



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 28 June 2018

To: Members of the  
**EXECUTIVE**

Councillor Colin Smith (Chairman)

Councillors Graham Arthur, Peter Fortune, William Huntington-Thresher,  
Kate Lymer, Peter Morgan and Diane Smith

A meeting of the Executive will be held at Bromley Civic Centre on **WEDNESDAY 11  
JULY 2018 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 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

In accordance with the Council's Constitution, questions to this Committee must be received in writing 4 working days before the date of the meeting. Therefore please ensure questions are received by the Democratic Services Team by 5pm on Thursday 5<sup>th</sup> July 2018.

**4 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 21ST MAY 2018**  
(Pages 5 - 18)

**5 PROGRESS IN IMPLEMENTING CHILDREN'S SERVICES IMPROVEMENTS**  
To follow

**6 BUDGET MONITORING 2018/19**  
(Pages 19 - 54)

- 7 **CAPITAL PROGRAMME MONITORING – 1ST QUARTER 2018/19**  
(Pages 55 - 68)
- 8 **RETENDER OF THE EXCHEQUER SERVICES CONTRACT**  
(Pages 69 - 84)
- 9 **BROMLEY LOCAL INTERMEDIATE HOUSING INCOME THRESHOLDS REVIEW**  
(Pages 85 - 96)
- 10 **THE EVALUATION AND PROPOSAL TO EXTEND THE DISCHARGE TO ASSESS PROCESS**  
(Pages 97 - 114)
- 11 **SCHOOLS BASIC NEED CAPITAL PROGRAMME**  
(Pages 115 - 142)
- 12 **CIVIC CENTRE PROGRAMME AND OFFICE ACCOMMODATION PROPOSALS**  
(Pages 143 - 152)  
Bromley Town ward
- 13 **CENTRAL LIBRARY/CHURCHILL THEATRE: DEFECTIVE TILING**  
(Pages 153 - 158)  
Bromley Town ward
- 14 **DEPOT STRATEGY - CAPITAL WORKS**  
(Pages 159 - 168)
- 15 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE, RESOURCES & CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 16 **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**

- |  |  |
|--|--|
| <p>17 <b>EXEMPT MINUTES OF THE MEETING HELD ON 21ST MAY 2018</b><br/>(Pages 169 - 172)</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
|--|--|

- |   |  |
|---|--|
| <p><b>18</b>    <b>CULTURE PROJECTS - CONTRACT AUTHORISATIONS</b><br/>(Pages 173 - 186)</p>   | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
| <p><b>19</b>    <b>GATEWAY 0 REPORT: REQUEST FOR A TWO YEAR EXTENSION ON CURRENT CONTRACTS AND FUTURE SERVICE REDESIGN AND TENDERING PROJECT - DOMICILIARY CARE</b><br/>(Pages 187 - 216)</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |
| <p><b>20</b>    <b>CAPITAL PROGRAMME - APPENDIX E</b><br/>(Pages 217 - 218)<br/>(See agenda item 7)</p>   | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> |

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## EXECUTIVE

Minutes of the meeting held on 21 May 2018 starting at 7.00 pm

### Present:

Councillor Colin Smith (Chairman)  
Councillors Graham Arthur, Peter Fortune,  
William Huntington-Thresher, Kate Lymer, Peter Morgan  
and Diane Smith

### Also Present:

Councillor Nicholas Bennett J.P. and  
Councillor Simon Fawthrop

#### 1 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Angela Wilkins.

#### 2 DECLARATIONS OF INTEREST

Councillor Peter Morgan declared an interest in relation to the report on the Provisional Final Accounts 2017/18 as his daughter was an employee of the Council's contractor Kier.

#### 3 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

Three questions for written reply had been received from Mr Colin Willetts – the questions and replies are set out in Appendix A to these minutes.

#### 4 TO CONFIRM THE MINUTES OF THE MEETINGS HELD ON 28TH MARCH AND 20TH APRIL 2018 Report CSD 18078

**RESOLVED that the Part 1 minutes of the meetings held on 28<sup>th</sup> March 2018 and 20<sup>th</sup> April 2018 be confirmed.**

#### 5 EXECUTIVE APPOINTMENTS

The Leader confirmed the following appointments for 2018/19 –

##### (1) The Executive

Cllr Peter Fortune – Children, Education & Families and Deputy Leader  
Cllr Graham Arthur – Resources, Commissioning & Contract Management  
Cllr William Huntington-Thresher – Environment & Community Services  
Cllr Kate Lymer - Public Protection and Enforcement  
Cllr Peter Morgan – Renewal, Recreation & Housing  
Cllr Diane Smith – Adult Care & Health

**(2) Executive Assistants**

Cllr Nicky Dykes – Children, Education & Families  
Cllr Hannah Gray – Renewal, Recreation & Housing  
Cllr Gary Stevens – Resources, Commissioning & Contract Management  
Cllr Angela Page – Adult Care & Health  
Cllr Kira Gabbert – Environment & Community Services  
Cllr Aisha Cuthbert – Assistant to the Leader

**(3) Boards, Panels, Working Groups**

**Health and Wellbeing Board**

Cllr David Jefferys (Chairman)  
Cllr Robert Evans (Vice-Chairman)  
Cllr Marina Ahmad  
Cllr Graham Arthur  
Cllr Yvonne Bear  
Cllr Mary Cooke  
Cllr Judi Ellis  
Cllr Keith Onslow  
Cllr Colin Smith  
Cllr Diane Smith

**Bromley Fostering & Adoption Panel**

Cllr Judi Ellis  
Cllr Hannah Gray  
Cllr Stephen Wells

The Leader confirmed that other appointments, including to the Constitution Improvement Working Group, would be considered outside the meeting.

**6            PROGRESS IN IMPLEMENTING CHILDREN'S SERVICES IMPROVEMENTS - ORAL UPDATE**

The Deputy Chief Executive and Executive Director of Education, Care and Health Services gave a brief update on progress with the improvement of Children's Services, highlighting (i) the next Ofsted monitoring visit on 12<sup>th</sup> /13<sup>th</sup> June which would focus on missing children, gangs and sexual exploitation, and (ii) a meeting with the Department for Education to discuss key issues on 3<sup>rd</sup> July. He also mentioned that interviews with newly qualified social workers were due to be held in the following week, and he hoped to be able to make a substantial number of appointments. This was particularly welcomed by the Leader.

The Portfolio Holder for Children, Education & Families referred to the successful and well-attended Councillor Induction Session on 10<sup>th</sup> May and reminded Members about the Corporate Parenting Fun Day on 29<sup>th</sup> July. He also informed Members that the former Chairman of the Leaving Care Council would be receiving an award from Community Links.

Responding to questions from Members, the Executive Director advised the Committee that he considered solid progress had been made in changing the culture in Children's social care. He also confirmed that 310 children were in care, and promised to provide a report updating Members on their progress.

**7 PROVISIONAL FINAL ACCOUNTS 2017/18**  
Report FSD18040

The Executive considered the 2017/18 provisional outturn as well as the potential implications for the Council's financial position in 2018/19. The 2017/18 provisional outturn provided no variation in general fund balances, subject to the recommendations in the report being agreed.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee on 17 May 2018. The Chairman of the PDS Committee commented that there needed to be discussion about widening the scope of investment and considering multi asset investment funds rather than commercial property. The Leader and the Portfolio Holder for Resources, Commissioning and Contract Management responded that the Council's property investments had been successful, but that this suggestion should and would be considered.

The Portfolio Holder for Resources, Commissioning and Contract Management reported that a small team led by the Chief Accountant, Tracey Pearson, had worked seven days a week to prepare the accounts within the new, much tighter, statutory deadlines – Members recorded their appreciation for their excellent work. The Leader suggested that it would be appropriate for a letter to go to the Government outlining the difficulty of meeting the new target.

**RESOLVED that**

**(1) The provisional revenue and capital outturns for the 2017/18 financial year and the earmarked balances on the General Fund as at 31st March 2018 be noted.**

**(2) A more detailed analysis of the 2017/18 final outturn be reported for each Portfolio to the Relevant PDS committees.**

**(3) The variations in 2017/18 impacting on the Council's 2018/19 financial position be noted.**

**(4) The comments from Chief Officers as detailed in Appendix 2 of the report be noted.**

**(5) The requests for carry forwards totalling £1,124k (net) as detailed in Appendix 6, subject to the funding being allocated to the Central Contingency in 2018/19 to be drawn down on the approval of the relevant Portfolio Holder, be approved.**

**(6) The release of £80k from the 2017/18 Central Contingency as detailed in paragraph 3.6.2 of the report be agreed.**

**(7) A further contribution of £550k to the Joint Initiatives and Pump Priming (BCF) earmarked reserve be approved as detailed in paragraph 3.8.4 of the report.**

**(8) Council be recommended to set aside a sum of £1,086k in an earmarked reserve for Income Equalisation (Treasury Management) as detailed in paragraph 3.4.4.**

**(9) Council be recommended to set aside a sum of £2,000k as a further contribution to the Transformation Fund earmarked reserve as detailed in paragraph 3.7.2.**

**(10) Council be recommended to set aside a sum of £5,000k as a further contribution to the Financial Planning & Risk Reserve as detailed in paragraph 3.7.3.**

**(11) Council be recommended to set aside a sum of £2,319k as a further contribution to the Growth Fund as detailed in paragraph 3.7.4.**

**(12) Council be recommended to set aside a sum of £2,609k as a further contribution to the Investment Fund as detailed in paragraph 3.7.5.**

**8 CAPITAL PROGRAMME OUTTURN 2017/18**  
Report FSD18041

The Executive considered a report setting out the final outturn on capital expenditure and receipts for 2017/18. Capital expenditure in the year was £40.3m, compared to the final approved budget of £51.6m, agreed in February resulting in a total net variation of Cr £11.3m. For funding purposes, £3.5m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £7.8m in the use of capital receipts and external and revenue contributions.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee on 17 May 2018.

**RESOLVED that**

**(1) The report be noted.**

**(2) The following amendments to the Capital Programme for 2018/19 be approved:**

- a) Increase of £15k to the 30 hours childcare IT scheme funded from the revenue grant underspend in 2017/18 as detailed in paragraph 3.2.1 of the report;**



- b) Addition of £178k to the capital programme to reflect additional Disabled Facilities Grant received as detailed in paragraph 3.2.2 of the report;**
- c) Addition of £116k to the Biggin Hill Memorial Museum scheme funded from revenue (£54k) and external contributions (£62k) as detailed in paragraph 3.2.3 of the report.**

**(3) It be noted that the Provisional Final Accounts 2017/18 report elsewhere on the agenda recommends that Council approves contributions of £2.6m to the Investment Fund and £2.3m to the Growth Fund.**

## **9 FORMAL CONSULTATION ON THE PROCUREMENT STRATEGY FOR INSURANCE POLICIES** Report FSD18039

The Executive considered a report seeking approval to tender for the Council's current insurance policies, as well as approval to vary the Council's Total Facilities Management (TFM) contract to include an asset valuation review that would help inform the tender and ensure appropriate levels of cover were maintained. The Council's current policies for insurance cover were due to expire on 30<sup>th</sup> April 2019. It was proposed to re-tender the policies for a period of five years, with an option to extend for a further period of three years. With a potential eight year contract term, the total value of the policies was estimated to be approximately £5.6m.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee on 17 May 2018. The Committee had questioned the amount of money proposed to be spent on re-valuations. The Portfolio Holder for Resources, Commissioning and Contract Management confirmed that officers anticipated that savings could potentially be achieved. The Director of Finance confirmed that a benchmarking exercise was being carried out; the Portfolio Holder for Renewal, Recreation and Housing suggested that this should not just focus on other Councils, and the Leader suggested that he discuss this further with the Director.

### **RESOLVED that:**

- (1) The contents of the report be noted.**
- (2) The contracts for the Council's insurance policies be tendered using a restricted OJEU process.**
- (3) The contract length be for a period of five years with the option to extend for a further period of three years at an estimated annual value of £694k (gross) and an estimated whole life value, inclusive of extension option, of £5.6m (gross).**

**(4) Authority be delegated to the Director of Finance to approve the optional three year extension in consultation with the Portfolio Holder for Resources, Commissioning and Contract Management, Director of Commissioning and Director of Corporate Services.**

**(5) A variation of the Council's TFM contract with Amey for Cushman and Wakefield to undertake an asset valuation review for insurance purposes, the value of the variation being estimated at £200k as detailed in section 3.4 of the report, be agreed.**

**(6) The tender documentation to be used is that provided by the Council's Insurance Broker, JLT, as detailed in the report.**

**(7) Contracts for the policies will be predominantly on the tenderers' proposed terms, as detailed in section 3.7 of the report.**

**10 CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES -  
LOT 1 ADULTS/LOT 2 CHILDREN - PART 1**

The Executive considered a part 1 summary of the Part 2 report on the Contract Award for Substance Misuse Services, providing an overview of the tendering process in accordance with the Council's financial and contractual procedure rules. Members noted that the recommendation was to award contracts for a term of three years with a possible extension of up to a further two years.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee on 17 May 2018.

**RESOLVED: That the summary report be noted.**

**11 CONTRACT AWARD - SUPPORTED LIVING SCHEMES AT  
PADUA ROAD, BROSSO WAY AND BROMLEY ROAD (PART 1)  
Report CS18136**

The Executive considered a Part 1 summary of the part 2 report on the Contract Award for Learning Disability Supported Living Schemes. The summary provided an overview of the process for the tendering of the learning disability supported living schemes at 34 Padua Road, 44 Bromley Road and 15 Brosse Way in accordance with the Council's financial and contractual requirements.

**RESOLVED that the Part 1 summary report be noted.**

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

There were no additional items to report from the Executive, Resources and Contracts PDS Committee.

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

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

**The following summaries  
refer to matters involving exempt information**

**14 EXEMPT MINUTES OF THE MEETINGS HELD ON 28TH MARCH AND 20TH APRIL 2018**

The exempt minutes of the meetings held on 28<sup>th</sup> March 2018 and 20<sup>th</sup> April 2018 were confirmed.

**15 CONTRACT AWARD FOR SUBSTANCE MISUSE SERVICES - LOT 1 ADULTS/LOT 2 CHILDREN - PART 2**

See minute 10 – the Executive considered Part 2 details relating to the proposed award of contract for Substance Misuse Services - Lot 1 Adults/Lot 2 Young People, which they authorised.

**16 AWARD OF CONTRACT FOR PHASE 2 WORKS AT STEWART FLEMING PRIMARY SCHOOL**

The Executive approved the contract award for Phase 2 works at Stewart Fleming Primary School.

