement	Requires Improvement	Good	Good	Requires Improvement	

Homefield	1 Lime Close, Bickley, BR1 2WP	Mission Care	OP Nursing EMI	18/01/16	Contract monitoring meeting 18th May 2016	17/08/16	Contract monitoring meeting, 08/11/2016	x	23	44	52.3%	Jun-16	Apr 14, 5 Sicks	Requires Improvement	Requires Improvement	Requires Improvement	Good	Good	Requires Improvement
Homelands	101 Lennard Road, Beckenham, BR3 1QS	Independent	OP Resi EMI		x	x	x	x	1	14	7.1%	Sep-15	Aug 14 5 ticks	Good	Good	Good	Good	Good	Good
Jansondean	56 Oakwood Ave, Bcekenham, BR3 6PJ	Sage	OP Nursing PF			08/07/16	21/11/16		15	28	53.6%	Jun-16	Oct 15 Overall Req Impr	Good	Requires Improvement	Good	Good	Good	Good
Lauriston House (residential beds)	Bickley Park Road, Bromley, BR1 2AZ	Minster / Larchwood	OP Nursing PF	06/01/16		20/07/16		x	2	39	5.1%	Sep-16		Requires Improvement	Requires Improvement	Requires Improvement	Good	Requires Improvement	Requires Improvement
Maple House	10 Maple Road, Sydenham, SE20 8HB	Leonard Cheshire	LD	01/02/16			18/10/16	x	1	5	20.0%	Dec-15	Nov 15, 5 ticks	Requires Improvement	Requires Improvement	Good	Good	Good	Requires Improvement
Nash College	Coney Hill Education Centre, Croydon Road Bromley BR2 7AG	Livability	LD & PD FE				11/11/2016		0	23	0.0%	Jun-15		Good	Good	Good	Good	Good	Good
Nettlestead	19 Sundridge Ave, Bromley BR1 2PU	Nightingales	OP Resi PF		04/05/16				0	22	0.0%	Jun-15	April 15 Overall Req Imp	Good	Good	Good	Good	Good	Requires Improvement
Oatlands	210 Anerley Road, SE20 8TJ	Independent	OP Resi EMI		x	x	x	x	20	43	46.5%	Dec-15	Aug 13 5 ticks	Good	Good	Good	Good	Good	Good
Oatleigh	212 Anerley Road, SE20 8TJ	Independent	OP Nursing EMI			x	x	x	9	42	21.4%	Nov-15	Feb 15 overall req impr	Good	Good	Good	Good	Good	Good
Park Avenue	69 Park Ave. Bromley, BR1 4EW	Excelcare Holdings	OP Nursing PF/EMI			CQC good report	Planned 02/12		7	51	13.7%	Aug-16	April 14 5 ticks	Good	Good	Good	Good	Good	Good
Parkside (Thicket Road, 79)	79 Thicket Road, Sydenham, SE20 8DS	Leonard Cheshire	LD	01/02/16		CQC good rating		x	5	7	71.4%	May-16	Nov 15 o/a req impr	Good	Good	Good	Good	Good	Good
Prince George Duke of Kent Court	Shepherds Green, Chislehurst, BR7 6PA	Royal Masonic Benevolent Institution	OP Nursing PF		29/04/16	CQC visited	28/10/16		7	78	9.0%	Jul-16	July 16 - overall req impr	Requires Improvement	Requires Improvement	Good	Good	Good	Requires Improvement
Queen Elizabeth House	38 Southborough Road, Bickley, BR1 2EE	Greensleeves Homes Trust	OP Resi PF				16/11/16		0	28	0.0%	Sep-15	Dec13 5 ticks	Good	Good	Good	Good	Good	Good
Rosecroft	66 Plaistow Lane, Bromley, BR1 3JE	CNV	OP Resi PF/EMI			27/09/16			5	20	25.0%	Sep-15	Jan 15 Overall Inadequate	Good	Good	Good	Good	Good	Good
Rowena	28 Oakwood Ave, Beckenham, BR3 6PJ	Independent	OP Resi EMI		17/06/16	20/09/16	x	x	10	22	45.5%	Oct-15	Oct 14 4 ticks 1 grey cross	Good	Good	Good	Good	Good	Good
Springfield	69 Freelands Road, Bromley, BR1 3HZ	Leonard Cheshire	PD			15/07/16			0	11	0.0%	Sep-16	May 13 5 ticks	Good	Good	Good	Good	Good	Good
St Cecilia's	32 Sundridge Ave, Bromley, BR1 2PZ	Leonard Cheshire	PD Nursing	29/02/16		02/08/2016 & meeting held 23rd August	visits - 03/10 & 06/10, meeting - 22/11	x	5	30	16.7%	Nov-16	July 16 - overall Inadequate, Safe and well led inadequate	Inadequate	Inadequate	Requires Improvement	Good	Requires Improvement	Requires Improvement
Sundridge Court	19 Edward Road, Bromley, BR1 3NG	Caring Homes Group	OP Nursing PF				21/10/16		5	30	16.7%	May-16	Jun 14 5 ticks	Good	Good	Good	Good	Good	Good
Wanglewood	66 Leaves Green Road, Keston, BR2 6DQ	Totem Care	LD	30/03/16				x	0	6	0.0%	Jun-15	Nov 13 5 ticks	Good	Good	Good	Good	Good	Good
The Haven	58 Sherwood Way, West Wickham, BR4 9PD	Independent	OP Resi	22/03/16				x	4	6	66.7%	Dec-15	Jun 13 5 ticks	Good	Good	Good	Good	Good	Good

The Heathers	35 Farnaby Road, Bromley, BR1 4BL	Independent	OP Resi PF/EMI		CQC visited	08/09/16		x	5	14	35.7%		Jun-16	Feb 16 - o/a req impr	Requires Improvement	Requires Improvement	Good	Good	Good	Requires Improvement	
The Old Manse	243 Main Road, Biggin Hill, TN16 3JY	HFT	LD		30/06/16			x	3	8	37.5%		Apr-15	Oct 13 3 ticks, 2 grey crosses	Good	Good	Good	Good	Good	Good	
The Sloane	28 Southend Road, Beckenham, BR3 5AA	Chislehurst Care	OP Nursing PF	29/03/16				x	6	36	16.7%		Apr-16	Sept 13 5 ticks	Good	Good	Good	Good	Good	Requires Improvement	
Whiteoak Court	15 Selby Close, Chislehurst, BR7 5RU	Independent	OP Nursing PF		CQC req. impr	12/09/16		x	3	27	11.1%		Jul-16	Nov 14 5 ticks	Requires Improvement	Good	Requires Improvement	Good	Good	Requires Improvement	
Willett House	10 Kemnal Road, Chislehurst, BR7 6LT	Mission Care	OP Nursing EMI		Visited 10/06/2016 & contract monitoring meeting in May 2016	06/09/2016 Positive feedback received from review team		Visited 05/10/2016 + contract monitoring meeting in Nov 2016	x	15	37	40.5%		Jun-15	April 13 5 ticks	Good	Good	Good	Good	Good	Good
Woodham House - de-registered July 2016	33 Newlands Park, SE26 5PN	Independent	MH	26/01/16		Service Deregistered in July 2016			0	0	#DIV/0!		Jan-16	Sept 15 - o/a inadequate	Inadequate	Inadequate	Requires Improvement	Requires Improvement	Inadequate	Inadequate	
									374	1651	22.7%										

20	23	28	31	25
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✓	All areas of this standard are being met.
X	At least one standard in this area was not being met when we last checked and CQC required improvements.
X	At least one standard in this area was not being met when we last checked and CQC has aken enforcement action.
Blank	Homes without ticks or crosses have not yet been inspected by the CQC (or report not yet published) since last star rating.

	Complaints		Safeguarding		Substantiated		Not Substantiated		Inconclusive		Not Investigated		Ongoing		Neglect & acts of omission		Physical		Psychological		Financial		Sexual	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Residential Service																								
Archers Point																								
Ashcroft				1		1			1							1	1							
Ashglade				3								3					1			2				
Avenues - Cowden Road					1		1									1								
Beechmore Court				1				1								1								
Benedict House				6	1	2		2			1	2				3	3	1						
Blyth House	1							1									1							
Bromley Park				3	2									2		2	1	1	1					
Burrows House				5	1	2		2				1			1	2	1	3						
Clairleigh				1				1								1								
Coloma				1		1										1		1						
Elmstead	1			1		1		1								1								
Elmwood	1			6	4	2		3	1			1	1	2		4	2	3	2					
Eversleigh				2	3	1		1				1	2	1		2	2	2	1					
Fairlight & Fallowfield				3	1	1				1				1	1		2	1			1			
Florence		1		1	5		1		1			1	1		3	1	6					1		
Foxbridge				8	3	3		4	2					1		5	1	2	2	1				
Glebe Court					1		1												1					
Greenhill					2							1		1			2							
Homefield				1				1								1								
Homelands					1				1															
Jansondean				3	2	2		1	1					1		1	3	2					1	
Lauriston House				1	1				1					1		1	1							
Maple House					1				1										1					
Nash College				4		1				3						1		3						
Nettlestead					1				1								1							
Oatlands				4	1			2	1	1			1			2		2					1	
Oatleigh					2				1		1						1						1	
Park Avenue				1						1								1						
Parkside				2	1				1	1							2		1					
Prince George Duke of Kent				6	3	2	1	3		1					2	4	1	2	1			1		
Rosecroft					2											2			1					
Rowena House	1				2		1	1	1							1	1					1		
St. Cecilia's				2	1		1	1								2	1							
The Heathers				1	1			1																
The Sloane				1		1													1					
Whiteoak Court				2	1			2								1		1						
Willett House				4	3	3						1				4	3							
Total	4	1	74	48	22	7	28	13	9	2	17	5	2	22	42	31	32	13	3	2	1	3		

	Complaints		Safeguarding		Substantiated		Not Substantiated		Inconclusive		Not Investigated		Ongoing		Neglect & acts of omission		Physical		Psychological		Financial		Sexual	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
ECH																								
Sutherland Court	1	2	3	4			2	2	1	1		1		2		1	3	1			2	2		
Regency Court		1	3	3		1		2						1		2	3	1				1		
Crown Meadow Court			1																				1	
Total	1	3	7	7		1	2	4	1	1	4	1	3	3	6	1	1			2	3	1		

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Report No.
ES17002

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive

For Pre-Decision Scrutiny by the Environment PDS Committee on:

Date: 24th January 2017

Decision Type: Non-Urgent Executive Key

Title: ENVIRONMENTAL SERVICES PROCUREMENT STRATEGY

Contact Officer: Dan Jones, Assistant Director Streetscene, Greenspace and Public Protection
Tel: 020 83131 4211 E-mail: dan.jones@bromley.gov.uk

Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: All Wards

1. Reason for report

- 1.1 This report sets out the Council's proposed procurement strategy for a range of environmental services and seeks the Executive's approval to commence the tendering process in April 2017. It is intended that all the contracts will commence 1 April 2019, subject to further award of contract reports being presented to the Executive in 2018.
-

2. **RECOMMENDATIONS**

That the Executive:

2.1 **Agrees to the proposed lotting structure and procurement routes;**

- **Environmental Services: Competitive Procedure with Negotiation (Lots 1-4)**
- **Arboricultural Maintenance: Restricted Procedure (Lot 5)**
- **Highways Management: Restricted Procedure (Lots 6-7)**

2.2 **Agrees that;**

- **All Lots shall be tendered for an initial eight year term (1 April 2019 – 31 March 2027)**
- **Lots 1-4 may be extended for a further eight year term (1 April 2027 – 31 March 2035) subject to a best value review (in 2024/25) and being let at the Council's sole discretion**
- **Lots 5-7 may be extended on a similar basis to Lots 1-4, if placed in association with Lots 1-4**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The services are used by all residents, including vulnerable adults and children. Reasonable adjustments are made, as required, to ensure services are accessible, e.g. disabled persons through the Special Requirements List for siting waste containers and tactile design and ramps used on footways to aid safe passage.
-

Corporate Policy

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

Financial

1. Cost of proposal: Estimated Cost Between £535.9m and £640.3m, depending on whether Lots 5 – 7 are awarded with the option to extend for a further eight years
 2. Ongoing costs: Recurring Cost £40.019m
 3. Budget head/performance centre: Environment and PPS Portfolio Budgets as well as TfL funding within the capital programme
 4. Total current budget for this head: £34.253m and £5.766m
 5. Source of funding: Existing revenue budget for 2016/17 and TfL funding within Capital Programme
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement:
 - Waste Collection Authorities (WCAs) duty to collect residual waste ([EPA 1990 Ch. 43 Part 2](#))
 - WCA duty to collect three items for recycling ([Household Waste Recycling Act 2003](#))
 - Duty under [Waste Regulations \(England & Wales\) 2011](#) requires separate kerbside collection of paper, glass, metals and plastics
 - Duty on WCAs to provide free-to-use household waste recycling facilities 'reasonably accessible to persons resident in the area'
 - Duty to dispose of Municipal Waste ([EPA 1990](#))
 - Duty as Principal Litter Authority to remove refuse and litter from public areas: [Environmental Protection Act 1990](#)
 - Duty to remove abandoned vehicles [Road Traffic Regulation Act 1984 Section 99](#) and [Refuse Disposal \(Amenity\) Act 1978](#)
 - Duty to ensure the safe passage of users of the highway according to the [Highways Act 1980](#)
 - Duty to maintain the Highway ([Highways Act 1980](#) section 41)

2. Call-in: Applicable
-

Procurement

1. Summary of Procurement Implications: Contracts to be procured through Competitive Procedure with Negotiation (four lots) and Restricted Procedure (three lots) under the [Public Contracts Regulations 2015](#)
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Background

- 3.1 A number of key environmental service contracts have been aligned to expire in March 2019 and this report seeks the Executive's approval to commence tendering the services (see 3.3) in April 2017, with a view to awarding new contracts commencing 1 April 2019.
- 3.2 The procurement strategy set out in this report reflects the findings of a series of service reviews, feedback from extensive soft market testing activity, and also the views of the Environmental Services Contract Programme Board – including input from the Environment PDS Member Working Group – which was convened to ensure a wide range of expertise from across the Council was represented in developing the proposals.
- 3.3 Lots 1-4 (Environmental Services) are being procured through the 'Competitive Procedure with Negotiation' route used for complex contracts, to drive innovation and add value through negotiation. Lots 5-7 (Arboricultural Maintenance and Highways Management) are being procured through the more traditional 'Restricted Procedure'.

Table 1: Lotting Strategy (**In-house functions*)

Lot	Environmental Services	Procurement Route	Procurement Timeline	Contract Notice
1	Waste Disposal <ul style="list-style-type: none"> Inc. relevant depot functions 	Competitive Procedure with Negotiation	April 2017 – March 2019	Contract Notice I
2	Waste Collection <ul style="list-style-type: none"> Inc. relevant depot functions Administration functions (re: Trade, Bulky and Green Garden Waste Services*) Customer Services associated with Lots 1-7 (as appropriate) 	Competitive Procedure with Negotiation	April 2017 – March 2019	
3	Street Environment <ul style="list-style-type: none"> Cleaning Graffiti Abandoned Vehicles Environmental Campaigns* Relevant Depot functions Enforcement (elements of) <ul style="list-style-type: none"> In-House Enforcement Team* Parks Security – (inc. Town Centres) Public Protection Enforcement* 	Competitive Procedure with Negotiation	April 2017 – March 2019	
4	Parks Management & Grounds Maintenance <ul style="list-style-type: none"> Inc. relevant depot functions 	Competitive Procedure with Negotiation	April 2017 – March 2019	
Lot	Arboriculture Maintenance	Procurement Route	Procurement Timeline	Contract Notice
5	Arboricultural Maintenance	Restricted Procedure	January 2018 – March 2019	Contract Notice II
Lot	Highways Management	Procurement Route	Procurement Timeline	Contract Notice
6	Highways Major Works <ul style="list-style-type: none"> Street Lighting Maintenance Highways Engineering Consultancy Safety Inspections* Street Works Inspections 	Restricted Procedure	January 2018 – March 2019	Contract Notice III
7	Highways Minor Reactive Works <ul style="list-style-type: none"> Highway Drainage Cleansing Winter Service Inc. relevant depot functions 	Restricted Procedure	January 2018 – March 2019	

- 3.4 Most of the services are already contracted to external suppliers and the draft tender documentation does not propose significant changes to the current service provision. However, the negotiation process (e.g. service innovation proposed by tenderers) and the Council's evolving position on the client function and customer service / IT provision may well result in changes, which would be reflected in the 2018 award of contract reports to the Executive.
- 3.5 The in-house services included in Table 1 (above) are currently provided by 32.5 FTEs. Further details on the specific service areas provided by in-house staff are included in paragraph 13.1
- 3.6 The Council is open to whether several individual contractors, a joint venture, consortium, or a single main contractor (which may sub-contract) provides the proposed services. For Lots 1-4 (and services placed in conjunction with them as part of the negotiated process), it is proposed that the contracts are tendered for an initial eight year period (01.04.19 – 31.03.27) with the option for an eight year extension (01.04.27 – 31.03.35) following a best value review in 2024/25 (section 9). Any lots not covered by this process (Lots 5-7) shall be tendered for eight years only, unless tendered in combination with Lots 1-4.
- 3.7 Generally speaking, the Council seeks to achieve savings or improve services as a result of any commissioning activity and this approach naturally also applies to this procurement strategy and the tendering process will be designed to drive best value on a whole life basis.