**17 CULTURE PROJECTS - CONTRACT AUTHORISATIONS**

This report was withdrawn.

**18 CONTRACT AWARD - SUPPORTED LIVING SCHEMES AT PADUA ROAD, BROSSIE WAY AND BROMLEY ROAD**

See minute 12 – the Executive considered part 2 details relating to the proposed award of contract for Supported Living Schemes at Padua Road, Brosse Way and Bromley Road, which they authorised.

The Meeting ended at 7.30 pm

Chairman

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**EXECUTIVE**

**21<sup>st</sup> May 2018**

**Questions for Written Reply**

**1. From Colin Willetts to the Resources, Commissioning and Contract Management Portfolio Holder**

With regard to Voter I.D, was there any data collected on polling day as to the exact numbers of the electorate who did not have the correct information and thus were unable to cast their vote at – (i) Leasons Primary School, (ii) Grays Farm Primary School, (iii) The Link Youth Centre, and (iv) Poverest?

**Reply:**

The number of voters who had no/wrong ID and did not return to vote are as follows:

- Leasons Primary School – 1 voter
- Grays Farm Primary School – 3 voters
- The Link Youth Centre – 0 voters
- Poverest Adult Education College – 2 voters

Total = 6 voters in the Cray Valley West ward

**2. From Colin Willetts to the Resources, Commissioning and Contract Management Portfolio Holder**

What was the total financial cost to the Council (including breakdowns) for the Borough elections 2018? & (ii) what was the total cost to the Government (including breakdowns) for the Voter I.D scheme for the London Borough Bromley elections 2018?

**Reply:**

We are in the process of calculating the total costs to Bromley (for the elections) and the Government (for the Voter ID Pilot). These details will be included in our report to General Purposes and Licensing Committee in due course.

**3. From Colin Willetts to the Environment and community Services Portfolio Holder**

We note in your 'In Touch' leaflet (Cray Valley West) highlighting reducing parking around schools, (i) what schools/ and roads were you specifically referring to? (ii) when can we expect action to be taken on reduction? & (iii) in regard 'speeding', can you monitor Saxville Road following many complaints from the local residents?

**Reply:**

I understand that the leaflet is not referring to any particular school but to the Council's ongoing work of reviewing safety and routes around schools.

With regard to Saxville Road, officers will be placing road safety posters here in the near future and are in discussion with the Ward Members about whether any other measures might be suitable. Saxville Road does not have an accident problem that meets any intervention level set by the Council, so it is not considered a priority location for casualty reduction measures. The last speed survey did not reveal any high speeds here, but we will commission a new study.

**(Subject to approval from Cllr WH-T)**

**Decision Maker:** EXECUTIVE

**Date:** 11 July 2018

**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

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1. Reason for report

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

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2. **RECOMMENDATION**

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

<b>Non-Applicable Sections:</b>	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: £350,650
  5. Source of funding: 2018/19 Revenue Budget
- 

### Personnel

1. Number of staff (current and additional): 8 posts (6.87fte)
  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
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### 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>
<b>22<sup>nd</sup> March 2017</b>				
201 <b>Operational Building Maintenance Budgets and Planned Programme 2017/18</b>	Members requested a report on the position with regard to the sale of former public toilet buildings.	This issue will be included in a report on Asset Management.	Head of Strategic Property	September 2018
<b>6<sup>th</sup> December 2017</b>				
362 <b>Bromley Youth Employment Scheme Project Extension</b>	A further report was requested for the 2 <sup>nd</sup> or 3 <sup>rd</sup> quarter of 2018 defining outcomes more clearly so that funding can be considered in the 2019/20 budget.	A further report will be prepared in due course	Head of Youth Offending and Youth Services	September 2018
<b>10<sup>th</sup> January 2018</b>				
389 <b>Update on Service Proposals and Procurement Strategy for Modular Homes</b>	All Members to be invited to a site visit to see modular homes in a neighbouring borough.	Visits are on hold pending the tendering exercise and further investigations into the likely preferred designs. A site visit will be arranged for shortly after the contract is scheduled to commence in November 2018.	Director of Housing	November/December 2018
<b>21<sup>st</sup> May 2018</b>				
6 <b>Progress in Implementing Children's Services Improvements</b>	The Deputy Chief Executive reported that 310 children were in care, and promised to provide further details to Members.	A report is provided on the current agenda.	Deputy Chief Executive	July 2018

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Report No.  
FSD18055

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 11 July 2018

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

**Title:** BUDGET MONITORING 2018/19

**Contact Officer:** Tracey Pearson, Chief Accountant  
Tel: 0208 313 4323 E-mail: Tracey.Pearson@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

- 1.1 This report provides the first budget monitoring position for 2018/19 based on expenditure and activity levels up to the end of May 2018. The report also highlights any significant variations which will impact on future years as well as any early warnings that could impact on the final year end position.
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2. **RECOMMENDATION(S)**

2.1 **Executive are requested to:**

- (a) consider the latest financial position;
- (b) note that a projected net overspend on services of £1,679k is forecast based on information as at May 2018;
- (c) consider the comments from Chief Officers detailed in Appendix 2;
- (d) note a projected variation of £219k debit from investment income as detailed in sections 3.6 and 3.7;
- (e) note the carry forwards being requested for drawdown as detailed in section 3.3;
- (f) note a projected reduction to the General Fund balance of £2,396k as detailed in section 3.4;
- (g) note the full year cost pressures of £2.8m as detailed in section 3.5;

- (h) agree to the release of £400k relating to the cost of Local Elections from the 2018/19 Central Contingency as detailed in para. 3.2.2;**
- (i) agree to the release of £28k SEND Pathfinder grant from the 2018/19 Central Contingency as detailed in para. 3.2.3;**
- (j) note the return to the Central Contingency of £961k as detailed in para. 3.2.4;**
- (k) identify any issues that should be referred to individual Portfolio Holders for further action.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
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### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Council wide
  4. Total current budget for this head: £205.6m
  5. Source of funding: See Appendix 1 for overall funding of Council's budget
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### Personnel

1. Number of staff (current and additional): 2,038 fte posts (per 2018/19 Budget) which includes 504 for budgets delegated to schools
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972, the Local Government Finance Act 1998, the Local Government Act 2000, the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
  2. Call-in: Applicable
- 

### Procurement

1. Summary of Procurement Implications: None arising directly from this report
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2018/19 budget reflects the financial impact of the Council's strategies and service plans which impact on all of the Council's customers (including council tax payers) and users of our services.
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### Ward Councillor Views

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

### 3. COMMENTARY

#### 3.1 Summary of Projected Variations

3.1.1 The Resources Portfolio Plan included a target that each service department will spend within its own budget. Current projections show an overall net overspend of £1,679k within portfolio budgets and a £742k credit variation on investment income and central items.

3.1.2 A summary of the 2018/19 budget and the projected outturn is shown in the table below:

Portfolio	2018/19 Original Budget £'000	2018/19 Latest Budget £'000	2018/19 Projected Outturn £'000	2018/19 Variation £'000
Adult Care & Health	67,346	67,346	67,654	308
Education, Children & Families (inc. Schools Budget)	40,189	40,189	41,808	1,619
Environment & Community	30,546	30,117	30,103 Cr	14
Public Protection & Enforcement	2,424	2,491	2,406 Cr	85
Renewal, Recreation & Housing	13,970	14,134	13,978 Cr	156
Resources, Commissioning & Contracts Management	46,797	48,093	48,100	7
<b>Total Controllable Budgets</b>	<b>201,272</b>	<b>202,370</b>	<b>204,049</b>	<b>1,679</b>
Capital Charges and Insurance	12,056	12,056	12,056	0
Non General Fund Recharges	Cr 759	Cr 759	Cr 759	0
<b>Total Portfolio Budgets</b>	<b>212,569</b>	<b>213,667</b>	<b>215,346</b>	<b>1,679</b>
Income from Investment Properties	Cr 9,973	Cr 9,923	Cr 9,534	389
Interest on General Fund Balances	Cr 3,491	Cr 3,491	Cr 3,661	170
<b>Total Investment Income</b>	<b>Cr 13,464</b>	<b>Cr 13,414</b>	<b>Cr 13,195</b>	<b>219</b>
Contingency Provision	14,278	14,797	13,836 Cr	961
Other Central Items	Cr 9,430	Cr 9,430	Cr 9,430	0
General Government Grants & Retained Business Rates	Cr 45,494	Cr 45,702	Cr 45,702	0
Collection Fund Surplus	Cr 7,852	Cr 7,852	Cr 7,852	0
<b>Total Central Items</b>	<b>Cr 48,498</b>	<b>Cr 48,187</b>	<b>Cr 49,148</b>	<b>961</b>
<b>Total Variation</b>	<b>150,607</b>	<b>152,066</b>	<b>153,003</b>	<b>937</b>

3.1.3 A detailed breakdown of the latest approved budgets and projected outturn for each Portfolio, together with an analysis of variations, is shown in Appendix 3.

3.1.4 Chief Officer comments are included in Appendix 2.

#### 3.2 Central Contingency Sum

3.2.1 Details of the allocations from and variations in the 2018/19 Central Contingency are included in Appendix 4.

3.2.2 The Central Contingency includes a sum of £500k to meet the estimated cost of the local election in May 2018. Executive are requested to agree the drawdown of £400k to meet the cost of election staff, room hire, delivery and collection of polling equipment, printing of ballot papers and postage. Once all costs relating to the election have been finalised, a further adjustment may be required.

3.2.3 In April 2018 the Council received confirmation of the 2018/19 SEND Pathfinder Grant. Executive are requested to agree the drawdown of £27,522 which will be used to support the Council's role as regional co-ordinator for the implementation of the Special Educational Needs (SEN) reforms from April 2018. This will improve the quality of services for children and young people with SEN and disabilities whether in education, health or social care.

3.2.4 Members are requested to note that the following items have been returned to the Central Contingency this cycle:

		£'000	Note
Parking - Bus Lane Contraventions	Cr	300	(i)
Waste Disposal	Cr	240	(ii)
Highways Maintenance Contract	Cr	169	(iii)
Apprenticeship Levy	Cr	130	(iv)
Liberata Contract	Cr	60	(v)
Beckenham & Penge BID	Cr	44	(vi)
Registrar's Service	Cr	18	(vii)
Total Credit Variation	Cr	<u>961</u>	

- (i) £300k is being returned to the Central Contingency from Parking Services to reflect the current number of bus lane contraventions as the drop in the number of contraventions has been far slower than originally estimated.
- (ii) the budget for waste disposal costs has been realigned to reflect the full year effect of the reduction in tonnage during 2017/18 and a sum of £240k has been returned to the Central Contingency.
- (iii) an adjustment has been made to the Central Contingency to reflect the part year savings of £169k that were identified in the award of the Major and Minor Highway Maintenance contracts, as reported to Executive on 20<sup>th</sup> April 2018. The majority of this saving relates to the reduced street lighting maintenance required due to the more efficient columns and bulb changes recently made.
- (iv) a sum of £130k relating to the Apprenticeship Levy has been returned to the Central Contingency as the level of expenditure is lower than originally estimated when funding was agreed.
- (v) £60k has been returned to the Central Contingency from the Liberata contract as a result of variations in the contract fee including the cash collection service, housing benefits/council tax administration support and printing costs.
- (vi) following the successful ballots in February 2018 there will be a net saving of £44k from the establishment of the BIDs in Beckenham and Penge Town Centres, as reported to Executive on 7<sup>th</sup> November 2017. An adjustment has been made to the Central Contingency to reflect these savings.
- (vii) a restructure of staffing within the Registrar's service has delivered a part year saving of £18k for 2018/19 and adjustment has been made to the Central Contingency to reflect this saving.

3.2.5 The Central Contingency allows for proper financial planning and ensures that the Council is prepared for changes in financial circumstances. A prudent approach was adopted in considering the 2018/19 Central Contingency sum to reflect any inherent risks, the potential impact of any new burdens, population increases or actions taken by other public bodies which could affect the Council. If the monies are not required during the year then the general policy has been to use these for growth, investment and economic development to generate additional income and provide a more sustainable financial position. The latest forecast indicates that despite having a balanced budget in 2018/19 there remains a significant budget gap in future years that will need to be addressed.

### 3.3 Carry Forwards from 2017/18 to 2018/19

3.3.1 After allowing for government grant funding, a net sum of £1,459k has been carried forward into 2018/19 from underspends in 2017/18. £152k was agreed by Council on 26<sup>th</sup> February 2018 and £183k, net of grant income and other funding, was agreed by Executive on 28<sup>th</sup> March 2018. The remaining £1,124k (net) was approved by Executive on 21<sup>st</sup> May 2018 subject to the funding being allocated to the Central Contingency to be drawn down on the approval of the relevant Portfolio Holder.

3.3.2 The carry forwards being requested to be drawn down this cycle are summarised in the table below and details will be reported to the relevant PDS Committee. The figures contained in this report assume that these requests will be agreed:

	£'000
Renewal, Recreation & Housing	419
Adult Care & Health	4,226
Public Protection & Enforcement	67
Executive, Resources & Contracts	815
Environment & Community Services	280
Education, Children & Families	678
<b>Total Expenditure</b>	<b>6,485</b>
Government Grant Income	Cr 5,361
<b>Total Net Carry Forwards Requested for Drawdown this Cycle</b>	<b>1,124</b>

### 3.4 General Fund Balances

3.4.1 The level of general reserves is currently projected to reduce by £2,396k to £17,604k at 31<sup>st</sup> March 2019 as detailed below:

	2018/19 Projected Outturn £'000
<b>General Fund Balance as at 1st April 2018</b>	<b>Cr 20,000</b>
Net Variations on Services & Central Items (para 3.1)	937
	Cr 19,063
Adjustment to Balances:	
Carry Forwards (funded from underspends in 2017/18)	1,459
<b>General Fund Balance as at 31st March 2019</b>	<b>Cr 17,604</b>



### 3.5 Impact on Future Years

3.5.1 The report identifies expenditure pressures which could have an impact on future years. The main areas to be considered at this stage are summarised in the following table:

	2018/19 Budget £'000	2019/20 Impact £'000
<b>Adult Care &amp; Health Portfolio</b>		
Assessment & Care Management - Care Placements	22,241	168 <i>net of management action</i>
Learning Disabilities - Care Placements, Transport & Care Management	33,551	177 <i>net of management action</i>
Mental Health - Care Placements	6,259	<u>156</u>
		501
<b>Education, Children &amp; Families Portfolio</b>		
Adult Education	Cr 525	130
Children's Social Care	34,414	<u>1,291</u> <i>net of management action</i>
		1,421
<b>Renewal, Recreation &amp; Housing Portfolio</b>		
Housing Needs - Temporary Accommodation	6,241	808 <i>net of contingency drawdown</i>
Supporting People	1,013	Cr <u>94</u>
		714
<b>Resources, Commissioning &amp; Contracts Management Portfolio</b>		
Legal Services - Legal/Counsel Fees & Court Costs	389	<u>140</u>
		140
<b>TOTAL</b>		<u><u>2,776</u></u>

3.5.2 Given the significant financial savings that the Council will need to make over the next four years, it is important that all future cost pressures are contained and that savings are identified early to mitigate these pressures.

3.5.3 Further details are included in Appendix 5.

### Investment Income

#### 3.6 Income from Investment Properties

3.6.1 A deficit of £389k is projected for investment income which takes into consideration the following:

- (i) there is a shortfall of income from Investment Fund properties of £312k against an income budget of £5.9m. This partly relates to the vacated Argos store on Market Square (£130k) and additional income of £150k built into the 2018/19 budget anticipating the purchase of a Medway property which did not proceed. Other net changes in leases have resulted in an underachievement of income of £32k.
- (ii) the Glades Shopping Centre rental income is currently projected to be on budget for 2018/19 based on the minimum rent share expected and a late notification of an adjustment for the period January 2017 to January 2018. Accounts are supplied by Alaska UK quarterly in arrears. It is difficult to provide a precise forecast as the Council's share of income is determined by the rental income from shops and the level of contribution to any minor works. The budget for the Glades is £2.01m and the minimum rent share is £1.88m.
- (iii) there is also a net deficit of £77k currently projected on other investment properties which takes account of various vacant properties.

### **3.7 Interest on Balances**

- 3.7.1 Despite the increase in the Bank of England base rate from 0.25% to 0.50% in November 2017, there has been very little impact on interest income from lending to banks. This is partly due to banks having the ability to borrow from the Bank of England at very low rates as well as the strengthening of 'balance sheets' reducing the need to borrow. In addition, utilisation of the Investment Fund and Growth Fund as well as the Highways Investment Scheme has reduced the resources available for treasury management investment. However, the treasury management strategy was revised in December 2017 to enable an increase in the limit for alternative investments to £100m which will generate additional income of around £2m compared with lending to banks. As a result, additional income of £600k was included in the 2018/19 budget.
- 3.7.2 At present, a surplus of £170k is projected for 2018/19 mainly as a result of the rates achieved on two of the fixed term investments made since the budget was set although it should be noted that rates have since reduced so further maturities during the year may not achieve similar rates when subsequently re-invested.
- 3.7.3 The Council's performance on treasury management is in the top 10% among local authorities. Details of the Treasury Management Annual Investment Strategy for 2018/19 were reported to Council on 26<sup>th</sup> February 2018 and the Annual Report for 2017/18 was reported to Executive, Resources and Contracts PDS Committee on 5<sup>th</sup> July 2018.

### **3.8 The Schools Budget**

- 3.8.1 Expenditure on schools is funded through the Dedicated Schools Grant (DSG) provided for by the Department for Education (DfE). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. Any overspend or underspend must be carried forward to the following year's Schools Budget.
- 3.8.2 There is a total projected overspend of £392k on DSG funded services which will be deducted from the £1,180k carried forward from 2017/18. £188k of the brought forward balance has been allocated to support central DSG services in year giving an estimated DSG balance at the end of the financial year of £600k. Details of the 2018/19 monitoring of the Schools Budget will be reported to the Education, Children & Families Portfolio Holder.

### **3.9 Investment Fund and Growth Fund**

- 3.9.1 Full details of the current position on the Investment Fund and Growth Fund are included in the Capital Programme Monitoring – 1<sup>st</sup> Quarter 2018/19 report elsewhere on the agenda. The uncommitted balances currently stand at £19.3m on the Investment Fund and £10.7m on the Growth Fund.

### **3.10 Financial Context**

- 3.10.1 The 2018/19 Council Tax report identified the latest financial projections and a future year budget gap due to the impact of inflation, service and cost pressures and ongoing significant reductions in government funding. Details were reported in the 2018/19 Council Tax report to Executive in February.
- 3.10.2 As reported, as part of the Council's financial strategy, a prudent approach has been adopted in considering the central contingency sum to reflect any inherent risks, the potential impact of new burdens, population increases or actions taken by other public bodies which could affect the Council. The approach has also been one of 'front loading' savings to ensure difficult decisions are taken early in the budgetary cycle. This has enabled a longer term approach to generate further income from the additional resources available as well as to mitigate against significant risks and provide a more sustainable financial position in the longer term.

3.10.3 The 2018/19 Council Tax report identified a budget gap of £38.7m per annum by 2021/22. The financial forecast and budget will be affected by inflation, changes in government funding and new burdens and realistically any future year overspends will need to be funded from alternative savings. It is therefore important to ensure that action is taken, where possible, to contain costs within budget which reduces the risk of the Council's budget gap increasing further which would increase the savings required in future years.

#### 4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The 2018/19 budget reflects the financial impact of the Council's strategies and service plans which impact on all of the Council's customers and users of our services.

#### 5. POLICY IMPLICATIONS

5.1 "Building a Better Bromley 2016-2018" identifies the following key priority:

Ensure financial independence and sustainability through:

- 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.

5.2 The 2018/19 Council Tax report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2018/19 to minimise the risk of compounding financial pressures in future years.

#### 6. FINANCIAL IMPLICATIONS

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

<b>Non-Applicable Sections:</b>	Personnel, Legal, Procurement
Background Documents: (Access via Contact Officer)	Provisional Final Accounts 2017/18 – Executive 21 <sup>st</sup> May 2018; 2018/19 Council Tax – Executive 7th February 2018; Draft 2018/19 Budget and Update on Council's Financial Strategy 2019/20 to 2021/22 – Executive 10 <sup>th</sup> January 2018; Capital Programme Monitoring Report – elsewhere on agenda; Treasury Management Annual Report 2017/18 – Council 16 <sup>th</sup> July 2018; Treasury Management Annual Investment Strategy 2018/19 – Council 26 <sup>th</sup> February 2018; Financial Management Budget Monitoring files across all portfolios.

## GENERAL FUND - PROVISIONAL OUTTURN FOR 2018/19

Portfolio	2018/19 Original Budget £'000	Budget Variations allocated in year # £'000	2018/19 Latest Approved Budget £'000	2018/19 Projected Outturn £'000	Variation £'000
Adult Care & Health	67,346	0	67,346	67,654	308
Education, Children & Families (incl. Schools' Budget)	40,189	0	40,189	41,808	1,619
Environment & Community	30,546	Cr 429	30,117	30,103	Cr 14
Public Protection & Enforcement	2,424	67	2,491	2,406	Cr 85
Renewal, Recreation & Housing	13,970	164	14,134	13,978	Cr 156
Resources, Commissioning & Contracts Management	46,797	1,296	48,093	48,100	7
<b>Total Controllable Budgets</b>	<b>201,272</b>	<b>1,098</b>	<b>202,370</b>	<b>204,049</b>	<b>1,679</b>
Capital, Insurance & Pensions Costs (see note 2)	12,056	0	12,056	12,056	0
Non General Fund Recharges	Cr 759	0	Cr 759	Cr 759	0
<b>Total Portfolios (see note 1)</b>	<b>212,569</b>	<b>1,098</b>	<b>213,667</b>	<b>215,346</b>	<b>1,679</b>
<b>Central Items:</b>					
Income from Investment Properties	Cr 9,973	50	Cr 9,923	Cr 9,534	389
Interest on General Fund Balances	Cr 3,491	0	Cr 3,491	Cr 3,661	Cr 170
<b>Total Investment Income</b>	<b>Cr 13,464</b>	<b>50</b>	<b>Cr 13,414</b>	<b>Cr 13,195</b>	<b>219</b>
<b>Contingency Provision (see Appendix 4)</b>	<b>14,278</b>	<b>519</b>	<b>14,797</b>	<b>13,836</b>	<b>Cr 961</b>
<b>Other central items</b>					
Reversal of net Capital Charges (see note 2)	Cr 10,646	0	Cr 10,646	Cr 10,646	0
Utilisation/Set Aside of Prior Year Collection Fund Surplus	2,210	0	2,210	2,210	0
New Homes Bonus Support for Revenue	Cr 2,256	0	Cr 2,256	Cr 2,256	0
Levies	1,262	0	1,262	1,262	0
<b>Total other central items</b>	<b>Cr 9,430</b>	<b>0</b>	<b>Cr 9,430</b>	<b>Cr 9,430</b>	<b>0</b>
<b>Total all central items</b>	<b>Cr 8,616</b>	<b>569</b>	<b>Cr 8,047</b>	<b>Cr 8,789</b>	<b>Cr 742</b>
<b>Bromley's Requirement before balances</b>	<b>203,953</b>	<b>1,667</b>	<b>205,620</b>	<b>206,557</b>	<b>937</b>
Carry Forwards from 2017/18 (see note 3)	0	Cr 1,296	Cr 1,296	0	1,296
Carry Forward from 2017/18 (R&M)	0	Cr 163	Cr 163	0	163
<b>Adjustment to Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Cr 2,396</b>	<b>Cr 2,396</b>
Business Rates Retention Scheme (Retained Income, Top-up and S31 Grants)	203,953	208	204,161	204,161	0
Cr 41,960	0	Cr 41,960	Cr 41,960	0	
New Homes Bonus	Cr 3,534	0	Cr 3,534	Cr 3,534	0
New Homes Bonus Topslice	0	Cr 208	Cr 208	Cr 208	0
Collection Fund Surplus	Cr 7,852	0	Cr 7,852	Cr 7,852	0
<b>Bromley's Requirement</b>	<b>150,607</b>	<b>0</b>	<b>150,607</b>	<b>150,607</b>	<b>0</b>
GLA Precept	38,251	0	38,251	38,251	0
<b>Council Tax Requirement</b>	<b>188,858</b>	<b>0</b>	<b>188,858</b>	<b>188,858</b>	<b>0</b>

# Budget Variations allocated to portfolios in year consists of:	£'000
1) Carry forwards from 2017/18	1,459 (see note 3)
2) Allocations from the central contingency provision	Cr 361 (see Appendix 4)
	<u>1,098</u>

1) **NOTES**

Portfolio Final Approved Budgets analysed over Departments as follows:

	2018/19 Original Budget £'000	Budget Variations allocated in year # £'000	2018/19 Latest Approved Budget £'000	2018/19 Projected Outturn £'000	Variation £'000
Education Care & Health Services	129,664	152	129,816	131,665	1,849
Environment & Community Services	57,257	Cr 43	57,214	56,985	Cr 229
Chief Executive's Department	25,648	989	26,637	26,696	59
	<u>212,569</u>	<u>1,098</u>	<u>213,667</u>	<u>215,346</u>	<u>1,679</u>

2) **Reversal of net Capital Charges**

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

3) **Carry Forwards from 2017/18**

Carry forwards from 2017/18 into 2018/19 totalling £1,459k were approved by Council and the Executive. Full details were reported to the June meeting of the Executive in the "Provisional Final Accounts 2017/18" report.

## Comments from the Executive Director of Environment and Community Services

### Analysis of Risks

#### – Environment & Community Portfolio

The main financial risk will be the likely increase in prices for the environment contracts, particularly on the Waste service, which will take effect from 1 April 2019. Another potential risk area is recycling paper income. Wet weather could affect the quality of the paper and therefore could lead to an issue with the processing of it as 'paper' and a loss of income.

There is always a risk in Parking from the fluctuations in both Enforcement income and income from On and Off Street Parking, but this is difficult to quantify. Income on streetworks defaults is currently at a reduced level due to a higher level of compliance and so needs to be monitored going forward.

Although no variation is currently projected for the Tree budget, due to the usual risk around storm damage which impacts on the Trees budget, this is a potential risk area. The actual impact is dependent on the weather and the number of trees affected.

#### – Renewal, Recreation and Housing Portfolio

A substantial part of Planning Services' work attracts a fee income for the Council, for example the planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough. There is a risk of income variation beyond the Council's immediate control, however trends are regularly monitored in order that appropriate action can be taken.

Action has been taken to avoid the risk of Government Designation for Special Measures due to performance and quality of decision making, in spite of high volumes of work. This has reduced the risk of Designation and will be monitored.

A recent audit of Community Infrastructure Levy processes showed a risk in the full collection of CIL contributions. Agreed remedial action is either completed or underway.

There is a risk of substantial planning appeal costs being awarded against the Council by the Planning Inspectorate if the Council is found to have acted unreasonably.

#### – Public Protection & Enforcement Portfolio

Any high profile inquests or significant increase in volume of cases could increase the cost of the Coroners service.

## Comments from the Director of Corporate Services (Resources, Commissioning & Contract Management Portfolio) including Risk Areas

Caseloads in children's services continue at a higher level than has previously been the case. Normal caseloads have historically been c48 new cases per annum. In 2017/18, 74 sets of proceedings were issued which is on a downward trend from 2016/17 when there were 98 sets of new childcare cases. It is difficult to provide an accurate forecast of the case numbers for 2018/19, however it is expected that there will be around 70 cases. A minimum court fee of £2,025 is payable on each case which means that with an estimated additional 22 cases being issued, there could be an additional minimum cost of £44,550. The only way to avoid this would be not to issue proceedings, which is not a realistic option. In addition there are fees for instructions of experts (£150 per application) and for placement orders where the care plan is adoption (£455 per family). There has also been a growth of cases where translation services are required (currently representing c20% of cases) and costs are being incurred for translation of documents and additional hearings.

Childcare cases typically take between 3-9 months to conclude therefore there is an ongoing cost pressure from cases which were issued in 2017/18 which were not concluded in that year which has been exacerbated by the continuing high level of new instructions. As was reported previously, 3 new lawyers with advocacy experience were recruited. Unfortunately one has already decided to leave and additionally an experienced advocate in the team is leaving to take up a senior managerial role at another local authority. This will impact on the scope to use in-house staff for advocacy, to gradually reduce spend on Counsel.

## Comments from the Deputy Chief Executive & Executive Director of Education, Care and Health Services

### - Education, Children and Families Portfolio

The Education, Children and Families Portfolio has an overspend of £1,619,000 for the year.

The Education Division has an overspend of £95,000. Pressures in Adult Education are currently being partly mitigated by Early Years and SEN and Inclusion.