Management & Governance

- 3.8 The Environmental Services Programme Board was established in April 2016 to support the Commissioning Officers. The Programme Board represents Finance, Legal, HR, Commissioning & Procurement, IT, and the individual services being commissioned. The Programme Board meets on a fortnightly basis to support the Commissioners, deal with issues, and ensure that the Programme Plan keeps to schedule and is tendered according to the Council's rules.
- 3.9 The Programme Board is supported by four dedicated Working Groups covering the following workstreams: Legal & Procurement; Human Resources; Information Communications Technology; and Leases & Assets – all supported by Finance as appropriate.
- 3.10 Updates are provided (by the Programme Sponsor – Assistant Director, Environment Services) to the Council's Commissioning Board and the Corporate Leadership Team as required. From a democratic accountability point-of-view, this Procurement Strategy and the 2018 Award of Contract Reports will be scrutinised by both Environment and E&R PDS committees and award decisions made by the Executive.
- 3.11 To give greater opportunity for providers to arrange their services in more flexible and innovative ways, the contracts will be outcome-based: that is the client specifies what is to be achieved rather than the exact detail of how a service is to be provided. The client management function will be to focus on monitoring the Key Performance Indicators by which these outcomes will be measured and to take corrective management action as appropriate. The current client team for Lots 1 – 4 comprises 26.6 FTEs at a cost of £1.19m.
- 3.12 Future client arrangements will be subject to review following the outcome of the tendering process. Contract performance and monitoring data will be reported to Members according to the Council's Contract Procedure Rules.

Risk Management

- 3.13 This procurement programme presents a number of risks, the most obvious of which is the large scale and high value of the activity. This has been mitigated in a number of ways including by:

- lotting the various services to drive best value, allow services to be clearly benchmarked, and be attractive to a range of tenderers
 - establishing a three-year programme to allow sufficient time for deep market engagement and a phased approach to the procurement process
 - identifying a programme management team to ensure effective delivery of the Programme
 - convening an expert Programme Board to advise the commissioners
 - establishing and reporting on the Risk Register
- 3.14 Competitive Procedure with Negotiation is a relatively, though not entirely, new procurement process for the Council and there is a need to ensure that sufficient capacity and expertise is available (to cope with a currently unknown number of negotiation meetings) when required to negotiate effectively with contractors (for whom negotiation is an everyday business activity).
- 3.15 There is also a risk that tendered costs may be higher than the service budgets given that services have not been recently tendered and services, assets and infrastructure may require investment to make them fit for future purpose. These issues will be considered by the Environmental Services Programme Board and be included in the award of contract reports.
- 3.16 There are also risks associated with individual services – which are recorded in the Risk Register. For instance for waste management, risks include failure to secure sufficient (guaranteed but flexible) capacity at waste disposal facilities to handle / process future needs, or an over-reliance on unproven technology or unbuilt plant. These risks will be mitigated, so far as reasonably practicable, during the tendering process.

Principles

- 3.17 To ensure the Council achieves best value and contracts which are sustainable in economic, social and environmental terms, a number of principles will underpin the contracts (and will form part of the Invitation to Tender). These indicative principles include:
- Innovative approaches to service provision
 - Shared approach to risk and reward
 - Use of proven 'smart' technologies for service delivery and monitoring
 - Improved environmental performance and local environmental quality
 - Low carbon solutions and contribution to increased environmental resilience
 - Improved service performance and reduced levels of complaint
 - Contribution to the circular / sustainable economy

Depot infrastructure: condition and improvements

- 3.18 The availability of serviceable local depots is fundamental to the delivery of several lots. A number of strategic property activities are being undertaken to assess the depots' condition, future use and any investment requirements. The Programme's service requirements will, therefore, feed into a Depots Options Appraisal process (being undertaken by Cushman & Wakefield as a core strategic property activity) designed to clarify the anticipated requirement for depot space.
- 3.19 A 'Depot Condition Survey' will also need to be undertaken so that the contractor(s) and the Council agree to the state of the Depots prior to contract commencement. The principle is that the depots should be returned to the Council in similar, or better, condition on contract expiry.

3.20 This work will inform any improvement plans required to ensure the depots are fit-for-future-purpose. If depot improvements are required (a distinct possibility given their current condition and the length of contracts), then either the cost to be met directly by the Council or amortised over the contract term through contract payments.

4. SERVICE PROFILES

4.1 A range of lotted services are to be procured (see 3.3) and a simple summary of these (as they are currently provided) is appended in Appendix 1 to this report.

5. CUSTOMER PROFILE

5.1 The services to be procured (e.g. waste collection, highway maintenance, street cleaning and parks and greenspace management) are highly visible, affect everyone's daily lives, and are generally highly valued by residents and visitors. As such, all Bromley residents may be considered to be service users and because the services are broadly universal there is limited purpose in defining the customer profile. That said some profiling is already done, for instance in respect of the number and location of our Green Garden Waste Service customers, and local customer data will be used to help specify the services to be procured as appropriate. There are currently no plans for significantly changing the services and customers should not be significantly negatively impacted by the current proposals. Where significant changes are to be considered (e.g. as a result of the negotiation process), then customer consultations would take place as part of the decision-making process and the results reported to Members.

6. MARKET CONSIDERATIONS

6.1. Most of the services to be tendered under this Programme are already outsourced to private sector companies and it is clear that the market has capacity in general terms (though whether an individual company chooses to bid will be a function of its own priorities at the time). Consideration has been given to alternative modes of service delivery and the recommendation is to tender the lots in accordance with the timetable set out in 3.3 and 9.4 (Lots 1-4).

6.2. Similarly, consideration has been given to whether the contracts should be jointly procured with other councils or whether a framework should be created to enable other councils to 'call-off' from the LB Bromley contract. However, neither approach has generated significant interest (from other councils) and the Programme Board's view is that the services are of such a scale that best value can still be achieved by the Council tendering on its own.

6.3. A number of activities, over a period of a year, were organised to gauge the market's interest in tendering for the contracts and to get the market's view of the lotting structure. In particular:

- Considerable analysis was undertaken of the services procured by neighbouring authorities (e.g. contractors providing street environment and waste contracts to neighbouring councils)
- A Bidders Day was held on 2 September 2016 at the Civic Centre to allow the Council to explain its broad approach to procurement and lotting and for potential tenderers to question officers. Market information was gathered from potential contractors and the Bidders Day was well attended and generally considered a success.
- One-to-one meetings have been held with a range of organisations at their request during October and November 2016. These organisations tended to be larger companies which are interested in bidding for several lots and these meetings allowed potential contractors to gauge the Council's attitude to various service options.
- The Waste Resources Action Programme (WRAP reviewed the approaches taken to waste collection by five neighbouring boroughs (Greenwich, Lewisham, Lambeth, Bexley and Bromley) as part of the Government's waste collection harmonisation review. Bromley ranked

highly in comparison with the other boroughs in terms of value-for-money and fit with the Government's preferred model. Operational information and management costs from the same five boroughs were separately reviewed to consider options for different models of partnership working (e.g. Joint Working Contracts / Teckal company) and that information has been considered by the Programme Board. A third piece of research is also being undertaken to identify any further possible improvements to Bromley's waste collection model (already considered to be efficient) in terms of collection frequency and containment.

- 6.4. This extensive market engagement exercise has assured the Programme Board that a sufficient number and diversity of potential tenderers exists to generate competitive bids and achieve best value for the Council.
- 6.5. The Council does not intend to place restrictions on defining who can bid, though naturally the tendering process will identify the most appropriate organisations through the usual two-part process. Indeed the lotting strategy is specifically designed to allow the Council to achieve best value by dividing the contracts into discrete services. So, just as consortia bids are welcome, so too would joint-venture and main-contractor bids.
- 6.6. All that said, the nature and scale of the services suggests it would be difficult for small and / or local service providers to tender but this does not mean that they should be excluded. Therefore, the Invitation to Tender will explicitly state that the use of subcontractors, including local and or small sub-contractors, is welcome.
- 6.7. In summary, the environmental services market is mature and a range of service providers have expressed an interest in every lot. Indeed, the market testing exercise has identified that some organisations could provide all the services and may tender on that basis.

7. STAKEHOLDER CONSULTATION

- 7.1. The Council has already consulted widely with the environmental services sector and this activity has already been described in Section 6 (Market Considerations) and this has informed this procurement strategy and the tender documentation.
- 7.2. Although the tender documentation has been developed in a new format, with a greater emphasis on outcomes rather than inputs, the specifications will still broadly reflect the current service provision. While officers have paid due regard to the public sector equality duty under section 149 of the [Equalities Act 2010](#), no significant change is being anticipated at this point in time, and therefore no public or service user consultation has been undertaken to date.
- 7.3. In the event that significant service changes are proposed, say as a result of the negotiation process and particular groups may be impacted, then appropriate consultation would be undertaken including, but not necessarily restricted to, discharging the Council's Public Sector Equalities Duty under the Equalities Act 2010. The outcome of such consultation would form part of the award of contract report.

8. SUSTAINABILITY / IMPACT ASSESSMENT

- 8.1 The Council's Sustainable Procurement Policy recognises that considering sustainability factors in procurement decisions can bring about improved social, economic and environmental outcomes, maximise value for money and help deliver joined-up services.
- 8.2 The [2016/19 Environment Portfolio Plan](#) states that as well as maintaining high service standards, we aim to enhance our environment and contribute to a good quality of life for all and tenderers will be asked how their proposals will contribute to achieving this ambition.

8.3 Therefore, and In line with the requirements of the [Public Services \(Social Value\) Act 2012](#), officers will consider how the tenders can help to improve local economic, social and environmental well-being.

9. OUTLINE PROCUREMENT STRATEGY AND CONTRACTING PROPOSALS

Estimated Contract Value

9.1 The Council is required to state an estimated total contract value in the OJEU tender notice. The information set out in Table 3 identifies that £40m was budgeted for these services in 2016/17. It is proposed that the services are tendered for eight years with an option to extend for a further eight years. This would give an indicative value of between £535.9m and £640.3m, depending on whether Lots 5 – 7 are awarded with the option to extend for a further eight years. The actual value will reflect tendered prices and the chosen inflation metric and be reported to Members in 2018.

Proposed Contract Period

9.2 It is proposed that the term for each lot shall be for an eight-year core period: 1 April 2019 – 31 March 2027. This is because contractors require a sufficiently long-term contract to allow for capital costs (such as vehicle purchase) to be amortised and, more generally, to allow certainty for any contractual relationships into which they may wish to enter.

9.3 It is further proposed that, subject to a Best Value Review being undertaken in 2024/25, an eight-year extension (1 April 2027 – 31 March 2035) is offered at the Council's sole discretion, subject to the Executive's approval at the time (for those lots placed in combination). In this way and, subject to the agreement of all parties, lots 1-4 are offered as 8+8 year contracts together with any other lots placed in combination with them.

Programme Plan

9.4 A detailed Programme Plan is maintained on a dedicated Team Site containing key documents including the programme timetable. Two procurement timelines are envisaged:

- Environmental Services (Lots 1-4) April 2017 – March 2019: a two-year period being required due to the size of the contract and to allow sufficient time for negotiation/evaluation and mobilisation determined by the number of tenderers involved and the number of negotiations
- Arboriculture & Highways Contracts (Lots 5-7) January 2018 – March 2019: a 15-month period is considered sufficient for the less complicated 'restricted' procurement process (to be the subject of a future procurement strategy report to the Executive)

The detailed high-level timeline is appended to this report (Appendix 2) but the key steps involved in the procurement of the Environmental Services lots (1-4) is set out below.

Table 2: Procurement Programme (Lots 1 - 4: Environmental Services)

	Phase	Activity	Timetable
Service Review & Options	Phase 1	Research	October 2015 – September 2016
	Phase 2	Development	October 2016 – November 2016
	Phase 3	Procurement Strategy / Documentation Development	December 2016 – March 2017
		Tender Documents Complete	April 2017
		Advert Issued	

	Phase	Activity	Timetable
ITT	Phase 4	Suitability Questionnaire	April 2017 – June 2017
Tender Evaluation	Phase 5	Tender Submissions First Evaluation Negotiation Final Evaluation	July 2017 – September 2017 October 2017 – December 2017 January 2018 – May 2018 June 2018 – August 2018
Award Process	Phase 6	Award of Contract Mobilisation Contract Commencement	September 2018 October 2018 – March 2019 1 April 2019

Development of Tender Documentation

- 9.5 The Programme Board has oversight of the development of all the tender documentation but most of the detailed activity is undertaken by the Legal & Procurement Working Group. It is proposed that all the contract documents will be completed (and uploaded to Due North's ProContract system) by the end of March 2017. In the event that unforeseen issues arise, the timetable allows an additional month (April 2017) to complete the process.
- 9.6 Separate specifications will be produced for each lot and it is intended to use the Form of Contract used by the Council for the Total Facilities Management contract to help enable consistent contract procedures across the Council.

Evaluation Criteria

- 9.7 In line with the Council's standard policy, it is proposed that a 60/40 price/quality ratio will apply to the tender evaluation for all lots. It is not considered appropriate to increase the percentage allocated to price (say to 70%) as the contracts are for front-line services which are experienced by all residents and visitors on a daily basis and service quality is considered crucial in terms of both service delivery and tender evaluation.
- 9.8 Furthermore, adopting a common (to all lots) price/evaluation split will enable tenders to be more easily assessed should contractors wish to bid for more than one element.
- 9.9 Tender evaluation will be undertaken in line with CIPFA's model, which should ensure that submissions should be neither too high to be affordable nor too low to be financially sustainable. The evaluation model will be created and tested from January to March 2017.
- 9.10 Tenders will also be assessed in line with the Council's Sustainable Procurement Policy and in particular evaluation will reflect 'whole life costing'.
- 9.11 In addition, discounting will be encouraged to reflect the economies of scale associated with tendering for more than one lot. Minimum scores will apply to ensure that bids which do not adequately address quality issues do not progress to the negotiation stage.
- 9.12 While certain quality criteria will be common to all lots, some criteria will be lot-specific and will be crucial in ensuring that the Council achieves high levels of service performance.
- 9.13 An assessment of both price and quality, in the round, will allow the Council to demonstrate that it is achieving 'best value' over the term of the contract.

- 9.14 The evaluation will also consider any inward or Council investment required for the proposed services as part of the financial assessment.

Lotting Strategy

- 9.15 The services have been lotted (see Table 1) because this is a procurement regulation requirement but also because the Council does not wish to restrict the market – lotting allows contractors of variable sizes to tender. In addition, lotting allows individual services to be priced and thereby aids benchmarking. Lotting also encourages the application of discounts for tendering several services.
- 9.16 The Programme Board considered and refined the lotting strategy during October and November 2016 and the strategy was agreed at the 23 November 2016 Programme Board.

10. POLICY IMPLICATIONS

- 10.1 The [Environment Portfolio Plan 2016-19](#) (the Council's environmental service aims and objectives) identifies 'developing commissioning options for the Portfolio's larger contracts (e.g. waste services, grounds maintenance, highways management and street cleaning) from 2019 onwards' as a key initiative for 2016/17. The development of the commissioning programme set out in this report is referenced in Outcome 1.7 (Improving the Streetscene) and Outcome 2.1 (Minimising Waste & Increasing Recycling).
- 10.2 The Council's renewed ambition for the borough is set out in the 2016-18 update to [Building a Better Bromley](#) and this procurement activity will help in delivering two of the key aims: an 'Excellent Council' and a 'Quality Environment'. For an 'Excellent Council', this strategy will help by 'ensuring good contract management to ensure value-for-money and quality services'. And for a 'Quality Environment', the contracts will help to 'sustain a clean, green and tidy environment through value-for-money services provided to a consistently high standard'.

11. COMMISSIONING AND PROCUREMENT IMPLICATIONS

- 11.1 The services comprise the major proportion (by value) of the contracts provided by Environment & Community Services and most are already outsourced to private sector organisations. Some services are currently managed in-house and this activity may be outsourced but no decision has yet been made on this. Depending on the outcome of the negotiation process, some back office activities (e.g. aspects of IT and Customer Services) may also be outsourced (as indicated in the Lotting Strategy)
- 11.2 The Procurement Strategy developed in this report makes best use of the different approaches to contracting provided for in the [Public Contracts Regulations 2015](#). Its use enables an appropriate route for each of the contracted services in the way most likely to secure value for money and provide opportunities for service investment and development. At the same time, the approach allows the smaller contractors to actively participate in the tender process, either as sole providers or members of consortia bidding across a range of services. The extent to which the negotiated procedure can be used is set out in PCR 2015 regulation 26 and while the arrangements are complex, it is only by using the opportunities that the use of these regulations provides for innovative procurement solutions to be adopted that the Council is likely to be able to develop the services in a holistic and affordable manner for future service delivery.

12. FINANCIAL IMPLICATIONS

12.1 Table 3 sets out the 2016/17 budgets associated with each of the services to be tendered:

Table 3: Service Annual Budgets

Services	2016/17 £'000
Lots 1 - 4	
Abandoned Vehicles	25
Depots Security	15
Enforcement	1,871
Graffiti	184
Parks	4,550
Street Cleansing	3,366
Waste Services	16,957
Total for Lots 1 - 4	26,968
Lots 5 -7	
Highways - revenue	6,782
Highways - capital (TfL funding)	5,766
Aboricultural Maintenance	503
Total for Lots 5 - 7	13,051
Total for Lots 1 - 7	40,019

12.2 As mentioned in 3.11 above, the current client team for Lots 1 – 4 comprises 26.6 FTEs at a cost of £1.19m. Details for Lots 5 – 7 will be included in the future procurement strategy report for these services. Future client arrangements for all lots will be determined following the outcome of the tendering processes.

12.3 It should be noted that there may be additional investment required for the depots or other assets following the results of the condition surveys. The cost of the surveys is being met from within existing revenue budgets.

12.4 It is proposed that after the first two years of the contract that the contract prices are reviewed in line with the relevant inflation indices.

12.5 No TUPE or pension costs have been considered in this report as the client / contractor split has yet to be determined.

13. PERSONNEL IMPLICATIONS

13.1 Whilst the majority of services outlined in this report are already contracted out to private sector organisations there are nevertheless a number of in-house staff may be in scope, depending on the outcome of the tendering process, as set out below:

Service	Number of Staff (up to)	FTE (up to)
Enforcement Team	7	6.5
Waste Administration	3	3
Environmental Campaigns	1	1
Public Protection Enforcement	14	14
Highways Inspection	8	8

- 13.2 There has been engagement with staff, trade unions and departmental representatives around the market testing of these services. Meetings have been held with staff from the service areas currently affected by the proposals as set out in this report. Further communication 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.
- 13.3 If Members agree the recommendations in the report, staff and their representatives will be engaged and formally consulted as early as practical at each stage of the process going forward, subject of course to any commercially sensitive information, consistent with the Council's legal obligation pursuant to the Collective Redundancies Consultation Regulations and the Employment Rights Act. There will also be engagement with representatives and stakeholders who might be affected by the proposals.
- 13.4 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. Subject to the outcome of the process, the staffing considerations are likely to include the application of TUPE or not and possible redundancy implications.

14. LEGAL CONSIDERATIONS

- 14.1 The value of the contracts to be tendered is above the EU threshold level for services and will need to be tendered in compliance with the [Public Contracts Regulations 2015](#) (Regulations). Compliance with the Regulations will also ensure compliance with the Council's Contract Procedure Rules in relation to competitive tendering. Under Regulation 26 (4) (iii), the Council may use the Competitive Procedure with Negotiation where "the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or legal and financial make up or because of risks attaching to them. Furthermore, Regulation 26(4) (iv) provides this procedure may be used where the services to be procured include "design or innovative solutions". It is proposed that Lots 1-4 (Environmental Services) will be procured using the Competitive Procedure with Negotiation pursuant to Regulation 26 (4) due to the complex nature of the services and to drive innovation and add value through negotiation.
- 14.2 Lots 5-7 (Arboricultural Maintenance and Highways Management) will be procured using the more traditional Restricted Procedure.
- 14.3 When using the Competitive Procedure with Negotiation, the Council will be required to provide a description of its need, define minimum requirements to be met by all tenderers, and specify the contract award criteria in the procurement documents. The contract documentation will follow the model established as part of the Total Facilities Management contract but will be adapted to reflect service-specific issues. Officers will also carefully consider the need for leases or licenses in relation to the various properties and assets associated with the contracts.
- 14.4 Most of the services to be procured are being provided by external contractors and any staff transfer issues under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will relate the transfers from contractor to contractor. As mentioned in other parts of the report, some activities currently carried out by internal Council staff may be outsourced, although no decision has been made at this stage. In the event the proposal is agreed to outsource services, then appropriate TUPE consultation with staff will need to take place. Further if staff subject to a TUPE transfer are in the Local Government Pension Scheme, then the Council is under a statutory obligation to secure appropriate pension protection for staff.
- 14.5 Many of the services to be procured are services which the Council has a statutory duty to provide including but not restricted to:
- Waste Collection Authorities (WCAs) duty to collect residual waste ([EPA 1990 Ch. 43 Part 2](#))

- WCA duty to collect three items for recycling ([Household Waste Recycling Act 2003](#))
- Duty under [Waste Regulations \(England & Wales\) 2011](#) requires separate kerbside collection of paper, glass, metals and plastics
- Duty on WCAs to provide free-to-use household waste recycling facilities ‘reasonably accessible to persons resident in the area’
- Duty to dispose of Municipal Waste ([EPA 1990](#))
- Duty as Principal Litter Authority to remove refuse and litter from public areas: [Environmental Protection Act 1990](#)
- Duty to remove abandoned vehicles [Road Traffic Regulation Act 1984 Section 99](#) and [Refuse Disposal \(Amenity\) Act 1978](#)
- Duty to ensure the safe passage of users of the highway according to the [Highways Act 1980](#)
- Duty to maintain the Highway ([Highways Act 1980](#) section 41)

14.6 In addition, the following legislation will also be considered during the procurement process:

- [Equalities Act 2010](#) (Public Sector Equalities Duty)
- [Localism Act 2011](#) (Community Right to Challenge)
- [Public Services \(Social Value\) Act 2012](#) (Consider social, environmental and economic benefits)
- [Sustainable Communities Act 2007](#) & [2010 amendment](#) (improving the economic, social and environmental well-being of an area)

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	Resource London / WRAP research Appendix 1: Service Profiles Appendix 2: High Level Procurement Plan

ENVIRONMENTAL SERVICES PROCUREMENT STRATEGY REPORT: ES17002

APPENDIX 1: Current Service Profiles

This Service Profile (Appendix 1 to Report ES17002) sets out a simple description of the services as currently provided – divided into the proposed lotting structure. It is for information purposes only and not intended to be a service specification for the proposed contracts.

Lot	Environmental Services	Service Profile
1&2	Waste Collection & Disposal	<ul style="list-style-type: none"> • Waste Collection & Disposal: Collection and disposal of municipal (household and trade) waste through a comprehensive door-to-door refuse and recycling collection service, bring banks and Household Waste Recycling Centres. Contract is based on a need both to provide value for money customer services and to reduce landfilled waste. Service developments included separate collections for glass/cans/plastics, paper/card, and food waste, wheeled bin green garden waste subscription service, re-engineering the HWRCs and expanding the range of materials which can be recycled. <i>Current Contractor:</i> Veolia Environmental Services Ltd
3	Street Environment <ul style="list-style-type: none"> • Cleaning • Graffiti • Abandoned Vehicles • Enforcement (In-House Team, Parks & Town Centre Security, and Public Protection - part) 	<ul style="list-style-type: none"> • Street Cleaning: Day-to-day routine street cleaning activities and response to service requests including mechanical and manual sweeping, fly-tipping and fly-poster removal, emptying and replacing litter bins, weed control, autumn leafing and, in the event of severe winter weather, snow clearance and pavement salting. <i>Current Contractor:</i> Kier Services Ltd • Graffiti Removal: Removal of graffiti visible from the highway and within 50m of street boundary, on public or private property as reactive work. Works may also include removal of fly-posters, paint spillages and other stain removal works. <i>Current Contractor:</i> Community Clean • Abandoned Vehicles: Removal, storage and disposal of nuisance, abandoned and surrendered vehicles (motorised or non-motorised). <i>Current Contractor:</i> Pickapart Ltd • Enforcement: Including Parks Security, on-street enforcement activity (<i>Current Contractor:</i> Ward Security) and elements of Public Protection enforcement (currently in-house)
4	Parks Management , Grounds Maintenance & Cemetery Services	<ul style="list-style-type: none"> • Grounds Maintenance: Maintenance of some 156 parks, recreation grounds and open spaces, including some 3,000 acres of open space, 71 play areas, the cemeteries' and burial service, and maintaining highway grass verges & shrubs. <i>Current Contractor:</i> ID Verde (formerly the Landscape Group) • Soft Landscaping Works: Covers range of activities including Woodlands Works: managing Public Rights of Way; Rural Grass Cutting: Rural Hedge Cutting: Japanese Knotweed control on LBB land; Hanging Baskets supply and maintenance; and Non-routine

		<p>work; and Plant & Shrub Supply</p> <ul style="list-style-type: none"> • <u>Playground Maintenance</u>: Inspection, servicing, and repair of the borough's 67 equipped play areas
Lot	Arboriculture Maintenance	
5	Arboricultural Maintenance	<ul style="list-style-type: none"> • <u>Arboricultural Maintenance</u>: Inspection and maintenance of the Council's tree stock, which includes street trees, park trees, school trees and trees in conservation sites. The Council takes direct responsibility for inspecting 12,000 street, 7,000 parks and 2,500 school trees each year to identify trees requiring remedial works under the contract and responding to public enquiries regarding the Council's tree stock. The Contract's key elements include completion of all remedial works issued and replacing some 400 street trees each year. <i>Current Contractor:</i> Gristwood & Toms
Lot	Highways Management	
6	Highways Major Works <ul style="list-style-type: none"> • Street Lighting Maintenance • Highways Engineering Consultancy • Safety Inspections • Street Works Inspections 	<ul style="list-style-type: none"> • <u>Highways Major & Planned Works</u>: Completion of all planned highway maintenance works and improvement projects. Some 40 major projects are traditionally undertaken annually involving resurfacing / reconstructing roads and footways. <i>Current Contractor:</i> FM Conway Ltd • <u>Street Lighting</u>: Maintenance of the Borough's lighting stock including street lighting columns, and both lit and unlit signs and bollards and nameplates. • <u>Highways Engineering Consultancy</u>: Inspections and assessments of the Council's highway structures and multi storey car park stock using a call-off arrangement and to draw up, procure and supervise schedules of maintenance to ensure the safety of the travelling public. <i>Current Contractor:</i> AECOM • <u>Safety Inspections</u>: Programmed inspections of footway and roadway currently undertaken by qualified LBB officers to identify hazards requiring timely repair • <u>Street Works Inspections</u>: Inspection of utility reinstatement works and compliance with permit conditions and timescales.
7	Highways Minor & Reactive Works <ul style="list-style-type: none"> • Highway Drainage Cleansing • Winter Service 	<ul style="list-style-type: none"> • <u>Highways Minor & Reactive Works</u>: Deals with day-to-day frontline safety issues including minor reactive repairs to the fabric of the highway. In practice this involves carriageway, footway and street furniture (excluding street-lighting) repairs. Contract also includes works to the highway drainage infrastructure. Small traffic scheme installations (e.g. TfL funded pedestrian crossings) use this contract. Contract deals with Emergency & out-of-hours call-out service. <i>Current Contractor:</i> O'Rourke Construction & Surfacing Ltd • <u>Gulley Cleaning</u>: Annual planned cleansing programme of all highway drainage infrastructure including carrying out a range of other tasks such as drainage condition surveys using CCTV, the provision and disposal of sandbags, attendance in storm conditions and at times

		<p>of a major flooding incident, and the removal of items lost by the public in the highway drainage infrastructure. <i>Current Contractor:</i> <u>Veolia Environmental Services Ltd</u></p> <ul style="list-style-type: none">• <u>Winter Service:</u> Minor & Reactive Works Contract supports the Winter Service Policy & Plan (both carriageway and footways) <i>Current Contractor:</i> <u>O'Rourke Construction & Surfacing Ltd</u>
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ENVIRONMENTAL SERVICES PROCUREMENT STRATEGY REPORT: ES17002
APPENDIX 2: High Level Programme Plan

This indicative Programme Plan (Appendix 2 to Report ES17002) sets out a high level description of the phasing of the procurement activity for the Environmental Services (Lots 1-4).