Pressures also continue in the Dedicated Schools Grant (DSG) element of the service. In 2018/19 there will be an in year overspend of £392k of DSG. Whilst this can be absorbed by carry forward DSG balances, there continues to be ongoing pressures in the DSG, especially in the High Needs Block, for 2019/20 onwards. The introduction of the National Funding Formula (NFF) means there are severe restrictions in how the grant is spent and in what areas. High Needs are experiencing increases in demand. Although there has been funding of £1m from the Council in 2018/19 and £1m top sliced from Schools DSG funding, for 2019/20 there is likely to be further increased pressures in this area that further funding streams will need to address.

In Children's Social Care the overspend is £1,524k due to the increased number of children in care. The table below (table 1) sets out the position in respect of the number of CLA in Bromley, National and Statistical Neighbours. Post Ofsted, we saw a nominal increase per 10,000 as set out below. However, we are still below our statistical and national neighbours (an area that Ofsted has asked us to explain). Regardless, we have 36 more children (223) (in year/projected) above an agreed (financial baseline) of 187 children in independent fostering, in-house fostering and residential care (see table 2).

Table 1

#### Rate of CLA

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Bromley	41	41	39	37	39.6	39.3	41.7	40.5
Statistical Neighbours	48	47.5	50	49.7	50.7	54.3	TBC*	TBC*
National	59	60	60	60	60	62	TBC*	TBC*

\* TBC 30<sup>th</sup> June 2018

Table 2

Code	2018/19 Approved		2018/19 Forecast		2018/19 Variation	
	£	Full Year Equivalent	£	Full Year Equivalent	£	Full Year Equivalent
<b>RESIDENTIAL (all types)</b>	<b>5,325,720</b>	28.21	<b>7,009,336</b>	35.08	<b>1,683,616</b>	6.87
<b>FOSTERING</b>						
Fostering IFA	2,617,790	60.56	3,244,761	70.17	626,971	9.61
Fostering In house	2,873,890	98.53	2,689,769	118.48	(184,121)	19.95
<b>Total Fostering Placements</b>	<b>5,491,680</b>	159.09	<b>5,934,530</b>	188.65	<b>442,850</b>	29.56
<b>TOTAL RESIDENTIAL/</b>	<b>10,817,400</b>	<b>187.30</b>	<b>12,943,866</b>	<b>223.73</b>	<b>2,126,466</b>	<b>36.43</b>

The extension of the statutory age of children in care to 25 is another factor that is impacting on our budget. Bromley now has 23 unaccompanied minors in the system. Bromley is one of 16 LAs left that have not met their quota. The implication of this is that we expect more children to be allocated to Bromley as part of the Pan London agreement

Management action has been put in place of £480k to reduce the overall financial position of Children's Social Care to £1,524k overspent. Further management action will be explored to mitigate the overspend as far as possible. Discussions are ongoing with the CCG regarding their financial contribution and it is expected that this will increase. This has already been assumed in the overall projections.

Agency staff continues to be a cost burden although this has been managed within the overall staffing budget. Work continues to recruit further permanent workers and a further estimated 40+ social workers will be joining us in September 2018

The key risks in the Education, Children & Families Portfolio are:-

- i) Loss of permanent staff/inability to recruit permanent staff/recruitment and retention of social workers
- ii) Limited supply and increasing costs of residential placements
- iii) Increased complexity of children (SEND)
- iv) Impact of Social Work Act 2017 implementation
- v) Income from partners reducing
- vi) School place issues
- vii) Increases in the number of Children Looked After (CLA)

#### **- Adult, Care and Health Portfolio**

The Adult, Care and Health Portfolio has an overspend of £308,000 for the year.

In Adults' Social Care, there was a very ambitious efficiency programme which will realise efficiency savings in the context of an ageing population of older people in the borough.

There remain pressures within the domiciliary care area, as we see increasing numbers of people supported to live at home compounded with an increasing reliance on assessments and care management packages to support older people to live independently. Underspends in other areas within the department and the utilization of the Better Care Fund with our health colleagues helped in mitigating these pressures overall.

The key risks in the Adult, Care and Health Portfolio are:-

- i) Impact of the national living wage across Care Services and the impact on contracts
- ii) Increased complexity of clients coming through the system
- iii) Increasing number of clients coming through the system
- iv) Potential funding issues in school nursing area of Public Health

#### **- Renewal, Recreation and Housing Portfolio**

The end of year position in housing services is estimated to be an £89k credit, although this assumes that £1,597k will be drawn down from the contingency to mitigate the ongoing homelessness pressures being experienced in Bromley. This includes additional provisions for bad debts arising mainly from the roll out of universal credit, increases in the levels of homelessness and increases in the cost of the provision. Underspends in other areas help mitigate the pressures overall.

The key risks in the Renewal, Recreation and Housing Portfolio are:-

- i) Increased homelessness and the associated costs
- ii) Introduction of the Homeless Reduction Act
- iii) Increased rent arrears arising from roll out of Universal Credit in 2018/19

## Adult Care and Health Portfolio Budget Monitoring Summary

2017/18 Actuals £'000	Division Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>EDUCATION CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Adult Social Care</b>								
23,836	Assessment and Care Management	23,462	23,462	24,036	574	1	0	508
0	Planned A&CM savings from management action	0	0	Cr 340	Cr 340		0	Cr 340
406	Direct Services	144	144	144	0	2	0	0
32,070	Learning Disabilities	33,551	33,551	34,117	566		0	941
0	Planned LD savings from management action	0	0	Cr 464	Cr 464	0	Cr 764	
6,018	Mental Health	6,273	6,259	6,388	129	3	0	156
Cr 1,009	Better Care Funding - Protection of Social Care	0	0	Cr 100	Cr 100	4	0	0
Cr 935	Better Care Fund / Improved Better Care Fund	0	0	0	0		0	0
<b>60,386</b>		<b>63,430</b>	<b>63,416</b>	<b>63,781</b>	<b>365</b>		<b>0</b>	<b>501</b>
<b>Programmes</b>								
1,639	Programmes Team	1,986	2,000	1,972	Cr 28	5	0	0
3,152	Information & Early Intervention	2,505	2,505	2,505	0		0	0
Cr 3,152	- Net Expenditure	Cr 2,420	Cr 2,420	Cr 2,420	0		0	0
	- Recharge to Better Care Fund							
	Better Care Fund							
21,680	- Expenditure	21,183	21,279	21,279	0		0	0
Cr 21,819	- Income	Cr 21,275	Cr 21,371	Cr 21,371	0		0	0
	Improved Better Care Fund							
4,184	- Expenditure	4,490	7,675	7,675	0		0	0
Cr 4,184	- Income	Cr 5,363	Cr 8,548	Cr 8,548	0		0	0
	NHS Support for Social Care							
28	- Expenditure	0	0	0	0	0	0	
Cr 28	- Income	0	0	0	0	0	0	
<b>1,500</b>		<b>1,106</b>	<b>1,120</b>	<b>1,092</b>	<b>Cr 28</b>		<b>0</b>	<b>0</b>
<b>Strategic &amp; Business Support Services</b>								
300	Learning & Development	372	372	372	0	6	0	0
1,961	Strategic & Business Support	2,383	2,383	2,354	Cr 29		0	0
<b>2,261</b>		<b>2,755</b>	<b>2,755</b>	<b>2,726</b>	<b>Cr 29</b>		<b>0</b>	<b>0</b>
<b>Public Health</b>								
15,103	Public Health	14,763	14,763	14,763	0		0	0
Cr 15,096	Public Health - Grant Income	Cr 14,708	Cr 14,708	Cr 14,708	0		0	0
<b>7</b>		<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>64,154</b>	<b>TOTAL CONTROLLABLE ADULT CARE &amp; HEALTH</b>	<b>67,346</b>	<b>67,346</b>	<b>67,654</b>	<b>308</b>		<b>0</b>	<b>501</b>
1,419	<b>TOTAL NON CONTROLLABLE</b>	221	373	384	11	7	0	0
2,364	<b>TOTAL EXCLUDED RECHARGES</b>	2,546	2,546	2,546	0		0	0
<b>67,937</b>	<b>TOTAL ADULT CARE &amp; HEALTH PORTFOLIO</b>	<b>70,113</b>	<b>70,265</b>	<b>70,584</b>	<b>319</b>		<b>0</b>	<b>501</b>

## Reconciliation of Latest Approved Budget

£'000

## 2018/19 Original Budget

78,500

Transfer of Housing to Renewal, Recreation &amp; Housing Portfolio

Cr 8,387

## 2018/19 Revised Original Budget

70,113

## Carry forwards requested this cycle:

Better Care Fund - Good Gym

- expenditure

8

- income

Cr 8

Better Care Fund

- expenditure

28

- income

Cr 28

Improved Better Care Fund

- expenditure

3,172

- income

Cr 3,172

Public Health Grant

- expenditure

1,018

- income

Cr 1,018

## Other:

2018/19 Improved Better Care Fund allocation - adjusted amount:

- expenditure

13

- income

Cr 13

Short term assistance to day centres

152

## Latest Approved Budget for 2018/19

70,265



## **REASONS FOR VARIATIONS**

### **1. Assessment and Care Management - Dr £234k Net of Management Action**

The overspend in Assessment and Care Management can be analysed as follows:

		<u>Current</u> <u>Variation</u> £'000
<u>Physical Support / Sensory Support / Memory &amp; Cognition</u>		
<b>Services for 65 +</b>		
- Placements		83
- FYE Management Action	Cr	123
- Domiciliary Care / Direct Payments		151
		<u>111</u>
<b>Services for 18 - 64</b>		
- Placements		183
- FYE Management Action	Cr	217
- Domiciliary Care / Direct Payments		157
		<u>123</u>
		<u>234</u>

The 2018/19 budget includes funding for the full year effect of the 2017/18 overspend, less savings agreed as part of management action to reduce this overspend.

#### Services for 65+ - Dr £111k

Numbers in residential and nursing care continue to be above the budget provision, currently by 6 placements above the budget provision of 398, with an overspend being projected of £83k for the year. Income in relation to court of protection cases continues to partly offset this increase in costs, resulting in a reduced overspend.

In addition to the above, there is the full year effect of management action from 2017/18 relating to additional income from the CCG for joint funding of placements that has been factored in of £123k. This has not yet been achieved, although the projections assume that this will be by the year end. If this is not the case then the reported overspend will increase. This will be closely monitored during the year.

The overall position on the domiciliary care and direct payments budgets is an overspend of £151k. £150k of this relates to a saving as a result of the Reablement Service being transferred to Bromley Health Care in 2017/18. This did not happen as envisaged, however the saving had already been included in the 2018/19 budget, so currently remains as an overspend.

Domiciliary care is currently projected to overspend by £214k, mainly due to lower levels of client contributions than anticipated, whilst direct payments are projected to underspend by £213k, resulting in a net overspend of £1k. The new charges for domiciliary care only take effect from 4th June, therefore an estimation of the additional income to be received for the remainder of the year has had to be made, and the actual amount received will vary from this estimate. By the time of the next budget monitoring cycle we will know how much actual additional income has been generated.

#### Services for 18-64+ - Dr £123k

Placements for 18-64 age group are projected to overspend by £183k this year based on current service user numbers. The main pressure area relates to clients with a primary support reason (PSR) of memory and cognition where the actual number of 17 is 5 above the budget provision of 12. This is partly offset by those with a PSR of Physical Support being under budget by 2 placements.

In addition as per the over 65's, there is the full year effect of management action from 2017/18 relating to additional income from the CCG for joint funding of placements that has been factored in of £217k. This has not yet been achieved, although the projections assume that this will be by the year end. If this is not the case then the reported overspend will increase. This will be closely monitored during the year.

The overall position on the domiciliary care and direct payments budgets is an overspend of £157k. Domiciliary care is currently projected to overspend by £55k, and direct payments by £102k.

### **2. Learning Disabilities - Dr £102k Net of Management Action**

The 2018/19 LD budget includes funding for both the full year effect of the 2017/18 overspend (based on the position at the time the budget was prepared) and 2018/19 demand-related pressures. As highlighted in the final outturn report, both of these included assumptions on planned savings from management action. The delivery of a balanced budget position in 2018/19 is dependent on these savings being achieved as well as the successful management of continued demand pressures.

Currently an overspend of £102k is anticipated after allowing for management action in relation to planned savings. If management action is excluded, the position is a projected overspend of £566k.

This set of projections is based on both actual information on current care packages and also assumptions regarding clients expected to be placed this financial year, attrition, etc. The assumptions include packages that have already been agreed at Panel but where the placement has not yet taken place (where the uncertainty is mainly around start dates) and those clients expected to require new placements or have increased needs this year but for whom costs and start dates are uncertain.

To avoid overstating the assumptions, a 'probability factor' has been applied to reflect experience in previous years which has shown that there tends to be either slippage on planned start dates or clients aren't placed as originally expected. However there is a risk attached to this in that the majority of placements may go ahead as and when planned or there may be clients placed who aren't included in the forecast.

Given the early stage in the financial year, a large amount of the current forecast is based on assumptions and may therefore vary significantly as the year progresses.

Progress on achieving planned savings will be monitored closely throughout the year as this is key to managing the budget position. The dedicated 'invest to save' team of staff working on delivering the savings is funded until the end of September.

### **3. Mental Health - Dr £129k**

Similarly to Learning Disabilities above, the 2018/19 MH budget includes funding for the full year effect of the 2017/18 overspend based on the position at the time the budget was prepared. The final outturn report highlighted that this assumed a level of savings from management action and that an overspend would result if this was not the case.

The level of savings achieved towards the end of 2017/18 was lower than planned and it is not anticipated that any further savings can be achieved. This is the main factor giving rise to the projected overspend of £129k. Given the early stage in the financial year this position is likely to shift as the year progresses.

### **4. Better Care Fund - Protection of Social Care - Cr £100k**

A number of local authority adult social care services are funded by an element of the Better Care Fund set aside to protect social care services. This includes funding previously received under the former Department of Health Social Care Grant.

These services are currently projected to underspend by £100k in 2018/19 and this has been used to offset other budget pressures within social care in line with the intentions of the funding.

### **5. Programmes Division - Cr £28k**

A relatively small underspend of £28k is currently anticipated for the Programmes Division and this relates to staffing budgets (part-year vacancies) and is non-recurrent. There is a relatively high level of staff turnover and interim staff and, as such, there is scope for the projections to change significantly in the remaining 10 months of the year.

There are a number of contracts managed within the Division where the payment varies in line with demand and variations may therefore arise on these during the year. The new single advocacy contract commenced on 1st April 2018 and there is, as yet, insufficient data on which to base a forecast so it has been assumed this is contained within budget.

The Improved Better Care Fund allocation for 2018/19 is £5.376m. Of this, £873k remains within the Council's central contingency and the balance of £4.503m is within ECHS budgets. In addition, because 2017/18 allocations were agreed relatively late in the financial year, £3.172m of unspent 2017/18 funding was carried forward to 2018/19.