		Start Date	Deadline
Service Review and Options Appraisal	<u>Phase 1: Research</u>		
	Investigate possible Joint Working Opportunities / Initial Soft Market Testing	01/10/2015	31/10/2016
	Commission any supporting reviews - External Parties (WRAP)	01/10/2015	31/10/2016
	Develop PIN	N/A	27/05/2016
	Issue PIN	N/A	06/06/2016
	Service Reviews completed for each relevant contract area	01/06/2016	30/09/2016
	Bidders Day	N/A	02/09/2016
	Bidders Day Review	N/A	30/09/2016
	<u>Phase 2: Development</u>		
	Position on Risks and Liabilities Investments in Service (i.e. Service Development, Pensions and IT)	01/10/2016	30/11/2016
	Establish Legal Work Stream - Legal Sub Group	19/10/2016	ONGOING
	Establish HR Work Stream	25/10/2016	ONGOING
	Establish Member Working Group	11/10/2016	ONGOING
	Establish Finance Work Stream - Client and External Resources / Budget Review	18/10/2016	ONGOING
	Contract Structure including interface with supply chain and other contracting arrangements: Procurement and Lotting Strategy agreed	N/A	12/10/2016
	Options Appraisals -	N/A	ONGOING
	Client /Contractor Split – Position support arrangements to be retained or placed with others	01/10/2016	30/11/2016
	Soft market Testing / Supplier Meetings - Contractor 1:1's	01/10/2016	30/11/2016
	Stakeholder Consultation Requirements; Impact Assessments (Equalities/best/social value)	01/10/2016	30/11/2016
	Initial Staff Consultation (discussion)	01/10/2016	30/11/2016
	Policy Amendments / Agreement	01/10/2016	30/11/2016
	Consider Consortium/Sub Contractor position	01/10/2016	30/11/2016
	<u>Phase 3: Procurement Strategy / Development of tender documents</u>		
	Procurement Strategy Report - Programme Board	30/09/2016	07/12/2016
	Gate 2: Commissioning Board	N/A	12/12/2016
	Gate 2 Report – Draft Complete	N/A	21/12/2016
	Gate 2 Report: PDS	N/A	24/01/2017
	Gate 2 Report : E&R PDS	N/A	01/02/2017
	Gate 2 Report L: Executive	N/A	08/02/2017
	Agreement of Procurement Route	N/A	12/10/2016
Prepare Specification	19/10/2016	28/02/2017	
Prepare T&Cs	19/10/2016	28/02/2017	
Prepare Bidding Pro Forma	19/10/2016	28/02/2017	
Create draft evaluation matrix	01/12/2016	31/01/2017	
Test evaluation matrix	01/02/2017	31/03/2017	
Finalise Contract/Tender Documents	19/10/2016	28/02/2017	
Prepare EU Notice/Adverts	01/02/2017	28/02/2017	
Programme Board (Management) Approval	N/A	15/03/2017	
Commissioning Board Approval	N/A	20/03/2017	

		Start Date	Deadline
Invitation to Tender	<u>Phase 4: SQ / Issue Advert</u>		
	Set up (and Maintain) Pro Contract	01/04/2017	01/04/2017
	Issue SQ	01/04/2017	01/04/2017
	Complete Financial Competency	01/05/2017	01/06/2017
	Select Negotiation Participants	N/A	01/06/2017
	Despatch of OJEU – Publication of UK advertisement.	N/A	01/04/2017
	Publish Relevant Documents	N/A	01/04/2017
	Finalise Evaluation Arrangements and Task Team Membership - Financial Model	01/04/2017	01/04/2017
	Return of SQ (30 Day Minimum)	N/A	01/05/2017
	Deadline for Questions	01/04/2017	30/06/2017
	Client References and any Site Inspections as required – Organisation basis – Capacity and Capability	01/04/2017	01/06/2017
	Complete review of responses and finalise selection of preferred bidders invited to participate	01/05/2017	30/06/2017
Tender Evaluation	<u>Phase 5: Tender submission / Negotiation</u>	Start Date	Deadline
	Invitation to Submit Initial Tender	01/07/2017	01/07/2017
	Stage 1 of Negotiation	01/07/2017	31/10/2017
	Evaluation of Stage 1 (First Evaluation)	01/11/2017	30/11/2017
	Stage 2 of Negotiation	01/01/2018	31/03/2018
	Evaluation of Stage 2 (Second Evaluation)	31/03/2018	31/05/2018
	Bid Clarification Process / Evaluation / Downsizing of list as necessary	01/04/2018	31/05/2016
	Final Tender Submission	01/06/2018	31/08/2018
	Tender Evaluation - Clarification and Questions (Final Evaluation)	01/06/2018	31/08/2018
	Client visits to test basis of bid as necessary	01/06/2018	31/08/2018
	Finalise Contract on all substantive issues	01/06/2018	31/08/2018
	Assess Readiness to Award	01/08/2018	31/08/2018
	Financial Close	01/08/2018	31/08/2018
	Evaluation Report to Management (Commissioning Board / Programme Board)	01/06/2018	31/07/2018
	Draft Award of Contract Report (Gate 3)	01/06/2018	31/07/2018
	Award of Contract Report – to Commission Board	01/06/2018	31/07/2018
	Award of Contract report to Executive Committee / PDS as necessary	01/06/2018	31/07/2018
Informal Notification to successful contractor/s (submit to alcatel)	01/09/2018	15/09/2018	
Award Process	<u>Phase 6: Award Process – including ‘Stand still’ (10 days) and ‘Go Live’</u>	Start Date	Deadline
	Mandatory stand still period (10 days)	15/09/2018	30/09/2018
	Any Residual Due Diligence both parties	01/10/2018	31/03/2019
	Contract Lead in Arrangements Contractor – Including TUPE Consultation and pension arrangements as appropriate	01/10/2018	31/03/2019
	Contract Lead in Arrangements Council – Including TUPE Consultation and pension arrangements as appropriate	01/10/2018	31/03/2019
Contract Mobilisation	01/10/2018	31/03/2019	

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Report No.
DRR17/106

London Borough of Bromley

PART ONE – PUBLIC

Decision Maker: RENEWAL AND RECREATION POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

EXECUTIVE AND RESOURCES POLICY AND DEVELOPMENT SCRUTINY COMMITTEE

EXECUTIVE

Thursday 26 January 2017

Date: Wednesday 1 February 2017

Wednesday 8 February

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

Title: NORMAN PARK ATHLETICS TRACK - FUTURE PROPOSALS

Contact Officer: Colin Brand, Assistant Director Leisure and Culture
Tel: 0208 313 4107 E-mail: colin.brand@bromley.gov.uk

Chief Officer: Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

Blackheath and Bromley Harriers Athletic Club (BBHAC) have presented to the Council an option to take over the management and operation of the Norman Park Athletics Track from the Council based on a 125 year full repairing and insuring lease. The Athletics Club is proposing to seek planning consents for their proposals, and prior to undertaking this work they are seeking in principle agreement from the Council for a 125 year lease at a peppercorn rent based on the attached draft Heads of Terms (Appendix B).

2. **RECOMMENDATION(S)**

2.1 **That the Executive :**

2.1.1 **Considers the proposals as detailed within this report, along with the comments provided by the Renewal and Recreation Policy and Development Scrutiny Committee**

and Portfolio Holder and the Executive and Resources Policy and Development Scrutiny Committee.

- 2.1.2 Agrees that subject to Blackheath and Bromley Harriers Athletic Club receiving the required planning consents, Blackheath and Bromley Harriers Athletic Club are granted a 125 year full repair and insuring lease based on the attached draft Heads of Terms.**
- 2.1.3 Agrees that subject to Blackheath and Bromley Harriers Athletic Club receiving the required planning consents and entering into the proposed lease the Council shall meet the anticipated £260k costs of landlord responsibilities as detailed within the Condition Survey, funded from the underspend within the Central Contingency.**
- 2.1.4 Agree to pay Blackheath and Bromley Harriers Athletic Club the £260k to carry out the replacement of the athletics track and associated repairs.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Norman Park Athletics Track currently provides a range of initiatives and programmes that support vulnerable adults and children encouraging inactive people to become involved in physical activity to develop their potential and their personal and leadership skills. The new proposals being put forward by BBHAC seek to improve the facilities and leisure offer at the athletics track and therefore to increase further activities that's support healthy lifestyles, wellbeing and personal development.
-

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Quality Environment Supporting Independence Healthy Bromley:
-

Financial

1. Cost of proposal: Estimated Cost: £260k and savings of £37.5k per annum
 2. Ongoing costs: Recurring Cost: Savings of £37.5k per annum
 3. Budget head/performance centre: Leisure Trust Client and Central Contingency
 4. Total current budget for this head: £37.5k
 5. Source of funding: Existing revenue budget 2016/17 and Central Contingency
-

Personnel

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: Statutory Requirement: section 123 of the Local Government Act 1972
 2. Call-in: Applicable:
-

Procurement

1. Summary of Procurement Implications: N/A
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
58,595 attendances (2015-16)
4,089 Bees Academy (2015-16)
230 hours school hire (2015-16)
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

Summary of Ward Councillors comments:

Comments from Councillor Graham Arthur:

The track is well run and supported and valued by the local community. The Council has historically invested heavily in the track, and I encourage these proposals which should provide further opportunities for the facilities to be upgraded and developed and the opportunities for access widened.

3. COMMENTARY

- 3.1 The current arrangements for the management and operation of Norman Park Athletics Track were approved by the Renewal and Recreation Portfolio Holder in September 2013, when Norman Park Track Management Ltd (NPTML) were awarded the contract to continue to manage the athletics track from April 2014 for a period of 10 years for an annual fee of £37,500 with an inflationary increase after 3 years. Under these arrangements the Council has responsibility for the repair and replacement of the track, jumps and throwing areas, the floodlights and the pavilion.
- 3.2 The athletics track opened in 1980 and was initially run in house by the Council. NPTML have been successfully operating the track at since 1992. BBHAC are the anchor tenant at the club and are one of the Country's oldest and largest athletics clubs, with over 850 members. Established in 1869, they have a long and proud history of promoting participation in athletics and running and walking events, welcoming athletes of all ages, backgrounds and levels of performance, and of producing outstanding athletes.
- 3.3 Recently, 7 of BBHAC members competed for England in the last Commonwealth Games in Glasgow and 3 of these athletes represented GB in the 2015 World Championships in Beijing. Dina Asher-Smith and Adam Gemili, regarded by many as Britain's most promising sprint talents of their generation, are current members. Both have been World Junior 100m champions.
- 3.4 The Club's senior men's Track & Field team is in Division 1 of the British Athletics League and the Senior Women gained promotion back to the UK Women's League Premiership last summer. The Club's young athlete teams are also among the very best in the country. The Junior Men and Women are reigning National Champions; the Women's team have been National Champions for 9 out of the last 10 years and were runners-up at European Champion Clubs Cup in Castellon, Spain.
- 3.5 The BEES Academy, run by Club BBHAC members, caters for approximately 200 children at the beginning of their athletics careers (ages 5-12) and the Masters' teams provide competition for those still active into their 60s and 70s. Members regularly volunteer at the Bromley ParkRun and as officials at League, School and County competitions as well organising the introductory Zero to Hero and Zero to ParkRun activities.
- 3.6 NPTM and BBHAC have worked closely for over 25 years to ensure the successful operation of the track and the club. The two organisations are proposing to merge should the proposals go ahead and the new facility is built. They already share some support services and volunteers.
- 3.7 BBHAC, in conjunction with NPTML, have been developing proposals to take over the management and operation of the Norman Park Athletics Track from the Council based on a 125 year full repairing and insuring lease. Under this proposal BABHAC will invest around £2m into the development of the track and new pavilion and indoor track and they are therefore seeking a 125 year lease in return for that investment. The proposals are predicated on BBHAC obtaining the necessary planning consent to redevelop the athletics track, including a new pavilion and additional facilities. Initial outline plans for the redevelopment of the athletics facilities and pavilion, are shown in Appendix A.
- 3.8 BBHAC are currently refining their proposals prior to submitting for the required planning consents. They are aspiring to develop a new pavilion, fitness /class room, weights room, treatment rooms, changing rooms, café and bar plus community areas and an indoor track. These will be located roughly on the footprint of the current pavilion, with the current pavilion being demolished.

- 3.9 NPTML have been working with BBHAC in the development of the proposals and subject to all consents and the lease being agreed NPTML have indicated they would happy to agree to a termination of the current contractual arrangements with the Council to facilitate the new proposals.
- 3.10 BBHAC and the Council have also worked with an external consultant to determine the overall technical and financial feasibility of delivering the new proposals, including a supply and demand analysis, and a financial evaluation of the business case including the capital costs, operating income and expenditure, usage, pricing and routine and planned maintenance costs. This information has been adopted by BBHAC within their proposals and in developing their business plan and will be further refined by them as the scheme continues to progress.
- 3.11 The proposed 125 year lease would be a full repairing and insuring lease and the Council would therefore no longer have any responsibility to undertake any future repairs, maintenance, replacements or upgrades at the site. In December 2016, the Council undertook a condition survey on the athletics facilities, excluding the pavilion and lights. The report indicates there are works to an estimated value of £260k required at the track over the next two years. The Council will be required to undertake these works to ensure the track maintains its UKA certification and is therefore able to host regional athletics meetings. Ultimately these works are required to ensure that the track remains safe to operate and therefore remains open. It is proposed to have a non-assignment clause in the lease. If for any reason at some point in the future BBHAC no longer wish to manage the facility, then the facility and equipment would be handed back to LBB.
- 3.12 BBHAC are seeking as a requirement for them to proceed with their proposals, agreement from the Council that it will as landlord meet the costs of these works, which BBHAC would then undertake following the signing a new lease. Under the current contractual arrangements the Council is required to undertake these works to ensure that the track remains, certificated and operational.
- 3.13 The Council is seeking external funding from the London Marathon Fund Major Capital Project Grants for up to £150k to support the resurfacing of the track, which if successful would reduce the cost of the work required to be undertaken by the Council as the landlord. This requires the applicant to show a commitment to inspiring and supporting people who are not physically active to take part in sporting activities. BBHAC is committed to providing access for the whole community and opportunities for those new to sport and physical activity. Initiatives such as Zero to Parkrun and Zero to Hero along with the work done with younger children through their BEES academy will help support the grant application. The application is a two stage process with stage one applications being considered in April and stage two in October. The Council was previously successful in 2005 when it received £100k funding from the London Marathon for the widening of the track from 6 to 8 lanes and improvements to the outfield.

Value for Money

- 3.14 Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease for 7 years or less). The Council currently pays Norman Park Track Management Company around £37.5k a year to manage and operate the track. Additionally the Council has landlord repairing responsibilities, for the track, pavilion and floodlights at the track. The cost to the Council over the current 10 year contract including the costs within the current condition survey is around £630k. In addition works to the pavilion due to further subsidence may be required in the short term, and the pavilion and the floodlights will need to be replaced in the mid to long term.

- 3.15 If the Council were to extend the current contract for a further 10 years, the cost would be around £400k (based on a management fee of £40k per year) plus the costs of any further landlord maintenance or repair that may be required.
- 3.16 The Council undertook a market testing exercise in 2012 to seek to identify a suitable leisure investment and management company to design, construct, manage, fund and operate a new multi-sport hub site at Norman Park, incorporating the current athletics track and playing pitches within the park. The Council was seeking an arrangement whereby there would be no capital or ongoing revenue costs to the Council in delivering the project and its subsequent operation. The results of that exercise were reported to the Renewal and Recreation PDS Committee on 13th November 2012 and concluded that the market does not support such a model and that in fact either an annual subsidy of £360k per annum was required from the Council, or that the Council provides £2m contribution to the capital funding for the project to make it viable.
- 3.17 The area of land occupied by the athletic track is designated as green belt within the UDP and as such the opportunities for commercial activities that would generate rental income for the Council are limited. The results the 2012 market testing demonstrated that significant subsidies would be required to develop and operate a multi-sport hub site at the facility, whilst the BBHAC lease proposals represent a saving to the Council of around £10m. The land will be used to contribute to the promotion or improvement of economic, social or environmental well-being in the whole or any part of its area, or of all or any persons in the whole or any part of its area. Members should consider these points when considering the requirements of the General Disposal Consent (England) 2003 as mentioned within the legal commentary below.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 Norman Park Athletics Track currently provides a range of initiatives and programmes that support vulnerable adults and children. They currently support and provide athletics activities that focus on getting inactive people to become involved in physical activity, and to encourage children and young people to develop their potential, and their personal and leadership skills. They provide facilities to schools and running clubs and encourage people to adopt healthy and active lifestyles. The new proposals being put forward by BBHAC seek to improve the facilities and leisure offer at the athletics track and therefore to increase further activities that's support healthy lifestyles and wellbeing.

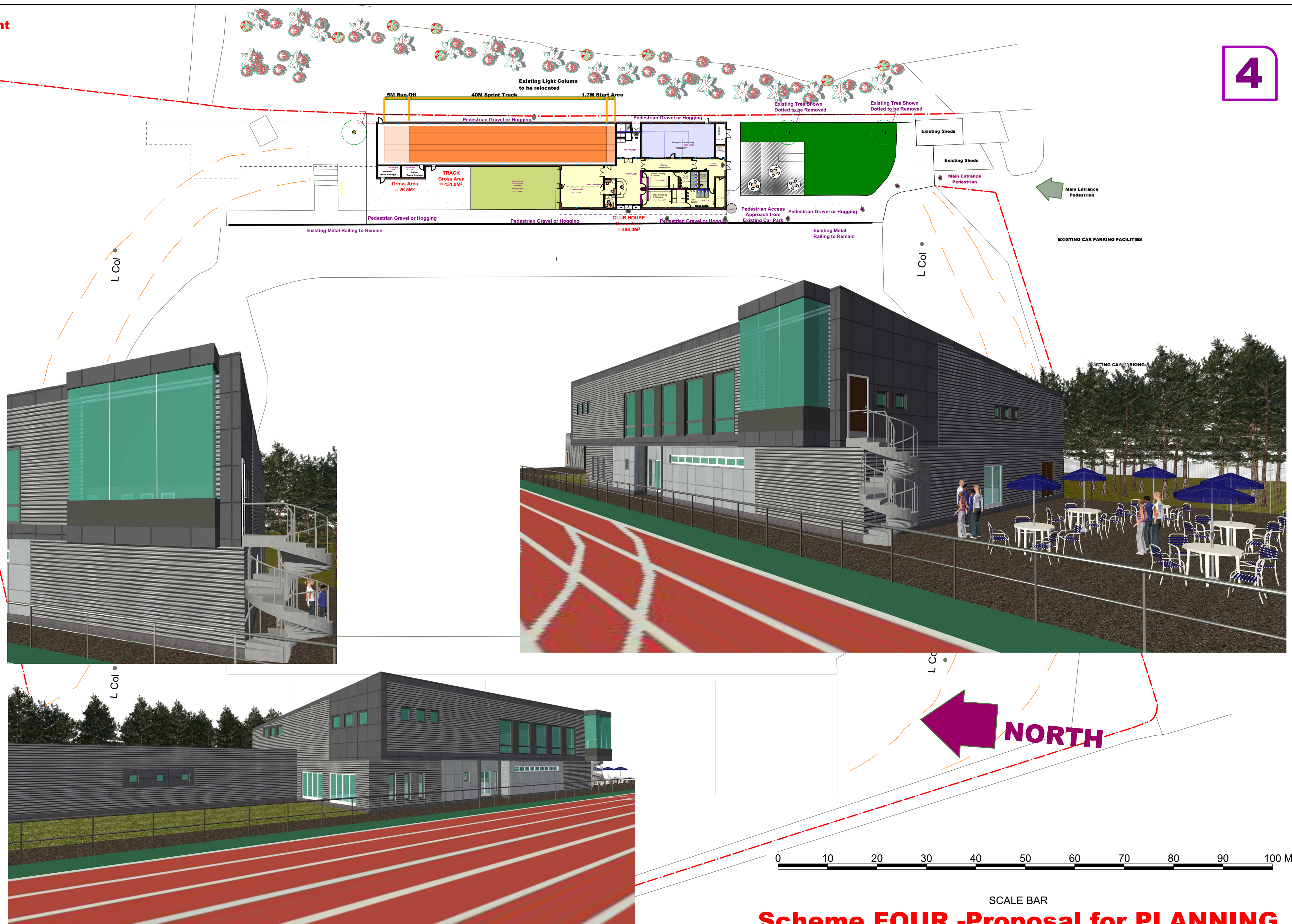
5. FINANCIAL IMPLICATIONS

- 5.1 This report is seeking approval to grant a 125 year full repairing and insuring lease at a peppercorn rent, to BBHAC subject to planning consents being agreed.
- 5.2 The proposal requires the Council to provide a sum of £260k to the BBHAC to undertake the works on the athletics track that has been identified by the recent condition survey.
- 5.3 In return, the BBHAC agrees to invest around £2m to develop the track and new pavilion including an indoor track.
- 5.4 It is proposed that the £260k is funded from the under spend from the Central Contingency. This may be reduced should the Council be successful in securing a capital project grant of up to £150k from the London Marathon Fund.
- 5.5 If the proposal goes ahead, it will enable the Council to save £37.5k per annum from the termination of the current management contract and any future costs of repair/replacement of the track and lighting.

6. LEGAL IMPLICATIONS

- 6.1 Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease for 7 years or less) unless it has the benefit of an express or general consent from the Secretary of State.
- 6.2 However, the General Disposal Consent (England) 2003 permits a local authority to dispose of land at an undervalue if the amount of undervalue is less than £2m and the authority considers that the purpose for which the land will be used will contribute to the promotion or improvement of economic, social or environmental well-being in the whole or any part of its area, or of all or any persons in the whole or any part of its area. If Members are satisfied that this purpose is met, they could therefore agree to the proposal for the letting of the building to the Trust, or to the re-provision of the community facility and the letting of that to the Trust provided that the amount of any undervalue in capital receipt (or the capital receipt foregone) will be less than £2m.
- 6.3 In the light of the information set out in 3.14 – 3.16 and in Section 5 above, Members may consider that they are satisfied that the requirements of the General Disposal Consent (England) 2003 are met in this case.

Non-Applicable Sections:	Policy Implications Personnel Implications Procurement Implications
Background Documents: (Access via Contact Officer)	Report to Renewal and Recreation PDS and Portfolio Holder: Norman Park Multi Hub Site, 13 th November 2012 Report to Renewal and Recreation PDS and Portfolio Holder: Norman Park Athletics Track – Outcome of Tender Process, 18 th September 2013



Scheme FOUR -Proposal for PLANNING

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Revision	Date

New Athletics Training & Club House Facilities for Blackheath & Bromley Harriers Athletics Clubs

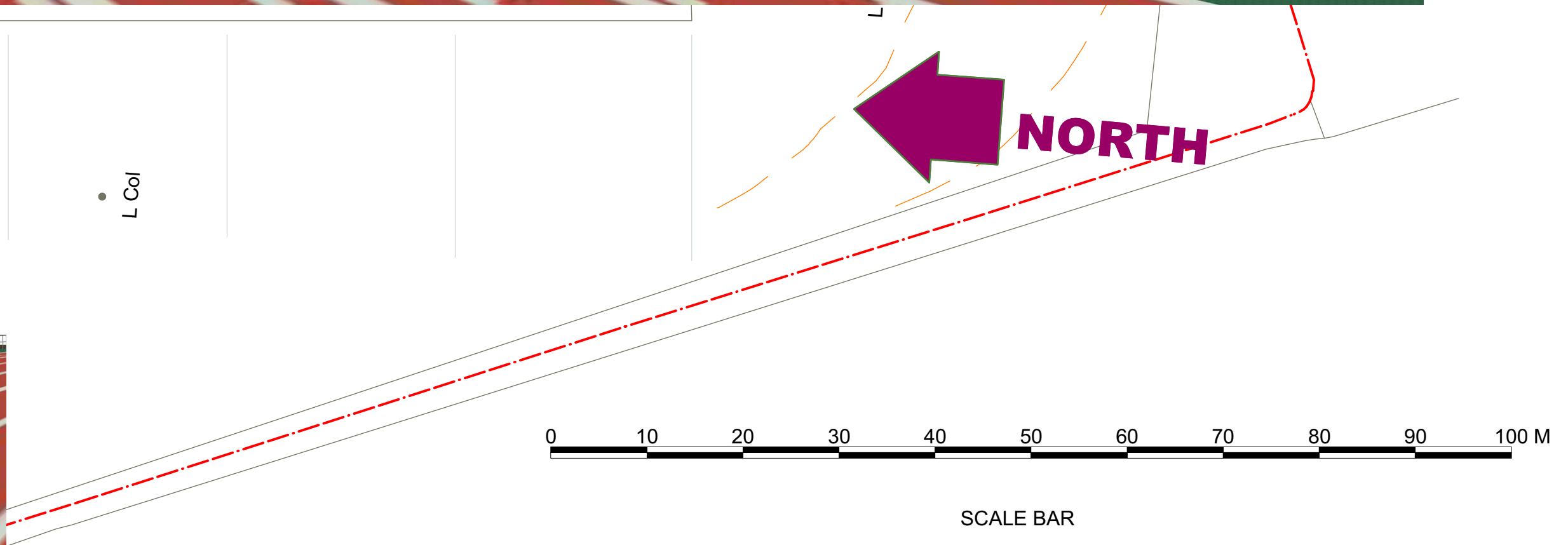
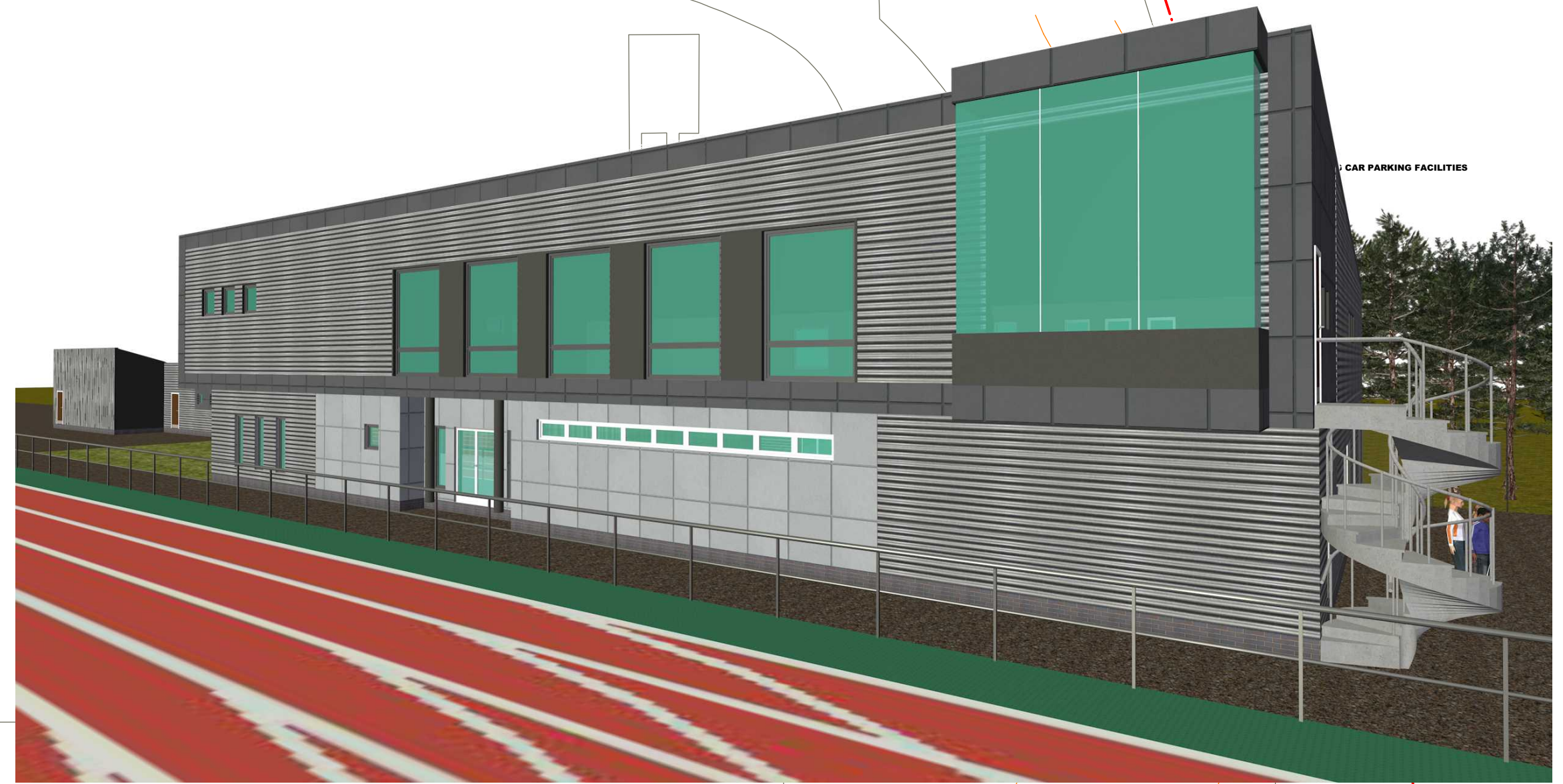
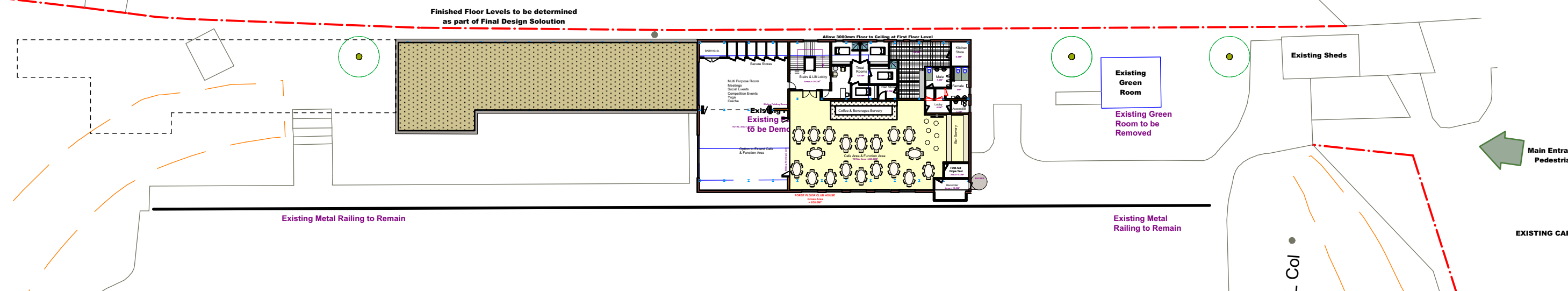


Project		Norman Park Athletics Track	
Drawing		Ground Floor Layout Plan	
Scale:	Drawing No:	Revision:	Drawing Date:
1:500@ A2	252.15-G- 203		25-03-2016

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Scheme FOUR -Proposal for PLANNING

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Revision	Date

New Athletics Training & Club House Facilities for Blackheath & Bromley Harriers Athletics Clubs



Project Norman Park Athletics Track	
Drawing First Floor Layout Plan	
Scale: 1:500@ A2	Drawing No: 252.15.G- 204
Revision:	Drawing Date: 25-03-2016

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APPENDIX B

THE LONDON BOROUGH OF BROMLEY

WITHOUT PREJUDICE AND SUBJECT TO CONTRACT SUBJECT TO APPROVAL

Conditions precedent for an Agreement for Lease:-

London Borough of Bromley Members giving Committee Authority for the proposals.

Blackheath and Bromley Harriers Athletic Club Members giving authority for the proposals.

Planning consent being granted for a suitable residential scheme on the site at 66 Bourne Way.

Planning consent being granted for a new pavilion within the running track site at Norman Park.

A mechanism being agreed for the works to upgrade the running track.

HEADS OF TERMS for Agreement for Lease

Proposed Lease of land, buildings, running track and other facilities at Norman Park, Hayes Lane, Bromley as shown edged red on the plan attached.

London Borough of Bromley and Blackheath and Bromley Harriers Athletic Club Ltd. (subject to satisfactory legal status)

1. PARTIES

Landlord - London Borough of Bromley

Tenant – Blackheath and Bromley Harriers Athletic Club Ltd. (subject to satisfactory legal status)

2. DEMISE

The land, buildings, running track and other facilities at Norman Park, Hayes Lane, Bromley as shown edged red on the plan attached.

3. TERM

The lease term will be 125 years.

4. RENT

One peppercorn if demanded.

5. RENT REVIEW PROVISIONS

N/A.

6. OUTGOINGS

To pay all outgoings, rates, taxes, charges in relation to the property or its use.

7. PROPOSED IMPROVEMENTS

In principle the Council will agree to the lessee improving the facilities at the athletics track, including the replacement of the pavilion, in accordance with current drawings, subject to planning permission and any statutory consents required. In addition the Council will make a payment to a maximum of £300,000 in relation to the upgrade to the Athletic Track in accordance with the condition report dated January 2017 by XXX

8. REPAIRING LIABILITY

The lessee will keep the land, buildings, running track, other facilities, and boundary fences in a good state of repair. This shall include: -

a) The repair and maintenance of all gas and electrical installations (including wiring); their testing and certification by appropriately qualified engineers / contractors as required by current regulations and provision of test certificates on demand.

b) The repair and maintenance of all drains, sewers, soil pipes connected to the premises to a point where they become shared by others.

9. OPEN LAND

To keep land in a good condition and free from weeds and litter.

10. USE CLAUSE

To use the property for athletics track and field events and the buildings for associated sports, physical and social activities and not for any other purposes without the consent in writing of the Landlord and not to use the property or any part for residential purposes.