### **6. Strategic and Business Support Services Division - Cr £29k**

At this early stage in the financial year an underspend of £29k is anticipated on central departmental running expenses budgets.

### **7. Non-Controllable - Rent**

There is an £11k variation relating to Day Centre rent income.

### **Waiver of Financial Regulations**

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub-Committee bi-annually.

Since the last report to the Executive, 3 waivers for Adult placements have been agreed for between £50k and £100k and 2 for more than £100k.

### **Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, there have been two virements: 1) £140k to continue the LD Efficiencies Team to the end of September 2018 and 2) the creation of a part-time Business Support Officer post.

## Education, Children and Families Portfolio Budget Monitoring Summary

2017/18 Actuals	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>EDUCATION CARE &amp; HEALTH SERVICES DEPARTMENT</b>							
	<b>Education Division</b>							
Cr 360	Adult Education Centres	Cr 525	Cr 525	Cr 370	155	1		130
418	Schools and Early Years Commissioning & QA	524	524	481	Cr 43	2		0
5,583	SEN and Inclusion	5,820	5,820	5,789	Cr 31	3		0
95	Strategic Place Planning	96	96	96	0			0
6	Workforce Development & Governor Services	5	5	5	0			0
Cr 167	Education Services Grant	0	0	0	0			0
185	Access & Inclusion	165	165	179	14	4		0
Cr 1,312	Schools Budgets	Cr 1,348	Cr 1,348	Cr 1,348	0	5		0
102	Other Strategic Functions	1,038	1,038	1,038	0			0
<b>4,550</b>		<b>5,775</b>	<b>5,775</b>	<b>5,870</b>	<b>95</b>		<b>0</b>	<b>130</b>
	<b>Children's Social Care</b>							
1,248	Bromley Youth Support Programme	1,479	1,479	1,479	0	6		0
686	Early Intervention and Family Support	1,093	1,093	1,093	0		0	
4,912	CLA and Care Leavers	5,066	5,066	5,025	Cr 41		242	
13,592	Fostering, Adoption and Resources	13,638	13,638	16,130	2,492		2,514	
0	Management action - Additional CCG Income	0	0	Cr 505	Cr 505		Cr 505	
2,833	Referral and Assessment Service	2,909	2,909	2,909	0		0	
2,176	Safeguarding and Care Planning East	2,159	2,159	2,159	0	0		
3,874	Safeguarding and Care Planning West	3,810	3,810	3,810	0	0		
4,290	Safeguarding and Quality Improvement	4,260	4,260	4,318	58	0		
	Planned savings from management action	0	0	Cr 480	Cr 480	Cr 960		
<b>33,611</b>		<b>34,414</b>	<b>34,414</b>	<b>35,938</b>	<b>1,524</b>		<b>0</b>	<b>1,291</b>
<b>38,161</b>	<b>TOTAL CONTROLLABLE FOR EDUCATION &amp; CHILDREN'S SERVICES</b>	<b>40,189</b>	<b>40,189</b>	<b>41,808</b>	<b>1,619</b>		<b>0</b>	<b>1,421</b>
3,257	<b>Total Non-Controllable</b>	2,006	2,006	2,006	0			0
7,309	<b>Total Excluded Recharges</b>	8,126	8,126	8,126	0		0	0
<b>48,727</b>	<b>TOTAL EDUCATION &amp; CHILDREN'S SERVICES PORTFOLIO</b>	<b>50,321</b>	<b>50,321</b>	<b>51,940</b>	<b>1,619</b>		<b>0</b>	<b>1,421</b>
	<b>Memorandum Item</b>							
	<b>Sold Services</b>							
29	Education Psychology Service (RSG Funded)	Cr 107	Cr 107	Cr 60	47	7		0
7	Education Welfare Service (RSG Funded)	Cr 32	Cr 32	Cr 32	0		0	
3	Workforce Development (DSG/RSG Funded)	Cr 4	Cr 4	Cr 4	0		0	
43	Community Vision Nursery (RSG Funded)	49	49	51	2		0	
75	Blenheim Nursery (RSG Funded)	76	76	97	21		0	
<b>157</b>	<b>Total Sold Services</b>	<b>Cr 18</b>	<b>Cr 18</b>	<b>52</b>	<b>70</b>		<b>0</b>	<b>0</b>

## Reconciliation of Latest Approved Budget

	<b>£'000</b>
Original Budget 2018/19	<b>50,321</b>

## Contingency:

SEN Implementation Grant 2018/19	
- expenditure	189
- income	Cr 189
SEND Preparation for Employment Grant 2018/19	
- expenditure	63
- income	Cr 63
SEN Pathfinder Grant 2018/19	
- expenditure	28
- income	Cr 28

## Carry forwards requested this cycle:

SEN Implementation Grant 2016/17	
- expenditure	20
- income	Cr 20
SEN Pathfinder Grant 2016/17	
- expenditure	16
- income	Cr 16
Early Years Grant	
- expenditure	15
- income	Cr 15
School Improvement Grant	
- expenditure	47
- income	Cr 47
High Needs Strategic Planning Fund	
- expenditure	13
- income	Cr 13
Delivery Support Fund	
- expenditure	69
- income	Cr 69
Tackling Troubled Families	
- expenditure	498
- income	Cr 498

Latest Approved Budget for 2018/19

**50,321**

## **REASONS FOR VARIATIONS**

### **1. Adult Education - Dr £155k**

The Adult Education service is currently projecting to overspend by £155k. The main pressure areas for the service are staffing costs to provide the required courses (£102k) and preparing for the OFSTED inspection that is due in the near future. There is also an under collection of income of £58k as compared to the baseline budget

The income overspend may change once the enrolment for the new academic year is known. The enrolment process has only recently been opened.

There is a small underspend on the running costs (£5k) that is offsetting the on-going pressures.

### **2. Schools and Early Years Commissioning & QA - Cr £43k**

The in-house nurseries are currently in the process of being restructured to bring them to a profitable position. This year is expected to be part year under the existing structure and part year under the new structure. This has had the effect of expecting the nurseries to overspend by £23k for the year. This could change depending on when the new structure is finally adopted.

These cost pressures are being more than offset by the current staffing underspends of £66k that are mainly due to vacant posts.

### **3. SEN and Inclusion - Cr £31k**

The staffing in this area is currently forecasting an underspend by £35k. This is due to changes to how posts are being funded - removing some from grant funding and including others.

The Education Psychologists are currently in the process of recruiting to the vacant posts in their team. This is causing the statutory service they are required to provide to be underspent by £43k and the Trading Service they offer to the Schools to be overspent by £47k due to the use of expensive agency staff to provide the service. This is a net overspend of £4k.

### **4. Access & Inclusion - Dr £14k**

The Education Welfare Service Trading Account is currently expected to under collect on its income by £50k due to the loss of a number of school contracts. The provision of the service will need to be reviewed.

With the service currently working on a staffing restructure, there are a few vacant posts that are causing an underspend of £29k.

There is currently expected to be an underspend of £7k on the cost for transporting mainstream children to their school.

### **5. Schools Budgets (no impact on General Fund)**

Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget. Any overspend or underspend must be carried forward to the following years Schools Budget.

There is a current projected overspend in DSG of £392k. This will be deducted from the £1,180k carried forward from 2017/18. £188k of the brought forward balance has been allocated to support the central DSG services in-year. This gives us an estimated DSG balance of £600k at the end of the financial year.

The in-year overspend is broken down as follows:-

The Behaviour Support service is currently expected to overspend by £98k based on expected costs for the year. This forecast may change once more information is available about the costs for the new academic year.

There is an underspend of £62k in the Pupil Support Services area. This is due to vacant posts and the under use of agency and consultancy costs to provide the service.

SEN placements are projected to overspend by a total of £950k. The overspend are being caused by the Maintained Day (£886k), Independent Day (£337k) and Alternative Programmes (£211k). These overspends are then offset with underspends on Independent Boarding Schools (£200k), Maintained Boarding Schools (£272k) and the costs of Matrix Funding (£12k).

The SEN placement budget pressure is coming from increased pupil numbers, this is in spite of the increases in in-borough Special Education places at the schools. The forecast currently shows additional 12 pupils attending Independent Day places and an increase of 45 full time equivalents at Maintained Day from September as the places in borough are already filled. There is also a 53% increase in pre-school referrals for assessment. There is an increase in volume of children being accessed and going on to receive an Education, Health and Care Plan.

SEN Support for clients in Further Education Colleges is expected to underspend by £366k this year. The reason for this is due to the underspend in the cost of placing clients at Independent providers.

The DSG funded element of SEN Transport is projected to overspend by £119k due to the new routes that were established in the last year. The level of spend in this area has been lower in previous years. Due to the current funding regulations LBB are not permitted to increase this budget from the previous years allocation.

The High Needs Pre-School Service is currently holding a number of vacant posts resulting in a £138k underspend. There are not currently any plans to recruit to these posts as there is currently an on-going review of the service.

The Sensory Support Service is underspent by £95k. This is due to staffing costs expected to be lower than the budget in year.

The SIPS, Darrick Wood Hearing Units and Outreach & Inclusion Services are all currently projected to underspend. Most of the underspend relates to lower than expected staffing costs, but there is also a small amount that relates to running costs that are not expected to be incurred during the year. The total of these underspends is £107k.

There is also a total small balance of underspends of £7k. This consists of £14k underspend in the SEN headings, and £7k overspend from the non-SEN headings.

	Variations	
	£'000	
Primary Support Team	Cr	62
Behaviour Support		98
Other Small Balances		7
SEN:		
- Placements		950
- Support in FE colleges	Cr	366
- Transport		119
- High Needs Pre-school Service	Cr	138
- Sensory Support	Cr	95
- SIPS	Cr	26
- Darrick Wood Hearing Unit	Cr	7
- Outreach & Inclusion Service	Cr	74
- Other Small SEN Balances	Cr	14
Total		<u><u>392</u></u>

There will continue to be pressures in the DSG from 2019/20 onwards, especially in the High Needs Block area. More children are coming through the system which will put pressure on DSG resources. In 2018/19 DfE agreed that LBB could top slice £1m from the Schools DSG to underpin the High Needs budget. A further request will have to be put forward to DfE if this is going to be transferred again. From 2020/21 this will no longer be available as the 'hard formula' National Funding formula kicks in and funding blocks are even more rigidly fixed

#### **6. Children's Social Care - Dr £1,524k**

The current budget variation for the Children's Social Care Division is projected to be an overspend of £2,004k. Despite additional funding being secured in the 2018/19 budget, increases in the number of children being looked after together with the cost of placements has continued to put considerable strain on the budget. Officers have met to discuss ways to mitigate this, and management action of £480k has been agreed this cycle.

#### **CLA and Care Leavers - Dr £17k**

Expenditure relating to the 'Staying Put' grant, where care leavers can remain with their foster carers after the age of 18, continues to show an overspend on the budget. The budget was realigned for 2018/19 within available resources, however an overspend of £24k is currently projected.

Staffing costs are projected to be £58k overspent. Offsetting these overspends is a projected underspend of £65k on direct accommodation support to looked after children.

#### **Fostering, Adoption and Resources - £1,987k**

The budget for children's placements is currently projected to overspend by £2,492k this year. This amount is analysed by placement type below.

- Community Home's / Community Home's with Education - Dr £2,499k
- Boarding Schools - Dr £122k
- Secure Accommodation & Youth on Remand - Cr £437k
- Fostering services (IFA's) - Dr £627k
- Fostering services (In-house, including SGO's and Kinship) - Dr £196k
- Adoption placements - Cr £15k

In addition to the variations above, Bromley CCG have allocated funding of £500k as a contribution towards the continuing care costs of placements. Additional funding of £505k is also being sought from the CCG as a contribution to these placements and officers are in the process of negotiations over this amount. Should this latter amount not be agreed upon then the overspend will increase significantly.

Officers have discussed ways to mitigate this overspend and have agreed on management action plans totalling £480k. These will be closely monitored during the year to ensure that any non-achievement is highlighted as early as possible.

#### **7. Sold Services (net budgets)**

Services sold to schools are separately identified in this report to provide clarity in terms of what is being provided. These accounts are shown as memorandum items as the figures are included in the appropriate Service Area in the main report.

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

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub-Committee bi-annually. Since the last report to the Executive, there has been one waiver in the Education area and with an annual value of less than £30k. In Children's Social Care there were 4 waivers agreed for between £50k and £100k and 3 for more than £100k.

#### **Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned in Education.

## Environment &amp; Community Portfolio Budget Monitoring Summary

2017/18 Actuals £'000	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>ENVIRONMENT PORTFOLIO</b>							
	<b>Street Scene &amp; Green Spaces</b>							
5,071	Parks and Green Spaces	5,231	5,311	5,311	0		0	0
243	Street Regulation and Enforcement incl markets	352	352	352	0		0	0
16,930	Waste Services	18,120	18,000	17,989	Cr 11	1	0	0
4,103	Street Environment	4,414	4,414	4,414	0		0	0
907	Management and Contract Support	1,085	1,165	1,165	0		0	0
706	Transport Operations and Depot Management	701	701	701	0		0	0
801	Trees	749	749	749	0		0	0
<b>28,761</b>		<b>30,652</b>	<b>30,692</b>	<b>30,681</b>	<b>Cr 11</b>		<b>0</b>	<b>0</b>
	<b>Parking Services</b>							
Cr 7,893	Parking	Cr 7,119	Cr 7,419	Cr 7,422	Cr 3	2 - 5	0	0
<b>Cr 7,893</b>		<b>Cr 7,119</b>	<b>Cr 7,419</b>	<b>Cr 7,422</b>	<b>Cr 3</b>		<b>0</b>	<b>0</b>
	<b>Transport &amp; Highways</b>							
286	Traffic & Road Safety	324	324	324	0		0	0
6,589	Highways (including London Permit Scheme)	6,689	6,520	6,520	0		0	0
<b>6,875</b>		<b>7,013</b>	<b>6,844</b>	<b>6,844</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>27,743</b>	<b>TOTAL CONTROLLABLE</b>	<b>30,546</b>	<b>30,117</b>	<b>30,103</b>	<b>Cr 14</b>		<b>0</b>	<b>0</b>
6,601	<b>TOTAL NON-CONTROLLABLE</b>	6,195	6,195	6,210	15	6	0	0
2,323	<b>TOTAL EXCLUDED RECHARGES</b>	2,540	2,540	2,540	0		0	0
<b>36,667</b>	<b>PORTFOLIO TOTAL</b>	<b>39,281</b>	<b>38,852</b>	<b>38,853</b>	<b>1</b>		<b>0</b>	<b>0</b>

Reconciliation of Latest Approved Budget £'000

Original Budget 2018/19 39,281

## Carry Forward Requests approved from 2017/18

Green Garden Waste Direct Debits		120
Highway Pothole Grant 2017/18 - Income	Cr	113
Highway Pothole Grant 2017/18 - Expenditure		113
Management and Contract Support		80
Parks Infrastructure works		80

## Central Contingency Adjustments

Waste Disposal	Cr	240
Parking - Bus lane contraventions	Cr	300
PYE savings relating to award of Highways maintenance contract	Cr	169
Highway Pothole Grant 2018/19 - Income	Cr	113
Highway Pothole Grant 2018/19 - Expenditure		113

Latest Approved Budget for 2018/19

38,852

## **REASONS FOR VARIATIONS**

### **1. Waste Services Cr £11k**

The budget has been realigned to reflect the full year effect of the reduction in tonnage during 2017/18 and £240k has been returned to the central contingency.