10. ALTERATIONS

Not to make any alterations or additions to the premises without the written consent of the Council (not to be unreasonably withheld).

11. ASSIGNMENT

Not to assign the whole of the area demised without the previous consent in writing of the Landlord (which shall not be unreasonably withheld or delayed).

12. SUB LETTING

Not to underlet the whole or any part of the area demised.

13. INSURANCE

The Tenant will insure the athletics track, field event areas and all buildings against fire and other normal perils, for the full reinstatement value including fees.

The Tenant will take out annual public liability insurance in a sum of not less than £10,000,000 (ten million pounds) per claim with an excess of not more than £1000

14. NUISANCE

The Tenant will not cause a nuisance to any owner/occupier of the adjoining premises.

15. INDEMNIFICATION

The lessee will indemnify the Council against any claims made against it for injury to persons or property as a result of the occupation of the premises.

16. FEES

Each party is to be responsible for their own Legal costs.

17. CHILD PROTECTION AND VULNERABLE PERSONS POLICIES

The lessee will comply with the Child Protection Policies and Vulnerable Persons Policies of all relevant accredited sports / athletics governing bodies.

18. PREVENT

The Tenant will be required to implement the "Prevent" agenda in the operation of the Demise. This clause relates to the duty to safeguard children against the dangers of exploitation from extremism through suitable training.

19. ACCESS ROAD

So far as the landlord can grant the same, a right of way over the area of land coloured brown on the attached plan, in common with all persons similarly entitled.

20. PARKING

The right to free parking, in common with other park users, on a first come first served basis, within the car park edged blue on the plan.

21. EQUIPMENT

The right to use the Landlord's Equipment and to return similar equipment, subject to renewal, replacement or modernisation as relevant on the expiry or sooner determination of the Lease.
An up to date inventory of Landlord's equipment to be provided.

22. BREAK OPTION

May be considered if requested by the organisation.

23. OTHER TERMS

All other lease terms shall be drawn up by the Council's Legal and Democratic Services who will prepare the draft Lease documentation.

Report No.
CSD17013

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 8 February 2017

Decision Type: Non-Urgent Executive Non-Key

Title: SECOND REPORT OF THE EDUCATION SELECT COMMITTEE

Contact Officer: Philippa Gibbs, Democratic Services Officer
Tel: 020 8461 7638 E-mail: Philippa.Gibbs@bromley.gov.uk

Chief Officer: Director of Corporate Services

Ward: (All Wards)

1. Reason for report

To report the recommendations made by the Education Select Committee at its second meeting held on 15 September 2016

2. RECOMMENDATION(S)

That the Executive respond to the relevant recommendations in the Report

Impact on Vulnerable Adults and Children

1. Summary of Impact: Some of the recommendations in the Committee's second report may impact of vulnerable children accessing alternate provision in the Borough.
-

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Children and Young People:
-

Financial

1. Cost of proposal: Not Applicable: The report sets out recommendations for consideration by the Executive.
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: 2016/17 Budget – Democratic Services
 4. Total current budget for this head: £335,590
 5. Source of funding:
-

Personnel

1. Number of staff (current and additional): 8 posts (7.27fte)
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications:
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The Education Select Committee held its second meeting on 15 September 2016 and considered “Alternative Provision”.
- 3.2 The purpose of the inquiry was to examine the efficiency and effectiveness of alternative education in Bromley.
- 3.3 The report is attached at **Appendix A**.
- 3.4 The Committee made the following recommendations for consideration by the Portfolio Holder for Education, the Director of Education, and the Executive.

Recommendation 1: The School Partnership Board consider how the progress of pupils who have attended the Bromley Academy Trust can be better monitored so prevent re-admittance and to enable evaluation of the outcomes of the Academy.

Recommendation 2: That the School Partnership Board examine how best practice can be disseminated with regard to the provision of work for pupils unable to attend school through ill health.

Recommendation 3: That the School Partnership Board consider how the work of the Core Panel can be made more widely known to schools and to consider whether standardised information questionnaires regarding pupils in need of support through alternative provision might be helpful.

Recommendation 4: That the School Partnership Board identify best practice for the reintegration of pupils into mainstream education and encourage all schools to adopt it.

Recommendation 5: That if required, further analysis of the reasons for the rise in the number of children with mental health problems be undertaken in the light of the findings of the review by CAMHS

Recommendation 6: That the Executive be requested to examine what resources from other sources including the CGC might be accessed to ensure a seamless service for children in education with serious medical needs.

Recommendation 7: That the Council directly and through the Members of Parliament for the Borough makes representations to the Government for the following changes in the law:

1. To introduce a registration system for all young people not educated in a formal school;
2. to enshrine in law the right of parents to home educate such a right is subsidiary to the right of every child to a proper education so as to be able to find employment and be a full member of the community;
3. to ensure that Local Authorities have the power investigate and ensure that children outside the formal education system are safe and well;
4. that the recommendations of the Badman Report and the Select Committee on Education Report be taken into account in drafting other legislative proposals.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

If the recommendations are taken forward they could have an impact on vulnerable children and young people.

Non-Applicable Sections:	Policy Implications, Financial Implications, Personnel Implications, Legal Implications, Procurement Implications
Background Documents: (Access via Contact Officer)	Minutes from the Education Select Committee held on 15 September 2016

**REPORT OF THE EDUCATION SELECT COMMITTEE
2016/17**

Alternative Provision

Meeting Date: Thursday 15 SEPTEMBER 2016

Present:

Councillor Nicholas Bennett J.P. (Chairman)
Councillor Neil Reddin FCCA (Vice-Chairman)
Councillors Kathy Bance MBE, Kim Botting FRSA, Alan Collins, Mary Cooke,
Judi Ellis, Ellie Harmer and Chris Pierce

Church Representatives with Voting Rights:
Joan McConnell

Parent Governor Members with Voting Rights:
Emmanuel Arbenser, Special School Parent Governor
Mylene Williams, Primary School Parent Governor

Non-Voting Co-opted Members
Emmanuel Arbenser, Special School Parent Governor
Alison Register, (Pre-School Settings and Early Years Representative)

Also Present:
Councillors Peter Fortune (Portfolio Holder for Education)

Witnesses:

Mr Neil Miller, Headteacher Bromley Beacon Academy and Bromley Trust Academy;
Ms Jenny MacDonald, Senior Education Welfare Officer, LBB;
Ms Debbie Partington, Lead Teacher for Home and Hospital Tuition, LBB;
Mr Kevin Grant, Home Tutor, Alternative Education and Welfare, LBB.

The Committee gives its sincere thanks to the witnesses for their contribution to the Education Select Committee.

EDUCATION SELECT COMMITTEE

1. The Education Select Committee met on 15 September 2016 to consider alternative education provision

Committee was provided with a range of written evidence including a report providing an overview of alternate education in Bromley, a written statement from a home educator based in the Borough, an article on home education from a July 2016 edition of *The Times Magazine* and an article entitled *Call to Review Home School Rules* from the 4 August edition of the *Municipal Journal*. In addition to this, Mr Neil Millar had provided supplementary information on Bromley Beacon Academy and Bromley Trust Academy under separate cover. Subsequent to the meeting further written submissions were received, at the request of the committee from all the witnesses.

2. Executive summary

RECOMMENDATION 1

The School Partnership Board consider how the progress of pupils who have attended the Bromley Academy Trust can be better monitored so prevent re-admittance and to enable evaluation of the outcomes of the Academy.

Recommendation 2

That the School Partnership Board examine how best practice can be disseminated with regard to the provision of work for pupils unable to attend school through ill health.

Recommendation 3

That the School Partnership Board consider how the work of the Core Panel can be made more widely known to schools and to consider whether standardised information questionnaires regarding pupils in need of support through alternative provision might be helpful.

Recommendation 4

That the School Partnership Board identify best practice for the reintegration of pupils into mainstream education and encourage all schools to adopt it.

Recommendation 5

That if required, further analysis of the reasons for the rise in the number of children with mental health problems be undertaken in the light of the findings of the review by CAMHS

Recommendation 6

That the Executive be requested to examine what resources from other sources including the CGC might be accessed to ensure a seamless service for children in education with serious medical needs.

Recommendation 7

That the Council directly and through the Members of Parliament for the

Borough makes representations to the Government for the following changes in the law:

- 1. To introduce a registration system for all young people not educated in a formal school;**
- 2. to enshrine in law the right of parents to home educate such a right is subsidiary to the right of every child to a proper education so as to be able to find employment and be a full member of the community;**
- 3. to ensure that Local Authorities have the power investigate and ensure that children outside the formal education system are safe and well;**
- 4. that the recommendations of the Badman Report and the Select Committee on Education Report be taken into account in drafting other legislative proposals.**

3. Background

The vast majority of schools in Bromley are now academies; the Council still has responsibility for ensuring alternative provision for those unable to attend mainstream or Special education. The Council also has a safeguarding responsibility for all children within the Borough. Alternative provision comprises;

**Provision for pupils excluded from school
Hospital and Home Tuition for pupils unable to attend school
Elective Home Education**

4. Evidence

4.1 Alternative provision for pupils excluded from school

Witness

Neil Miller, Headteacher, Bromley Beacon Academy and Bromley Trust Academy

4.1.1 Bromley Education Trust (BET) under the auspices of London South East Colleges (formerly Bromley College of F&HE) is responsible for the Bromley Beacon Academy (formerly Burwood School) and for the Bromley Trust Academy.

4.1.2 The Bromley Beacon Academy is not an Alternative Provision but a special school for young people with Social, Mental and Emotional Health.

4.1.3 The Bromley Trust Academy (BAT) was previously known as the Pupil Referral Unit (PRU). It has two locations – Hayes Lane (secondary) and Midfield Campus (primary provision).

4.1.4 Detailed statistics were provided by Mr Miller in the briefing paper attached with the agenda for the committee hearing. In 2016 every pupil finished Key Stage 4 with at least one qualification. Attendance has also improved, although the data for previous years had been incorrectly recorded which meant that this improvement was not evidenced in the statistics provided to the Committee. Significant improvements have also been made in terms of behaviour, with the number of emergency call outs to the Hayes Campus reducing from 30 in 2013/14 to 1 in 2015/16. Positive feedback was received through the Parent Survey and in

2016 every Year 11 student has undertaken at least one week's work experience.

4.1.5 We were pleased to hear that robust measures are in place to manage post-registration truancy which had been poor some years ago when operated as the PRU.

4.1.6 50% of pupils have returned to mainstream secondary education.

4.1.7 There are currently no systems or structure are in place to monitor the performance of pupils as they transfer between provisions. One of the challenges is that if young people did well in the BAT it is sometimes very difficult to return them to mainstream provision. There are still some young people that 'bounce back' to the BAT after returning to mainstream education and this highlighted the importance of ensuring that the right support is in place to support young people during the period of transition.

4.1.8 We were informed that tracking of pupil's progress was in place in the Academy and that there is an holistic approach to the young people, starting with their home lives as this often impacted on their education and that once these issues are addressed young people tend to achieve higher levels of attainment. A number of young people were now choosing to remain in education and progress onto further education.

RECOMMENDATION 1

The School Partnership Board consider how the progress of pupils who have attended the Bromley Academy Trust can be better monitored so prevent readmittance and to enable evaluation of the outcomes of the Academy.

4.2 Home and Hospital Tuition

Witness

Debbie Partington, Lead Teacher for Home and Hospital Tuition, LBB

4.2.1 The Home and Hospital team are responsible for providing schooling for young people on the Children's Ward at the Princess Royal University Hospital as well as a Home Tuition Service for young people that are considered to be medically unfit to attend school or those that are between provisions. At any one time there are 20-25 people attending the Nightingale Centre and service users include pregnant teenagers or teenage mothers, young people with mental health issues and young people that are medically unfit to attend mainstream education but are able to cope in a smaller setting. There is a full time teacher and a full time teaching assistant based at the hospital. Curriculums are set through topic work and the teacher tries to deliver the same work that the young people would be undertaking if they were at school, working to a flexible curriculum that supported all children. Ms Partington said that this can be very challenging as there is a wide range of ages and abilities at the hospital and the teacher has to cater for individual needs. The Committee heard that the response from schools is patchy.

Recommendation 2

That the School Partnership Board examine how best practice can be disseminated with regard to the provision of work for pupils unable to attend school through ill health.

4.2.2 Intake to the Service is through the Core Panel. Ms Partington said that there is a concern that there appears to be a lack of understanding in schools of the processes and the support that is available from the Local Authority. The Core Panel is an excellent gatekeeper for the Service and as a result of this process the Service is now receiving a great deal more initial information about the individual needs of the young people accessing the Service and the support they require.

Recommendation 3

That the School Partnership Board consider how the work of the Core Panel can be made more widely known to schools and to consider whether standardised information questionnaires regarding pupils in need of support through alternative provision might be helpful.

4.2.3 The Committee was told that although a lot of reintegration work was undertaken to prevent young people 'bouncing back' into the alternate provision, it is often difficult to reintegrate young people into mainstream provision in Key Stage 4. There is no standard across the Borough and some schools are really good at supporting young people back into mainstream education whilst others are less so.

Recommendation 4

That the School Partnership Board identify best practice for the reintegration of pupils into mainstream education and encourage all schools to adopt it.

4.2.4 We were concerned to hear that there had been a substantial increase in the numbers of children presenting with mental health issues, some of them severe symptoms. The Service had initially been set up to support young people with physical or medical issues however, in the previous year 62% of young people within the Service suffered from mental health issues and only 1% with physical or medical needs. Further statistics, subsequently supplied, at the committee's request, are attached at **Appendix A**. From the evidence we received there appears to be no single reason for the rise. In recent years there had been a marked rise in the number of high achieving pupils who needed help. Therapeutic input is key to supporting the young people referred to the Service. To ensure service users are treated in an holistic way a counsellor has recently been recruited to provide additional support.

4.2.5 We were informed that a review by the Child and Adolescent Mental Health Service (CAMHS) is taking place and a copy would be provided once the report was published.

Recommendation 5

That if required, further analysis of the reasons for the rise in the number of children with mental health problems be undertaken in the light of the findings of the review by CAMHS

4.2.6 The Hospital and Home Tuition Service is funded through the High Needs Block. In the future the Block will be formula funded and the Department anticipates that there will be a number of pressures placed on it. Funding from the Block has to be directed at education services and if a young person has a health problem support will generally be accessed through health channels rather than education. The Bromley Y service is the route for a school to refer a young person for counselling.

Recommendation 6

That the Executive be requested to examine what resources from other sources including the CGC might be accessed to ensure a seamless service for children in education with serious medical needs.

4.3 Elective Home Education (EHE)

Witnesses

Jenny MacDonald, Senior Education Welfare Officer, LBB
Kevin Grant, Home Tutor, Education and Welfare, LBB

4.3.1 The Committee invited representatives from those who home school. A letter (attached as **Appendix B**) was received from an organisation described as ‘*Home Education Hub*’. Sadly the letter contained a series of assertions many of which, from the evidence of the hard work undertaken by the Education service, were untrue. As the writer admitted, having written under the banner of the ‘Hub’, the views and opinions were merely those of the author and not those of home educating families in Bromley. We regret the lack of co-operation with our inquiry by a representative of home schooling parents.

4.3.2 We heard evidence that there has been a steady rise in the number of declarations of Elective Home Education (EHE) since 2012. And that there were currently 202 cases. This figure is increasing by approximately 155 per annum. Although official data is not collected by the DfE, from information gathered at Officer forums it was clear that Bromley was not unique in experiencing this rise and this was part of a national trend.

4.3.3 We note that in the *Report into Elective Home Education in England* chaired by Graham Badman, a former Director of Children’s Services at Kent County Council (The Badman Report) published in June 2009, a question had arisen over the accuracy of the figures relating to the numbers of young people in EHE. The Senior Education Welfare Officer responded that the Local Authority could only know what it knows.

“Children who are withdrawn from school need to be recorded with the Local Authority and a parent must write to the Head Teacher stating their child is to be de-registered and confirming that it is their intention to home educate their child. If a child has never been registered for a school place, or moves from one LA area to another, the parents do not have to inform the LA they are home educated”

(Professionals Briefing Sheet A Guide to Elective Home Education (EHE) in Bromley) submitted to the Committee.

4.3.4 The reasons that parents opt for EHE ranged from philosophical objections to traditional schooling (including Lifestyle, cultural and religious beliefs), dissatisfaction with the school system, alleged bullying and school anxiety and phobia. The Home Tutor reports that the percentage of parents choosing EHE for philosophical reasons has reduced in recent years. Contrary to some suggestions the traveller community in Bromley is not disproportionately represented. Many more families are choosing to home educate for short periods or as a stop-gap between schools and whilst 5 years ago there were slightly more boys being home educated, in recent years more girls are being home schooled.

4.3.5 More parents of children due to enter Reception class appear to be opting for EHE. 11 pupils of reception age are recorded as EHE (6 girls, 5 boys) of which 4 are Summer born children. A number had indicated that this was because they do not feel that their child is old enough to start school. Usually the children enter mainstream education in Year 2 or Year 3 and the time away from mainstream education is therefore not too long. However, if parents declare EHE in Year 2 or 3 the evidence is that the intention is to permanently home school.

4.3.6 Although there is little statistical information available it would appear that very few of those educated at home went on to higher education. In the 2014/15 cohort only 2 or 3 of the 14 or 15 young people that declared EHE went on to university whilst some went to college. Unfortunately many were declared NEET. It is difficult to record accurate figures because parents are reluctant to engage with the Local Authority after Year 12.

4.3.7 One particular issue that frequently arises is that of parents removing their children from mainstream education and opting for EHE in year 9 and then trying to return them in years 10 and 11 (Key stage 4). In some instances this might be due to pressure from schools to remove the pupils from the school and in other circumstances it could be an attempt by parents to enrol their children into a school that they perceive to be better. Whatever the circumstance, it is the policy of the Local Authority to ensure that a pupil is returned to the school at which they were previously enrolled.

4.3.8 The UK is the only country in Europe that allows parents complete freedom to opt for EHE. One of the characteristics of EHE is that it is a rejection of the formal system of education, and as such an extension of this is that parents also reject formal examinations, although a small proportion of home educated pupils sit exams at the Nightingale Centre.

The Law

Appendix C sets out the current legal position.

4.3.9 The choice of EHE is the prerogative of parents and legislation is in place to support this. "*Education is compulsory but school is not*". Section 7 of the Education Act 1996 states that a parent must ensure that their child receives education that is full-time, efficient and suitable. What counts as efficient and suitable is not defined.

A parent must make available an educational provision that is suitable for to the child's age, ability and aptitudes and takes account of any Special Educational Needs. The education should primarily equip the child for life within the community to which s/he is a member but should not foreclose the child's options in later years to adopt a different form of life.

Parents do not have to follow the National Curriculum, assess work, have a timetable, nor follow practices usually observed in school or operate within 'school times'. Some parents employ tutors or purchase on-line educational resources, join with similar minded families or share resources. Learning can take place out[doors], informally with family and friends or more formally through tutorial centres"

4.3.10 The role of the Home Tutor includes gaining an understanding of what the family is trying to teach. They are able to give advice and make suggestions however they are not allowed to attempt to persuade families back into the formal education system. There is no right of entry into homes and the Local Authority can only make enquiries if it has evidence to suggest that the young people are not in receipt of a suitable education. There is no legal responsibility to teach subjects other than English and Maths and the Local Authority is not allowed to monitor progress. The only requirement placed on parents is that the education has to be full-time and suitable. If problems are identified parents have to be given the opportunity to address and rectify them before any action can be taken. In the main, Home Educators in Bromley engage with the Local Authority. There is a joined up multi-agency approach that is managed through the Core Panel process. Officers within Bromley liaise with the Police who have access to boarder agencies in order to identify if children had left the country

4.3.11 We were pleased to note that the Home Tutor has a good relationship with the majority of parents opt for EHE. Once a parent decides to return their child to mainstream education, there are very few who then return to EHE.

4.3.12 There had always been, and is always likely to be, tension between the rights of parents to pursue EHE and the duties placed on Local Authorities in respect of safeguarding and child protection. The Local Authority actively tracks and monitors children missing from education but that is as far as the powers of the Local Authority extend. There are no legislative powers that enable the Local Authority to compel parents to place their children in mainstream education. Concerns can be raised through the Core Panel and through this Panel Officers have access to partner organisations that may be able to provide further information if a child comes to the attention of any of the other partner agencies.

4.3.13 The powers of local authorities are limited once parents declare they are home schooling. However, if the Local Authority could demonstrate that all reasonable steps had been taken to track down a young person missing from education it is likely that it would be considered to have fulfilled its corporate parenting duties.

4.3.14 A major dilemma which the current law does not resolve is the failure to decide whether the rights of parents to home school are greater than the rights of the child. In our view the right of a child to receive a comprehensive and all round education must be paramount. There are clearly concerns as to whether the current rather vague legislative position provides adequate protection for the child

4.3.15 The Committee considered the Pembrokeshire Case that was currently the subject of a Serious Case Review. An eight year old boy Dylan Seabridge died of a heart attack. A post mortem revealed that he had anaemia and some of his teeth were loose. It concluded

“these findings together are explicable through the effects of longstanding vitamin C deficiency (scurvy)”

The Child Practice Review found that he was 'invisible' to the authorities following his parents' decision to educate him at their secluded Welsh rural house and refuse officials any access.

“It could be argued he was not having the opportunity to have his basic human rights met. He was not routinely having access to play, leisure, sporting and cultural activities along with friendships and age appropriate socialisation. When he encountered health problems he was not given the right to appropriate healthcare. It appears that his emotional and physical well being was compromised”

The Children’s Commissioner for Wales commenting on the report said

“I am concerned about a small number of children who are not in school and may have fallen under the radar. Under current arrangements, it is possible for a local authority and health board to be unaware that the child is resident in their area and for the child not to be receiving any meaningful education and health care.

This is the case in Wales and throughout the UK. I think it is vital that every child has the opportunity to express their view about their education and to be seen by a professional on at least an annual basis. Every child should receive health care, including routine checks and dentistry”.

4.3.16 Mindful of this case, we are very concerned that vulnerable children could fall under the radar and that the powers a Local Authority has to intervene are circumscribed. We agree with the Senior Education Welfare Officer and Home Tutor that the current situation is not satisfactory and that there remains a large gap in the system of child protection and safeguarding. We note that across the country many Local Authorities believe that changes in the law are necessary if this gap is to be filled.

4.3.18 Although excellent multi-agency links exist, there could well be young people in the Borough who have never come to the attention of any agency. If a child has not formally entered mainstream education there is no duty on parents to engage with the local authority and this means that children cannot always be tracked. Until Parliament changes the law in this respect there is always a real possibility that children are not known to the Local Authority and are therefore not included in official statistics.

4.3.19 Whilst respecting the right of parents to home educate we believe that the current situation is untenable. It is very unsatisfactory situation and compromises the Council’s duties to safeguard the wellbeing of every child who lives in the Borough.

4.3.20 The Badman Report (Para 4.3.3) made 28 recommendations to the Government in 2009 including a compulsory registration system. There was considerable opposition to the Report’s recommendations from home schoolers. Subsequently the House of Commons Children, Schools and Families Select Committee responded to the Review. It opposed any form of compulsion or extension of LA powers.

(Second Report Children, Schools and Families SC HC39-1 and 11Session 2009-10)

Nonetheless the Government proposed, in the 2009 Queen’s Speech the introduction of a registration system in a Children Schools and Family Bill. The clauses proposing compulsory registration were subsequently dropped after opposition in the Commons.

4.3.21 The EHE movement is a powerful lobby however we believe that the climate has changed considerably since 2010. Tragedies such that in Pembrokeshire together with a renewed concern about the child safeguarding means that the current situation cannot continue. Local Authorities need stronger powers if the commit and responsibility for safeguarding is to be effective with regard to Elective Home Education.

Recommendation 7

That the Council directly and through the Members of Parliament for the Borough makes representations to the Government for the following changes in the law:

- 5. To introduce a registration system for all young people not educated in a formal school;**
- 6. to enshrine in law the right of parents to home educate such a right is subsidiary to the right of every child to a proper education so as to be able to find employment and be a full member of the community;**
- 7. to ensure that Local Authorities have the power investigate and ensure that children outside the formal education system are safe and well;**
- 8. that the recommendations of the Badman Report be taken into account in drafting other legislative proposals.**

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Home and Hospital Tuition Service

Report

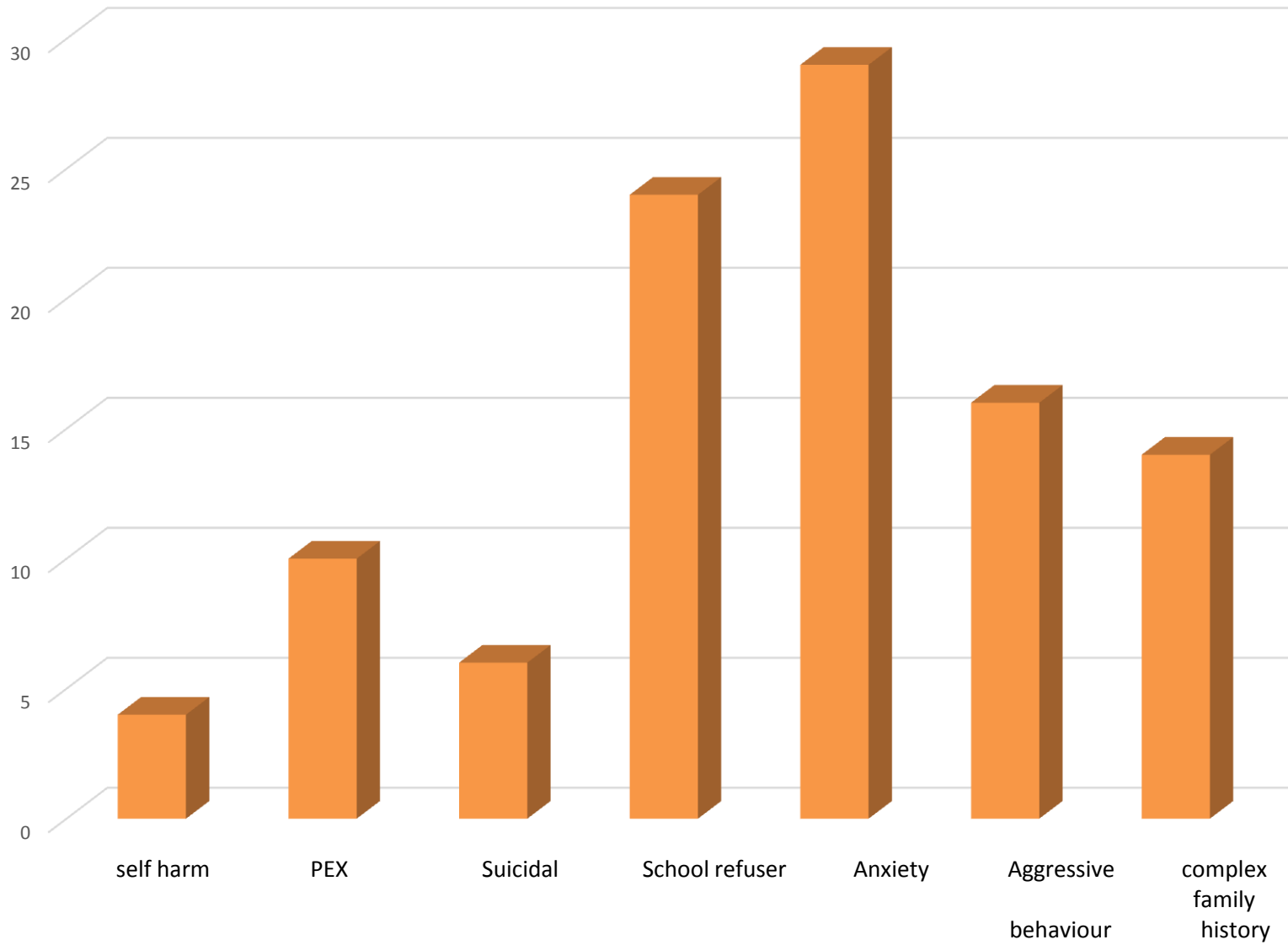
September 2016

Pupils with mental health needs

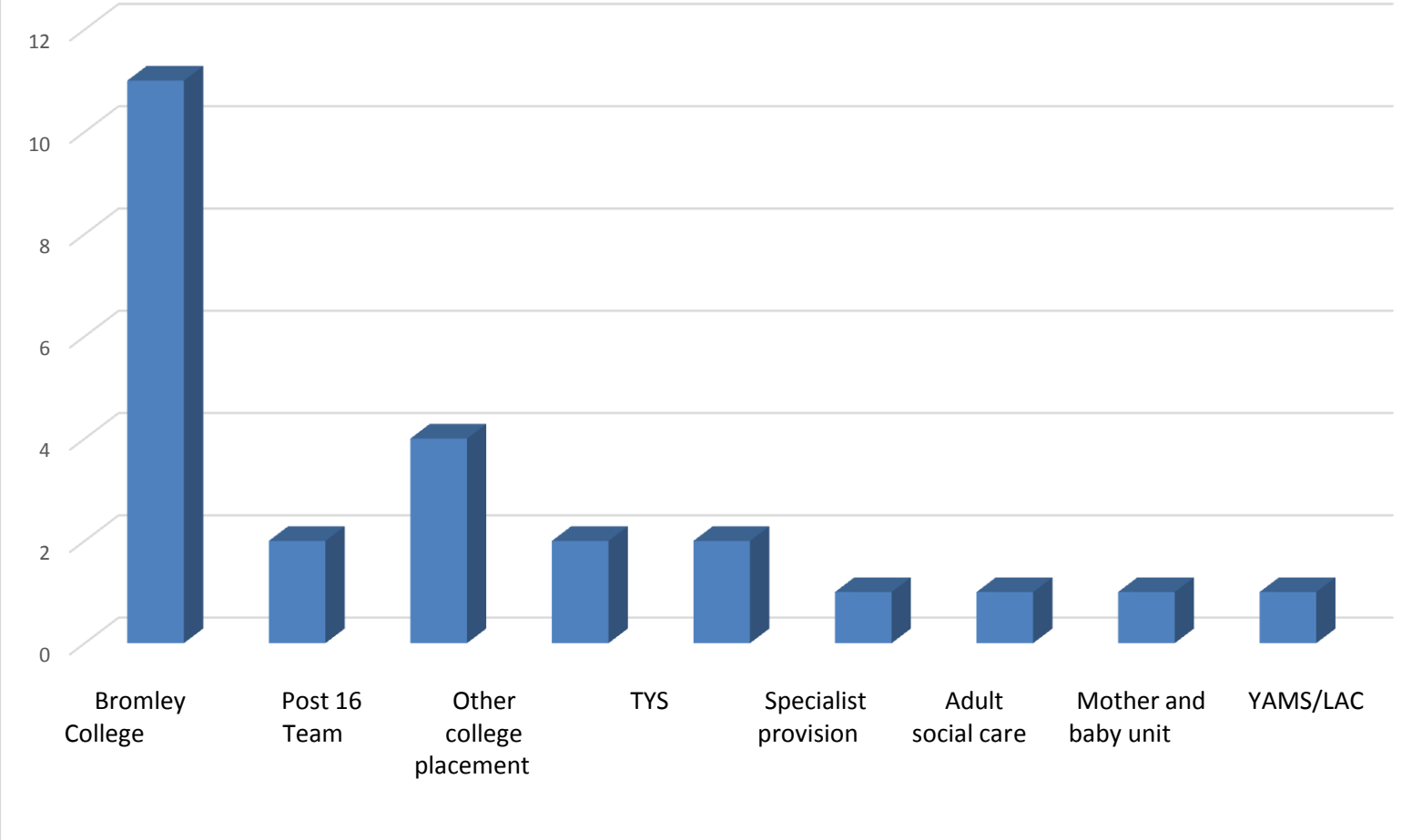
Data content

1. Mental Health needs by type
2. Outcomes
3. Agency involvement
4. Attendance
5. Case studies
6. What will happen to pupils who don't fit the BFA criteria?
7. Hospital school data