As a direct result of an increase in the number of green garden waste customers, income is expected to be £30k above budget.

For the trade waste collection service, there is a projected shortfall of income of £39k mainly due to a slightly higher customer dropout compared to the level expected. This is partly compensated by £20k underspend for the reduction in trade waste collection costs.

<b>Summary of overall variations within Waste Services</b>		<b>£'000</b>
Green Garden Waste	Cr	30
Trade Waste Collection		19
<b>Total variation for Waste Services</b>	<b>Cr</b>	<b>11</b>

### **2. Income from Bus Lane Contraventions Cr £140k**

The budget has been realigned to reflect the on-going number of bus lane contraventions and £300k has been returned to the central contingency. In addition, there is a net projected surplus of £140k on the redeployable automated cameras in bus lanes for 2018-19 based on numbers of contraventions to May 2018.

### **3. Off/On Street Car Parking Dr £100k**

Based on income received in April 2018, there is a net variation of Dr £100k for Off and On Street parking.

A deficit of £109k is forecast for Off & On Street Parking income. This is mainly due to a continued downward trend in parking usage, in particular for the multi-storey car parks.

Additional income of £9k is expected to be received from cashless parking fees, as the use of this service continues to grow.

The overall projected overspend for Off and On Street Car parking within the Parking budget is detailed below: -

<b>Summary of variations within Off/On Street Car Parking</b>	<b>OFF ST £'000</b>	<b>ON ST £'000</b>	<b>Total £'000</b>
Off/On Street Car Parking income	69	40	109
Less additional Ring Go fees	Cr 3	Cr 6	Cr 9
<b>Total variations within Off/On Street Parking</b>	<b>66</b>	<b>34</b>	<b>100</b>

### **4. Car Parking Enforcement Dr £57k**

From the activity levels up to May 2017, there is a projected net deficit of around £110k from PCNs issued by APCOA in the current year, mainly due to a reduction in contraventions and issues related to the deployment plan. Officers have been working closely with APCOA in reviewing the deployment schedule and the appointment of a new operational manager for the Civil Enforcement Officers (CEOs). There are defaults on the Enforcement contract costs of around Cr 53k which partly offsets this variation.

<b>Summary of variations within Car Parking Enforcement</b>		<b>£'000</b>
PCNs issued by wardens		110
APCOA Enforcement defaults	Cr	53
<b>Total variations within Car Parking Enforcement</b>		<b>57</b>

### **5. Parking Shared Service Cr £20k**

A projected underspend of £20k for the Parking Shared Service due to vacant posts.

<b>Summary of overall variations within Parking:</b>		<b>£'000</b>
Bus Routes Enforcement	Cr	140
Off Street Car Parking		66
On Street Car Parking		34
Car Parking Enforcement		57
Parking Shared Services	Cr	20
<b>Total variation for Parking</b>	<b>Cr</b>	<b>3</b>

### **6. Non-controllable Dr £15k**

There is a projected £15k shortfall of income within the property rental income budget. Property division are accountable for these variations.

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

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, no waivers have been actioned.

#### **Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

## Public Protection &amp; Enforcement Budget Monitoring Summary

2017/18 Actuals £'000	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>Public Protection</b>							
138	Community Safety	151	151	151	0		0	0
96	Emergency Planning	115	115	115	0		0	0
447	Mortuary & Coroners Service	485	485	485	0		0	0
1,265	Public Protection	1,673	1,740	1,655	Cr 85	1	0	0
<b>1,946</b>	<b>TOTAL CONTROLLABLE</b>	<b>2,424</b>	<b>2,491</b>	<b>2,406</b>	<b>Cr 85</b>		<b>0</b>	<b>0</b>
250	<b>TOTAL NON CONTROLLABLE</b>	11	11	11	0		0	0
391	<b>TOTAL EXCLUDED RECHARGES</b>	428	428	428	0		0	0
<b>2,587</b>	<b>PORTFOLIO TOTAL</b>	<b>2,863</b>	<b>2,930</b>	<b>2,845</b>	<b>Cr 85</b>		<b>0</b>	<b>0</b>

Reconciliation of Latest Approved Budget £'000

Original Budget 2018/19 2,863

**Carry Forward Requests approved from 2017/18**

Asset Recovery Incentivisation Scheme - Income	Cr	48
Asset Recovery Incentivisation Scheme - Expenditure		48
Additional ECS resources - delay in recruitment		67

Latest Approved Budget for 2018/19 2,930



## **REASONS FOR VARIATIONS**

### **1. Public Protection Cr £85k**

On 21 May 2018, Members approved a carry forward request of £67k relating to additional resources for the temporary fixed term Food Safety officers and interim PP&E Assistant Director post. There are still difficulties recruiting the final temporary food safety officer in 2018/19 and this has resulted in a projected underspend of £18k. A request will therefore be submitted to Members at the year end, to carry forward the £85k underspend to 2019/20 and 2020/21 to enable the temporary posts to be funded for the remaining agreed term.

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

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, no waivers have been actioned.

### **Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

## Renewal, Recreation &amp; Housing Budget Monitoring Summary

2017/18 Actuals £'000	Division Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT</b>								
<b>Planning</b>								
Cr 7	Building Control	82	82	57	Cr 25	1	0	0
Cr 140	Land Charges	Cr 126	Cr 126	Cr 126	0	2	0	0
764	Planning	736	711	651	Cr 60	3	0	0
850	Renewal	801	956	956	0		0	0
<b>1,467</b>		<b>1,493</b>	<b>1,623</b>	<b>1,538</b>	<b>Cr 85</b>		<b>0</b>	<b>0</b>
<b>Recreation</b>								
1,686	Culture	1,786	1,828	1,846	18	4	0	0
5,784	Libraries	5,030	5,030	5,030	0		0	0
219	Town Centre Management & Business Support	189	181	181	0		0	0
<b>7,689</b>		<b>7,005</b>	<b>7,039</b>	<b>7,057</b>	<b>18</b>		<b>0</b>	<b>0</b>
<b>ECS - Housing</b>								
194	Housing Improvement	203	203	203	0		0	0
<b>194</b>		<b>203</b>	<b>203</b>	<b>203</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>9,350</b>	<b>Total Controllable ECS DEPT</b>	<b>8,701</b>	<b>8,865</b>	<b>8,798</b>	<b>Cr 67</b>		<b>0</b>	<b>0</b>
Cr 814	<b>TOTAL NON CONTROLLABLE</b>	2,542	2,542	2,542	0		0	0
2,466	<b>TOTAL EXCLUDED RECHARGES</b>	1,857	1,857	1,857	0		0	0
<b>11,002</b>	<b>Total ECS DEPARTMENT</b>	<b>13,100</b>	<b>13,264</b>	<b>13,197</b>	<b>Cr 67</b>		<b>0</b>	<b>0</b>
<b>EDUCATION, CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Operational Housing</b>								
913	Supporting People	1,013	1,013	939	Cr 74	5	0	Cr 94
8,074	Housing Needs	6,241	6,241	7,823	1,582	6	0	1,943
0	Housing Needs Drawdown	0	0	Cr 1,597	Cr 1,597	6	0	Cr 1,135
0	Enabling Activities	Cr 1	Cr 1	Cr 1	0		0	0
Cr 1,838	Housing Benefits	Cr 1,984	Cr 1,984	Cr 1,984	0		0	0
<b>7,149</b>	<b>Total Controllable ECHS DEPT</b>	<b>5,269</b>	<b>5,269</b>	<b>5,180</b>	<b>Cr 89</b>		<b>0</b>	<b>714</b>
789	<b>TOTAL NON CONTROLLABLE</b>	286	286	286	0		0	0
3,209	<b>TOTAL EXCLUDED RECHARGES</b>	3,675	3,675	3,675	0		0	0
<b>11,147</b>	<b>Total ECHS DEPARTMENT</b>	<b>9,230</b>	<b>9,230</b>	<b>9,141</b>	<b>Cr 89</b>		<b>0</b>	<b>714</b>
<b>22,149</b>	<b>PORTFOLIO TOTAL</b>	<b>22,330</b>	<b>22,494</b>	<b>22,338</b>	<b>Cr 156</b>		<b>0</b>	<b>714</b>

<b>Reconciliation of Latest Approved Budget</b>	<b>£'000</b>
<b>Original budget 2018/19</b>	<b>13,943</b>
<b>Transfer of Housing to Renewal, Recreation &amp; Housing Portfolio</b>	<b>8,387</b>
<b>2018/19 Revised Original Budget</b>	<b>22,330</b>

**Carry Forward Requests approved from 2017/18**

Implementing Welfare Reform Changes - Grant Expenditure	55
Implementing Welfare Reform Changes - Grant Income	Cr 55
Flexible Homeless Grant - Expenditure	83
Flexible Homeless Grant - Income	Cr 83
Fire Safety Grant - Expenditure	44
Fire Safety Grant - Income	Cr 44
Planning Strategy & Projects - Custom Build Grant - Expenditure	30
Planning Strategy & Projects - Custom Build Grant - Income	Cr 30
Asset Recovery Incentivisation Scheme - Expenditure	85
Asset Recovery Incentivisation Scheme - Income	Cr 85
New Homes Bonus	208

**Central Contingency Adjustments**

Beckenham and Penge BID	Cr 44
National Increase in Planning Fee - Expenditure	240
National Increase in Planning Fee - Income	Cr 240

**Latest Approved Budget for 2018/19****22,494**

## **REASONS FOR VARIATIONS**

### **1. Building Control Cr £25k**

For the chargeable service, an income deficit of £88k is projected based on actual income for April and May 2018. This is mostly offset by a projected underspend within salaries of £66k arising from reduced hours working / vacancies. In accordance with Building Account Regulations, the net deficit of £22k will reduce the cumulative surplus on the Building Control Charging Account from Cr £203k to Cr £181k.

Within the non-chargeable service, as a result of delays in not appointing to vacant posts and part year vacancies, there is a projected underspend of £25k.

### **2. Land Charges £0k**

Land Charge income for April and May 2018 is down on profiled budget by around £7k. This is fully offset by an underspend on staffing due to reduced hours. No variation is projected for 2018/19 at this stage. If the income continues to drop, officers will have to consider increasing the current charges.

### **3. Planning Cr £60k**

Income from non-major planning applications is above budget for the first two months of the year, and a surplus of around £60k is projected for 2018/19. For information, actual income received for April and May 2018 is £212k compared with £171k in 2017/18.

For major applications £118k has been received as at 31st May which is £72k higher than for the same period in 2017/18. However, because the timing of this income varies, a balanced budget is projected from major applications at this early stage of the year. This budget will be closely monitored over the next few months.

### **4. Culture Dr £18k**

In line with December 2017 RPIX 4.2% inflation was applied to Bromley MyTime, 2.2% higher than the inflation built into the 2018/19 budget. This has resulted in a projected overspend of £18k on Culture.

### **5. Supporting People Cr £74k**

A £74k underspend is currently forecast in the Supporting People area. However there is currently a concern over one of the contracts that may result in it being terminated before the end date. If this is the case, it is expected that additional costs will result and the cost of the contract will be higher once it has been re-tendered.

### **6. Housing Needs Cr £15k**

There is currently an overspend of £1,135k in the Temporary Accommodation area. This is due to a higher than expected increase in clients going into nightly paid accommodation so far this year. Additionally, it is currently estimated that the provision for bad debts (Rent Account income not collected) is going to increase this year by £462k more than the budget.

As additional budget is going to be requested to be drawdown from contingency later in the year to cover this pressure, the forecast variation is zero.

In addition, by necessity there has been an increased use of non-self-contained accommodation outside of London. Although this appears beneficial as the charges are lower, the Housing Benefit Subsidy is capped at the January 2011 Local Housing Allowance (LHA) rates, thus often making these placements more costly than those in London, especially when moving and furniture costs are factored in.

The properties owned by LBB and used for placing temporary accommodation clients is currently expected to underspend by £9k.

The Travellers budget is overspending by £60k and this is due to one of the sites experiencing high use of utilities (overspend of £47k) due to the site not having meters and loss of income (£13k) due to particular residents rent arrears.

The remaining £66k underspend is due an overspend on the Housing Needs running costs (£94k) that is being offset by the underspend on staffing costs (£160k). Housing are currently working on the final staffing structure they require to meet the new housing legislation.

<b>Summary of overall variations within Housing:</b>	<b>£'000</b>
Temporary Accommodation	1,135
Increase in Bad Debt Provision	462
Contingency Drawdown	Cr 1,597
Travellers Sites	60
Housing Needs	Cr 66
LBB Properties	Cr 9
<b>Total variation for Housing</b>	<b><u>Cr 15</u></b>

**Waiver of Financial Regulations:**

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, the following waiver has been actioned.

1) Repairs required to original refurbishment works at Bromley High Street costing £11k (Capital Scheme); £191k cumulative contract value.

**Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, one virement has been actioned:

1. £18k relating to the realignment of staffing costs within housing charged to capital.

## Resources, Commissioning &amp; Contracts Management Portfolio Budget Monitoring Summary

2017/18 Actuals £'000		2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>CHIEF EXECUTIVE'S DEPARTMENT</b>							
	<b>FINANCIAL SERVICES DIVISION</b>							
208	Director of Finance & Other	216	216	216	0		0	0
6,583	Exchequer - Revenue & Benefits	7,137	7,229	7,214	Cr 15	1	0	0
1,564	Exchequer - Payments & Income	1,623	1,623	1,623	0		0	0
623	Financial Accounting	520	520	490	Cr 30	2	0	0
1,464	Management Accounting	1,666	1,666	1,630	Cr 36	3	0	0
706	Audit	699	699	699	0		0	0
<b>11,148</b>	<b>Total Financial Services Division</b>	<b>11,861</b>	<b>11,953</b>	<b>11,872</b>	<b>Cr 81</b>		<b>0</b>	<b>0</b>
	<b>CORPORATE SERVICES DIVISION</b>							
4,545	Information Systems & Telephony	4,747	5,063	5,063	0		0	0
	<b>Legal Services &amp; Democracy</b>							
305	Electoral	353	753	753	0		0	0
1,355	Democratic Services	1,419	1,439	1,439	0		0	0
1,960	Legal Services	1,687	1,739	1,879	140	4	0	140
131	Management and Other (Corporate Services)	178	178	178	0		0	0
<b>8,296</b>	<b>Total Corporate Services Division</b>	<b>8,384</b>	<b>9,172</b>	<b>9,312</b>	<b>140</b>		<b>0</b>	<b>140</b>
	<b>HR AND CUSTOMER SERVICES DIVISION</b>							
1,828	Human Resources	2,056	2,072	2,072	0		0	0
	<b>Customer Services</b>							
978	Customer Services Centre	1,022	1,022	1,022	0		0	0
Cr 108	Registration of Births, Deaths & Marriages	Cr 72	Cr 90	Cr 90	0		0	0
<b>2,698</b>	<b>Total HR &amp; Customer Services Division</b>	<b>3,006</b>	<b>3,004</b>	<b>3,004</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>COMMISSIONING AND PROCUREMENT DIVISION</b>							
670	Procurement and Data Management	663	713	713	0		0	0
820	Commissioning	893	930	930	0		0	0
101	Debt Management System	0	0	0	0		0	0
<b>1,591</b>	<b>Total Commissioning &amp; Procurement Division</b>	<b>1,556</b>	<b>1,643</b>	<b>1,643</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>CHIEF EXECUTIVE'S DIVISION</b>							
125	Comms	128	128	128	0		0	0
684	Management and Other (C. Exec)	726	750	750	0		0	0
148	Mayoral	153	153	153	0		0	0
<b>957</b>	<b>Total Chief Executive's Division</b>	<b>1,007</b>	<b>1,031</b>	<b>1,031</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>CENTRAL ITEMS</b>							
3,047	CDC & Non Distributed Costs (Past Deficit etc.)	3,907	3,907	3,907	0		0	0
11,197	Concessionary Fares	11,390	11,390	11,390	0		0	0
<b>38,934</b>	<b>TOTAL CONTROLLABLE CE DEPT</b>	<b>41,111</b>	<b>42,100</b>	<b>42,159</b>	<b>59</b>		<b>0</b>	<b>140</b>
Cr 3,037	<b>TOTAL NON CONTROLLABLE</b>	1,015	1,015	1,015	0		0	0
Cr 15,386	<b>TOTAL EXCLUDED RECHARGES</b>	Cr 16,478	Cr 16,478	Cr 16,478	0		0	0
<b>20,511</b>	<b>TOTAL CE DEPARTMENT</b>	<b>25,648</b>	<b>26,637</b>	<b>26,696</b>	<b>59</b>		<b>0</b>	<b>140</b>
	<b>ENVIRONMENT &amp; COMMUNITY SERVICES DEPARTMENT</b>							
	<b>Total Facilities Management</b>							
2,581	Admin Buildings & Facilities Support	2,670	2,576	2,576	0		0	0
123	Investment & Non-Operational Property	299	299	221	Cr 78	5	0	0
1,086	Strategic & Operational Property Services	1,122	1,122	1,122	0		0	0
295	TFM Client Monitoring Team	365	528	528	0		0	0
Cr 688	Other Rental Income - Other Portfolios	Cr 778	Cr 626	Cr 600	26	6	0	0
1,978	Repairs & Maintenance (All LBB)	2,008	2,094	2,094	0		0	0
<b>5,375</b>	<b>TOTAL CONTROLLABLE ECS DEPT</b>	<b>5,686</b>	<b>5,993</b>	<b>5,941</b>	<b>Cr 52</b>		<b>0</b>	<b>0</b>
Cr 36	<b>TOTAL NON CONTROLLABLE</b>	390	390	390	0		0	0
Cr 3,375	<b>TOTAL EXCLUDED RECHARGES</b>	Cr 3,453	Cr 3,453	Cr 3,453	0		0	0
Cr 1,568	<b>Less: R&amp;M allocated across other Portfolios</b>	Cr 1,388	Cr 1,388	Cr 1,388	0		0	0
688	<b>Less: Rent allocated across other Portfolios</b>	778	626	600	Cr 26	6	0	0
<b>1,084</b>	<b>TOTAL ECS DEPARTMENT</b>	<b>2,013</b>	<b>2,168</b>	<b>2,090</b>	<b>Cr 78</b>		<b>0</b>	<b>0</b>
<b>21,595</b>	<b>TOTAL RESOURCES PORTFOLIO</b>	<b>27,661</b>	<b>28,805</b>	<b>28,786</b>	<b>Cr 19</b>		<b>0</b>	<b>140</b>

<b>Reconciliation of Latest Approved Budget</b>		<b>£'000</b>
<b>Original budget 2018/19</b>		<b>27,661</b>
<b>Carry Forward Requests approved from 2017/18</b>		
Contract Register database		50
Debt Management System- Transformation Grant - Expenditure		38
Debt Management System- Transformation Grant - Income	Cr	38
Exchequer- Revenue & Benefits Costs for retendering the Exchequer contract		91
Biggin Hill Airport- Noise Action Plan		24
Information Systems & Telephony GDPR		426
Legal Staffing costs GDPR		52
Merit Awards		36
Exchequer- Revenue & Benefits - Upgrade of Academy System		98
Repairs and Maintenance		163
Democratic Services- IT equipment for new Council Members		20
<b>Central Contingency Adjustments</b>		
R&M - Fire Risk Assessments & Cyclical Maintenance		86
Yeoman House - Expenditure	Cr	94
Cost of Local Elections		400
Liberata Contract (Cash Counting)	Cr	60
Apprenticeship Levy returned to central contingency	Cr	130
Savings (PYE) of Registrar's restructure	Cr	18
<b>Latest Approved Budget for 2018/19</b>		<b><u>28,805</u></b>

## **REASONS FOR VARIATIONS**

### **FINANCIAL SERVICES DIVISION**

#### **1.Revenue & Benefits Cr £15k**

There is a projected underspend on staffing costs as a result of part year vacancies. It is expected that the vacant posts will be filled soon.

#### **2.Financial Accounting Cr £30k**

Due to part year vacancies there is a projected underspend within staffing of £30k. Recruitment is underway for these vacant posts.

#### **3. Management Accounting Cr £36k**

Staffing costs are projected to be below budget due to part year vacancies. Interviews are to be held shortly for these posts.

### **CORPORATE SERVICES DIVISION**

#### **4. Legal Services Dr £140k**

This early in the financial year it is difficult to provide an accurate forecast on expenditure for legal services. However, it is estimated that there will be around 70 new childcare cases with a projected overspend of around £140k on Counsel fees & court costs based on previous years data. The number of childcare cases, although reducing, still exceeds the average number for previous years (around 48 cases).

#### **EARLY WARNING**

It is likely that Legal Services will have a deficit of income for Fees and Charges, Recoveries and Section 106 given the actual income received during 2017/18 as a result of reducing activity. The situation will be closely monitored and any variations highlighted in future budget monitoring reports.

### **ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT**

#### **TOTAL FACILITIES MANAGEMENT DIVISION**

#### **5. Investment & Non-Operational Property (expenditure) Cr £78k.**

The budget for Surplus Properties is expected to overspend by £12k due to business rates for various surplus properties including Midfield centre, The Lodge and Hurstdene House. This is more than offset by an underspend of £90k on business rates for Bromley Town Hall.

#### **6. Other Rental Income - Other Portfolios - Dr £26k**

There is an overall shortfall of income projected of £26k. £30k relates to Beaverwood Depot due to Kier Services vacating the depot, a rent free period of £11k for Hayne Road Day Centre (ECHS) and other net variations Cr £15k.

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

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, no waivers have been

#### **Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive no virements have been actioned.

## Allocation of Contingency Provision for 2018/19

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Items Projected for Remainder of Year	Total Allocations/Projected for Year	
	£	£	£	£	£	£
<b>General</b>						
Provision for Unallocated Inflation	4,284,000			4,284,000	4,284,000	0
Increase in Cost of Homelessness/Impact of Welfare Reforms	3,396,000			3,396,000	3,396,000	0
General Provision for Risk/Uncertainty	2,219,000			2,177,000	2,177,000	Cr 42,000
Operational Building Maintenance & Planned Programme:						
Fire Risk Assessments & Cyclical Maintenance		86,000		0	86,000	(1) 86,000
Yeoman House - Part Year Saving		Cr 44,000		0	Cr 44,000	Cr 44,000
Provision for Risk/Uncertainty Relating to Volume & Cost Pressures	2,182,000			2,182,000	2,182,000	0
Impact of Chancellor's Summer Budget 2015 on Future Costs	1,158,000			1,158,000	1,158,000	0
Homelessness Reduction Act	750,000			750,000	750,000	0
Growth for Waste Services	587,000			587,000	587,000	0
Cost of Local Elections	500,000		400,000	100,000	500,000	0
Universal Credit - Claimant Fault Overpayment Recoveries	500,000			500,000	500,000	0
Further Reduction to Government Funding	500,000			500,000	500,000	0
Retained Welfare Fund	450,000			450,000	450,000	0
Deprivation of Liberty	118,000			118,000	118,000	0
Planning Appeals - Change in Legislation	60,000			60,000	60,000	0
Other Variations	101,000			101,000	101,000	0
Additional Income Opportunity (Amey)	Cr 500,000			Cr 500,000	Cr 500,000	0
London Pilot Business Rate Pool	Cr 2,900,000			Cr 2,900,000	Cr 2,900,000	0
National Increase in Planning Fees						
- Expenditure		240,000		0	240,000	(1) 240,000
- Income		Cr 240,000		0	Cr 240,000	Cr 240,000
Highways - Pothole Action Fund 2018/19						
- Expenditure		112,940		0	112,940	(1) 112,940
- Income		Cr 112,940		0	Cr 112,940	Cr 112,940
<b>Items Returned to Central Contingency</b>						
Waste Disposal			Cr 240,000	0	Cr 240,000	Cr 240,000
Parking - Bus Lane Contraventions			Cr 300,000	0	Cr 300,000	Cr 300,000
Apprenticeship Levy			Cr 130,000	0	Cr 130,000	Cr 130,000
Liberata Contract (Cash Counting)			Cr 60,000	0	Cr 60,000	Cr 60,000
Beckenham and Penge BID			Cr 44,000	0	Cr 44,000	Cr 44,000
Highways Maintenance Contract - Part Yr Saving			Cr 169,000	0	Cr 169,000	Cr 169,000
Registrar's Service - Part Yr Saving			Cr 18,000	0	Cr 18,000	Cr 18,000
	<b>13,405,000</b>	<b>42,000</b>	<b>Cr 561,000</b>	<b>12,963,000</b>	<b>12,444,000</b>	<b>Cr 961,000</b>
<b>Grants included within Central Contingency Sum</b>						
Adult Social Care						
Grant Related Expenditure	873,000			873,000	873,000	0
Adult Social Care Support						
Grant Related Expenditure	744,000			744,000	744,000	0
Grant Related Income	Cr 744,000			Cr 744,000	Cr 744,000	0
Tackling Troubled Families						
Grant Related Expenditure	845,000			845,000	845,000	0
Grant related Income	Cr 845,000			Cr 845,000	Cr 845,000	0
SEN Implementation						
Grant Related Expenditure	189,000	189,000		0	189,000	(1) 0
Grant Related Income	Cr 189,000	Cr 189,000		0	Cr 189,000	0
SEND Preparation for Employment						
Grant Related Expenditure	63,000	63,000		0	63,000	(1) 0
Grant Related Income	Cr 63,000	Cr 63,000		0	Cr 63,000	0
SEN Pathfinder Grant 2018/19						
Grant Related Expenditure			27,522	0	27,522	27,522
Grant Related Income			Cr 27,522	0	Cr 27,522	Cr 27,522
<b>TOTAL CARRIED FORWARD</b>	<b>14,278,000</b>	<b>42,000</b>	<b>Cr 561,000</b>	<b>13,836,000</b>	<b>13,317,000</b>	<b>Cr 961,000</b>

## Notes:

(1) Executive 28th March 2018



Allocation of Contingency Provision for 2018/19 (continued)