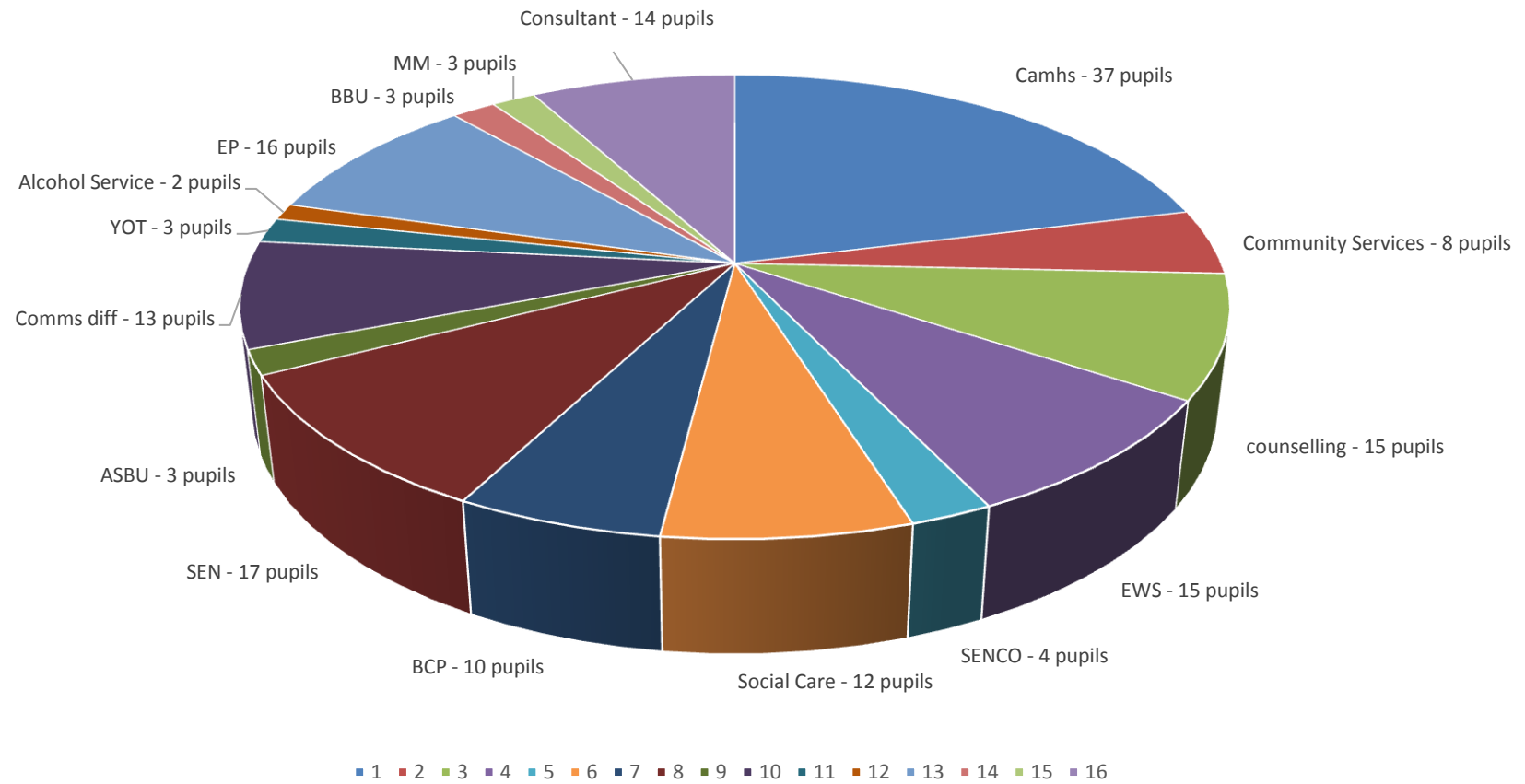
Pupils with mental health needs 2015-16 breakdown by type.



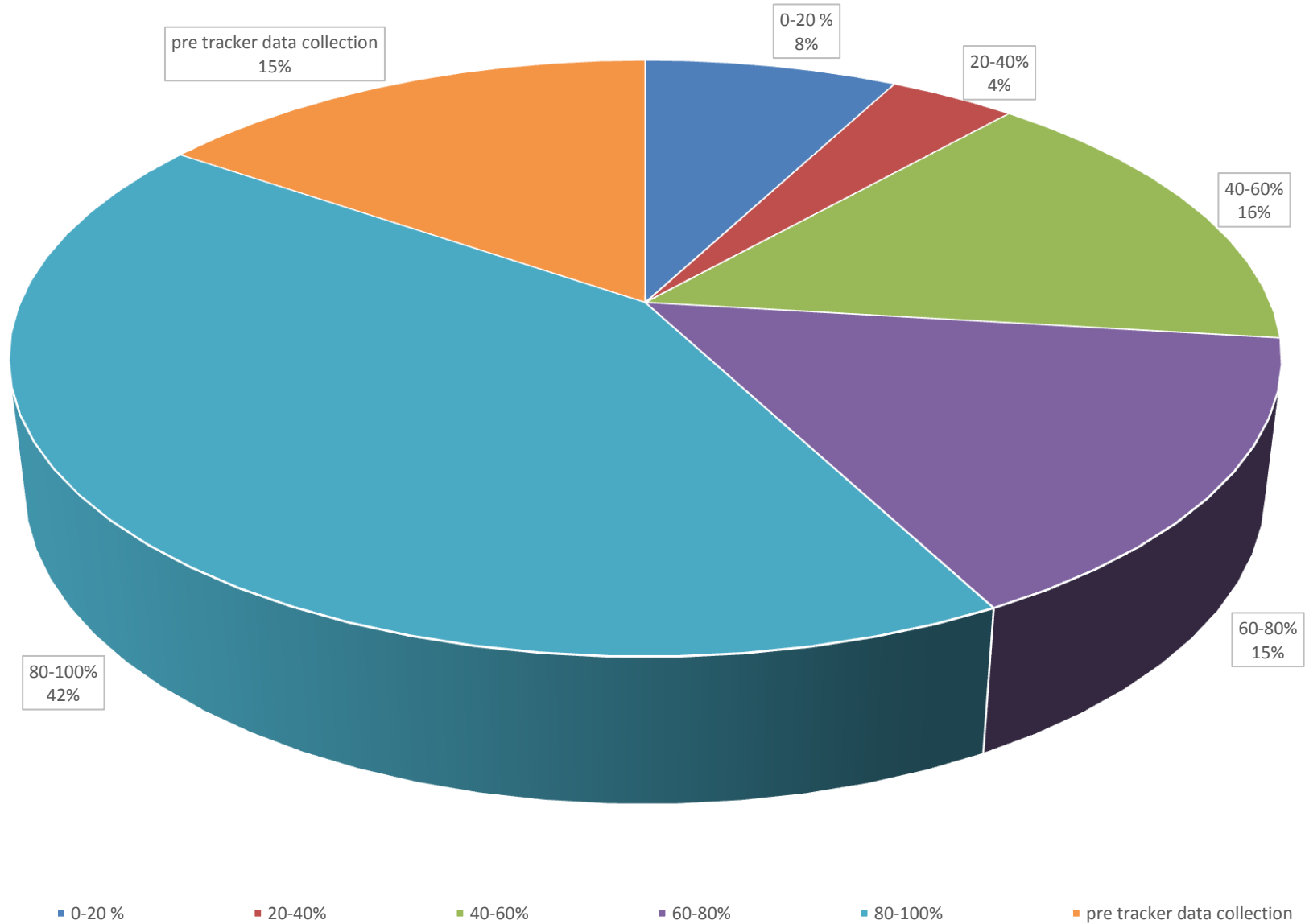
Placement outcomes for post 16 pupils 2015-16



Agency involvement with pupils with mental health 2015/16



Attendance Data for pupils with mental health 2015 / 16 - 52 pupils



[REDACTED]
Home Education Hub (HE Hub)

● Oak Road

Green Street Green

BR6 [REDACTED]

31 July 2016

FAO: Councillor Nicholas Bennett JP, Education Select Committee, Bromley Council

Re – Meeting Scheduled for 7pm, 15 September 2016

What HE Hub does

HE Hub helps to disseminate relevant information to new and long-term (elective) home educating families based in Bromley and surrounding areas. It also gives parents who are disillusioned with the traditional school system a place and opportunity to explore alternatives, and engage with others in similar situations.

Relevant information includes:

- Mainstream news items affecting home education, for example, ministerial appointments, changes in educational policies, court cases, parliamentary proposals
- What to expect from meetings with local councils
- Changes in home education practices in other parts of the UK and Europe
- Social and educational ad-hoc and regular events
- Educational resources

Dissemination takes place via dedicated home education community forums, Facebook groups and to a very limited extent, the public website.

Examining the efficiency and effectiveness of alternative education in Bromley

In the absence of a formal measurement of the efficiency and effectiveness of home education in Bromley, all that can be proffered is surely superficial – post-16 attainments, perhaps.

For the record, we regularly get good news about the successes of children who have either passed their IGCSEs and going on to do Advanced Level in pursuit of admission onto degree programmes or those who have been able to obtain apprenticeships within their chosen career fields.

During the active home education period, how effective the process is depends to a large extent on:

1. **The financial status of the family:** Can the children readily access educational resources? Can they afford events – travel and fees? Can extra tuition be paid for? Can the parents/carers afford additional or special tools required for a particular child? Can parents/carers afford extra-curricular activities?
2. **The familial support structure:** Is there any respite available for the main educator?
3. **Examinations:** Though this is related to 1 above, it deserves a separate heading because it is a highly contentious issue. IGCSEs are very expensive. My belief is that every child in the borough should be entitled to at least a **FREE** first attempt. That parents are made to privately fund these crucial examinations appears like a punishment being meted out by the council for daring to 'go against the norm'. Taking IGCSEs or GCSEs, free of any charge or condition, should be every child's right regardless of how or where in the UK the child is educated.
4. **Special Educational Needs (SENs):** Most of the children taken out of the school system have SENs. The current system adopted by Bromley takes a hands-off approach evidenced by the NIL provision of support towards the educational needs of the child.
5. **Dialogue:** The relationship (or lack of) between the home education community and the council is dismal. When I started home educating my kids many years ago, I heard nothing positive about the council, and I imagine the same applies to a host of others.

What should be prioritised

In my view, examining the efficiency and effectiveness of a phenomenon presupposes that all parties are in agreement, that they understand their respective roles, understand why the event occurs, and have similar objectives. I feel that what this meeting is about ignores the underlying issues that should first be addressed. I am astounded that a meeting is being called to address the effectiveness and efficiency of a system that the council has no positive input in.

The following issues need to be looked into:

1. Why home education in Bromley is rising.
2. The root cause of the continuing dissatisfaction with the traditional school system.
3. The assistance that can be offered to home educated children to ensure they pursue and reach their potentials.
4. The lack of an inquiry when kids are pulled from schools.
5. The lack of understanding and empathy for parents who make the very difficult decision to home educate their children, having tried in vain to make traditional schooling work.
6. The unabated incidences of children being traumatised by bullying in schools.
7. The reactive (rather than proactive) stance of the education department – more needs to be done to engage with parents whilst their children are still in school. There ought to be a system in place that allows parents to resolve issues being encountered at school.
8. The reasons why 'under the radar' home educating families choose to stay anonymous.
9. The abject lack of council-sponsored facilities (sports, music, etc) for home educating children during school terms.

[Unfortunately, I will not be at the meeting due to work and child care commitments, but I do hope the above points get discussed, or at the very least, noted.]

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[The views and opinions in this document are mine. I do not speak for all the home educating families in Bromley.]

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Supplementary Information for Elective Home Education

Legal

LA guidance regarding EHE:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288135/guidelines_for_las_on_elective_home_educationsecondrevisev2_0.pdf

2.1 The responsibility for a child's education rests with their parents. In England, education is compulsory, but school is not.

2.2 Article 2 of Protocol 1 of the European Convention on Human Rights states that: "No person shall be denied the right to education. In the exercise of any functions which it assumes in relation to education and to teaching, the State shall respect the right of parents to ensure such education and teaching is in conformity with their own religious and philosophical convictions."

Parents have a right to educate their children at home. Section 7 of the Education Act 1996

provides that: "The parent of every child of compulsory school age shall cause him to receive efficient full-time education suitable -

- (a) to his age, ability and aptitude, and
- (b) to any special educational needs he may have, either by regular attendance at school or otherwise."

2.3 The responsibility for a child's education rests with his or her parents. An "efficient" and "suitable" education is not defined in the Education Act 1996 but "efficient" has been broadly described in case law¹ as an education that "achieves that which it sets out to achieve", and a "suitable" education is one that "primarily equips a child for life within the community of which he is a member, rather than the way of life in the country as a whole, as long as it does not foreclose the child's options in later years to adopt some other form of life if he wishes to do so".

Parental rights and responsibilities

2.4 Parents may decide to exercise their right to home educate their child from a very early age and so the child may not have been previously enrolled at school. They may also elect to home educate at any other stage up to the end of compulsory school age. Parents are not required to register or seek approval from the local authority to educate their children at home.

Parents who choose to educate their children at home must be prepared to assume full financial responsibility, including bearing the cost of any public examinations. However, local authorities are encouraged to provide support where resources permit –

Local authorities' responsibilities

2.5 The DCSF recommends that each local authority provides written information about elective home education that is clear, accurate and sets out

the legal position, roles and responsibilities of both the local authority and parents. This information should be made available on local authority websites and in local community languages and alternative formats on request.

Local authorities should recognise that there are many approaches to educational provision, not just a "school at home" model. What is suitable for one child may not be for another, but all children should be involved in a learning process.

2.6 Local authorities have a statutory duty under section 436A of the Education Act 1996, inserted by the Education and Inspections Act 2006, to make arrangements to enable them to establish the identities, so far as it is possible to do so, of children in their area who are not receiving a suitable education.

The duty applies in relation to children of compulsory school age who are not on a school roll, and who are not receiving a suitable education otherwise than being at school (for example, at home, privately, or in alternative provision). The guidance issued makes it clear that the duty does not apply to children who are being educated at home.

2.7 Local authorities have no statutory duties in relation to monitoring the quality of home education on a routine basis. However, under Section 437(1) of the Education Act 1996, local authorities shall intervene if it appears that parents are not providing a suitable education. This section states that:

"If it appears to a local education authority that a child of compulsory school age in their area is not receiving suitable education, either by regular attendance at school or otherwise, they shall serve a notice in writing on the parent requiring him to satisfy them within the period specified in the notice that the child is receiving such education."

Section 437(2) of the Act provides that the period shall not be less than 15 days beginning with the day on which the notice is served.

2.8 Prior to serving a notice under section 437(1), local authorities are encouraged to address the situation informally.

The most obvious course of action if the local authority has information that makes it appear that parents are not providing a suitable education, would be to ask parents for further information about the education they are providing. Such a request is not the same as a notice under section 437(1), and is not necessarily a precursor for formal procedures. Parents are under no duty to respond to such enquiries, but it would be sensible for them to do so.

1 Mr Justice Woolf in the case of R v Secretary of State for Education and Science, ex parte Talmud Torah Machzikei Hadass School Trust (12 April 1985)

4

2 Statutory Guidance for Local Authorities in England to Identify Children not Receiving Education available at <http://www.everychildmatters.gov.uk/ete/childrenmissingeducation/>.

3 Phillips v Brown (1980) <http://swarb.co.uk/phillips-v-brown-qbd-20-jun-1980/>
5

Elective Home Education Guidelines for Local Authorities

2.9 Section 437(3) refers to the serving of school attendance orders:

"If

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of the Local Government Act 1972.

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