Item	Carried Forward from 2017/18	Allocations				Total Allocations/Projected for Year	Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Projected for Remainder of Year	Items		
	£	£	£	£	£	£	
<b>TOTAL BROUGHT FORWARD</b>	<b>14,278,000</b>	<b>42,000</b>	<b>Cr 561,000</b>	<b>13,836,000</b>	<b>13,317,000</b>	<b>Cr 961,000</b>	
<b>Items Carried Forward from 2017/18</b>							
<b>Adult Care &amp; Health Portfolio</b>							
Social Care Funding via the CCG under S75 Agreements							
Improved Better Care Fund							
- Expenditure	3,171,681		3,171,681	0	3,171,681	(4)	0
- Income	Cr 3,171,681		Cr 3,171,681	0	Cr 3,171,681		0
Better Care Fund - 2015/16 GoodGym							
- Expenditure	7,500		7,500	0	7,500	(4)	0
- Income	Cr 7,500		Cr 7,500	0	Cr 7,500		0
Better Care Fund 2017/18							
- Expenditure	28,390		28,390	0	28,390	(4)	0
- Income	Cr 28,390		Cr 28,390	0	Cr 28,390		0
Public Health							
- Expenditure	1,018,324		1,018,324	0	1,018,324	(4)	0
- Income	Cr 1,018,324		Cr 1,018,324	0	Cr 1,018,324		0
<b>Resources, Commissioning &amp; Contracts Management Portfolio</b>							
Debt Management System Project - Transformation Grant							
- Expenditure	37,860		37,860	0	37,860	(6)	0
- Income	Cr 37,860		Cr 37,860	0	Cr 37,860		0
<b>Public Protection &amp; Enforcement Portfolio</b>							
Asset Recovery Incentivisation Scheme (ARIS)							
- Expenditure	48,125	48,125	0	0	48,125	(2)	0
- Income	Cr 48,125	Cr 48,125	0	0	Cr 48,125		0
<b>Renewal, Recreation &amp; Housing Portfolio</b>							
Asset Recovery Incentivisation Scheme (ARIS)							
- Expenditure	84,633	84,633	0	0	84,633	(2)	0
- Income	Cr 84,633	Cr 84,633	0	0	Cr 84,633		0
New Homes Bonus - Town Centre Development							
- Expenditure	36,378		36,378	0	36,378	(3)	0
- Income	Cr 36,378		Cr 36,378	0	Cr 36,378		0
New Homes Bonus - Regeneration							
- Expenditure	171,260		171,260	0	171,260	(3)	0
- Income	Cr 171,260		Cr 171,260	0	Cr 171,260		0
Planning Strategy & Projects - Custom Build Grant							
- Expenditure	30,000		30,000	0	30,000	(3)	0
- Income	Cr 30,000		Cr 30,000	0	Cr 30,000		0
Implementing Welfare Reform Changes							
- Expenditure	54,918		54,918	0	54,918	(3)	0
- Income	Cr 54,918		Cr 54,918	0	Cr 54,918		0
Flexible Homeless Grant							
- Expenditure	82,600		82,600	0	82,600	(3)	0
- Income	Cr 82,600		Cr 82,600	0	Cr 82,600		0
2016/17 Fire Safety Grant							
- Expenditure	43,870		43,870	0	43,870	(3)	0
- Income	Cr 43,870		Cr 43,870	0	Cr 43,870		0
<b>Environment &amp; Community Portfolio</b>							
Highways - Pothole Action Fund							
- Expenditure	112,940	112,940	0	0	112,940	(2)	0
- Income	Cr 112,940	Cr 112,940	0	0	Cr 112,940		0
<b>Education, Children and Families Portfolio</b>							
Delivery Support Fund							
- Expenditure	69,100		69,100	0	69,100	(8)	0
- Income	Cr 69,100		Cr 69,100	0	Cr 69,100		0
SEND Reform Grant							
- Expenditure	20,013		20,013	0	20,013	(8)	0
- Income	Cr 20,013		Cr 20,013	0	Cr 20,013		0
School improvement Grant							
- Expenditure	46,500		46,500	0	46,500	(8)	0
- Income	Cr 46,500		Cr 46,500	0	Cr 46,500		0
Pathfinder Grant							
- Expenditure	16,489		16,489	0	16,489	(8)	0
- Income	Cr 16,489		Cr 16,489	0	Cr 16,489		0
Early Years Grant							
- Expenditure	14,800		14,800	0	14,800	(8)	0
- Income	Cr 14,800		Cr 14,800	0	Cr 14,800		0
High Needs Strategic Planning Fund							
- Expenditure	13,019		13,019	0	13,019	(8)	0
- Income	Cr 13,019		Cr 13,019	0	Cr 13,019		0
Tackling Troubled Families							
- Expenditure	497,885		497,885	0	497,885	(8)	0
- Income	Cr 497,885		Cr 497,885	0	Cr 497,885		0

Item	Carried Forward from 2017/18	Allocations				Total Allocations/Projected for Year	Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Items Projected for Remainder of Year	Total		
	£	£	£	£	£	£	£
<b>General</b>							
Short Term Assistance to Day Centres	152,025	152,025		0	152,025	(1)	0
R&M - Central Depot Wall	163,000	163,000		0	163,000	(2)	0
Democratic Services - Councillor IT Provision	20,000	20,000		0	20,000	(2)	0
Contracts Register/Summaries Database	50,000		50,000	0	50,000	(6)	0
Biggin Hill Airport - Noise Action Plan	24,315		24,315	0	24,315	(6)	0
Information Systems & Telephony GDPR	426,000		426,000	0	426,000	(6)	0
Legal Staff Costs GDPR	52,000		52,000	0	52,000	(6)	0
Staff Merit Awards	36,000		36,000	0	36,000	(6)	0
Exchequer Revenue & Benefits - Exchequer Contract	91,000		91,000	0	91,000	(6)	0
Exchequer Revenue & Benefits - Academy System Upgrade	98,000		98,000	0	98,000	(6)	0
Green Garden Waste - Debt Management System	120,000		120,000	0	120,000	(7)	0
Management and Contract Support	80,000		80,000	0	80,000	(7)	0
Parks Infrastructure Works	80,000		80,000	0	80,000	(7)	0
Additional ECS Resources - Delay in Recruitment	67,000		67,000	0	67,000	(5)	0
<b>Total Carried Forward from 2017/18</b>	<b>1,459,340</b>	<b>335,025</b>	<b>1,124,315</b>	<b>0</b>	<b>1,459,340</b>		<b>0</b>
<b>GRAND TOTAL</b>	<b>15,737,340</b>	<b>377,025</b>	<b>563,315</b>	<b>13,836,000</b>	<b>14,776,340</b>		<b>Cr 961,000</b>

**Notes:**

- (1) Council 26th February 2018
- (2) Executive 28th March 2018
- (3) Renewal, Recreation & Housing PDS 26th June 2018
- (4) Adult Care & Health PDS 27th June 2018
- (5) Public Protection & Enforcement PDS 3rd July 2018
- (6) Executive, Resources & Contracts PDS 5th July 2018
- (7) Environment & Community Services PDS 10th July 2018
- (8) Education, Children & Families Budget & Performance Monitoring Sub-Committee 18th July 2018

Description	2018/19 Latest Approved Budget £'000	Variation To 2018/19 Budget £'000	Potential Impact in 2019/20
Housing Needs - Temporary Accommodation	6,241	Cr 15	The full year effect of Temporary Accommodation is currently estimated to be £808k (pressure of £1,943k less drawdown of £1,135k) in 2019/20. This estimate only takes into account the projected activity to the end of this financial year and not any projected growth in client numbers beyond that point. The costs are expected to be covered by a contingency bid during 2019/20 as has been the case for a number of years.
Assessment and Care Management - Care Placements	22,241	234	The full year impact of the current overspend is estimated at Dr £508k. £218k of this relates to residential and nursing home placements and £290k to domiciliary care / direct payments. This is based on client numbers as at the end of May. The fye is reduced by management action relating to additional joint funding income from the CCG of an expected £340k.
Learning Disabilities - including Care Placements, Transport and Care Management	33,551	102 (net of planned management action)	The full year effect is estimated at a net overspend of £177k. This figure is net of planned savings from management action, without which the full year effect overspend would be £941k, so the delivery of the savings is critical. At this early stage in the financial year the projections include a number of assumptions so the position is likely to vary as the year progresses.
Mental Health - Care Placements	6,259	129	Based on current placements and Panel agreements there is a full year overspend of £156k anticipated on Mental Health care packages. As with Learning Disabilities above, it is still very early and this position is likely to shift during the year.
Supporting People	1,013	Cr 74	The full year effect of Supporting People is currently estimated to be a credit of £94k. This is a result of the estimated savings from retendering of the contracts that has taken place.
Children's Social Care	34,414	1,524	The overall full year effect of the Children's Social Care overspend is £1,291k, analysed as Residential, Fostering and Adoption £2,514k and Leaving Care services (inc Staying Put and Housing Benefit clients) £242k. This assumes that management action of £960k is achieved in 2019/20 and additional funding being negotiated from Bromley CCG of £505k is also received.
Legal Services - Legal / Counsel Fees and Court costs	389	140	The overspend for counsel fees and court costs projected for 2018/19 is due to the continuing high volume of childcare cases which is estimated to be around 70 this year and this level is likely to continue in 2019/20. At this time additional expenditure of around £140k is projected for 2019/20.
Adult Education	Cr 525	155	The pressure in the Adult Education area is being caused by the provision of non-fee paying courses as required by the community learning element of the ESFA grant. This requires us to provide provision to support vulnerable communities and any reduction in the priority area risks a reduction in the future allocation of the grant. The full year effect is projected to be £130k.
Parking	Cr 7,419	Cr 3	The downward trend in Off and On Street parking income of approximately £110k is expected to be offset by the income from bus lane enforcement, after assuming a slight drop off in contraventions. At this stage no overall variance is projected for Parking in 2019/20.
Waste	18,000	Cr 11	The extra income generated from additional customers for the GGW service is expected to continue in 2019/20 which will offset the net shortfall of income from the reduction in Trade Waste Collection customers. At this stage no overall variance is projected for Waste in 2019/20.

Description	2018/19 Latest Approved Budget £'000	Variation To 2018/19 Budget £'000	Potential Impact in 2019/20
Highways	6,520	0	Following the award of the contract for Major and Minor Highway Maintenance contracts, the overall saving will increase by £4k to £173k in 2019/20 rising to £324k per annum from 2020/21, mainly from Street Lighting efficiency savings as reported to Executive on 20th April 2018.

**SECTION 106 RECEIPTS**

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

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

<b>31st March 2018 £000</b>	<b>Service</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers to/(from) Capital £000</b>	<b>Actual as at 31st May 2018 £000</b>
<b><u>Revenue</u></b>					<b><u>Revenue</u></b>
391	Highway Improvement Works	3	-	-	394
18	Road Safety Schemes	-	-	-	18
45	Local Economy & Town Centres	3	-	-	48
87	Parking	-	-	-	87
1,198	Healthcare Services	57	-	-	1,255
10	Community Facilities	-	-	-	10
311	Other	-	-	-	311
<b>2,060</b>		<b>63</b>	<b>0</b>	<b>-</b>	<b>2,123</b>
	<b><u>Capital</u></b>				<b><u>Capital</u></b>
3,311	Education	200	-	-	3,511
3,104	Housing	561	-	-	3,665
-	Local Economy & Town Centres	76	-	-	76
82	Highway Improvement Works	-	-	-	82
86	Other	-	-	-	86
<b>6,583</b>		<b>837</b>	<b>0</b>	<b>-</b>	<b>7,420</b>
<b>8,643</b>		<b>900</b>	<b>0</b>	<b>0</b>	<b>9,543</b>

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Report No.  
FSD18056

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** Executive  
Council

**Date:** Executive 11<sup>th</sup> July 2018  
Council 16<sup>th</sup> July 2018

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

**Title:** CAPITAL PROGRAMME MONITORING – 1<sup>ST</sup> QUARTER 2018/19

**Contact Officer:** James Mullender, Principal Accountant  
Tel: 020 8313 4292 E-mail: [James.mullender@bromley.gov.uk](mailto:James.mullender@bromley.gov.uk)

**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 1<sup>st</sup> quarter of 2018/19 and seeks the Executive's approval to a revised Capital Programme.

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2. **RECOMMENDATION(S)**

2.1 **The Executive is requested to:**

- (a) **Note the report, including a total rephasing of £14,666k from 2018/19 into future years, and agree a revised Capital Programme.**
- (b) **Approve the following amendments to the Capital Programme:**
  - (i) **Deletion of the £1k residual balance on Penge & Anerley Libraries (see para 3.3.2);**
  - (ii) **Increase of £472k on Transport for London (TfL) funded Traffic and Highways schemes (see para 3.3.3);**
  - (iii) **Addition of £129k for The Widmore Centre scheme (see para 3.3.4);**
  - (iv) **Addition of EFA allocation of £29k for Healthy Pupils Capital Fund scheme (see para 3.3.5);**
  - (v) **Increase of £26k to the Performance Management/Children Services IT scheme funded by a decrease to the Social Care Grant scheme (see para 3.3.6);**
  - (vi) **Deletion of £36k from the Anerley Town Hall Library Provision as the scheme has completed (see para 3.3.7); and**

**(vii) Note that a report elsewhere on the Agenda requests the addition of £6,462k to the Capital Programme for Depot Improvement Works (see para 3.3.8).**

**(c) Recommend Council to approve the addition of £1,995k on the Disabled Facilities Grant funded scheme to reflect the latest grant funding available (see para 3.3.1).**



## Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring and review 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 our 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 9.0m over the 4 years 2018/19 to 2021/22, mainly due to £6,462k Depot Improvement Works, £1,995k additional Disabled Facilities Grant funding (which has been profiled to 2019/20), £472k increase in TfL funding for Highways and Traffic schemes, and £129k allocation for The Widmore Centre scheme.
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: Total £129.5m over 4 years 2018/19 to 2021/22
  5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
- 

## Staff

1. Number of staff (current and additional): 1fte
  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: Not Applicable
- 

## Customer Impact

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

## Ward Councillor Views

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

### 3. COMMENTARY

#### Capital Expenditure

- 3.1 Appendix A sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 1<sup>st</sup> quarter of 2018/19. The base position is the programme approved by the Executive on 7<sup>th</sup> February 2018, as amended by variations approved at subsequent Executive meetings. If the changes proposed in this report are approved, the total Capital Programme 2018/19 to 2021/22 would increase by £9,050k, mainly due to £6,462k of new funding for the Depot Improvement works scheme, £1,995k additional Disabled Facilities grant, £472k additional funding for TfL Highways & Traffic scheme, and £129k for the Widmore Centre scheme.

The variations are summarised in the table below with further detail set out in Appendix A.

	2018/19	2019/20	2020/21	2021/22	TOTAL 2018/19 to 2021/22
	£000	£000	£000	£000	£000
Programme approved by Executive 07/02/18	76,603	18,869	18,159	2,240	115,871
Variations approved at subsequent Executive meetings	13,609	0	0	0	13,609
Approved Programme prior to 1st Quarter's Monitoring	90,212	18,869	18,159	2,240	129,480
Variations requiring the approval of the Executive	893	4,995	3,162	0	9,050
Variations not requiring approval:					
Net rephasing from 2018/19 into future years	Cr 14,666	14,666	0	0	0
Total Amendment to the Capital Programme	Cr 13,773	19,661	3,162	0	9,050
<b>Total Revised Capital Programme</b>	<b>76,439</b>	<b>38,530</b>	<b>21,321</b>	<b>2,240</b>	<b>138,530</b>
Assumed Further Slippage (for financing purposes)	Cr 15,000	10,000	5,000	0	0
Assumed New Schemes (to be agreed)	0	3,500	3,500	3,500	10,500
	Cr 15,000	13,500	8,500	3,500	10,500
Projected Programme for Capital Financing Forecast (see appendix C)	61,439	52,030	29,821	5,740	149,030

#### 3.2 Variations approved at subsequent Executive meetings

As detailed in Appendix A, variations of £2.3m have been approved since the February Executive meeting. This mainly comprises £1.0m for West Wickham Leisure Centre & Library Redevelopment, £0.7m for Central Depot Wall scheme and £0.3m for Norman Park Athletics Track, all of which were approved by the Executive on 28<sup>th</sup> March 2018.

On 21<sup>st</sup> May 2018 the Executive approved additional funding amounts on 3 existing schemes; £0.01m for 30 Hour Childcare IT scheme, £0.17m for Disabled Facilities Grant and £0.1m for the Biggin Hill Memorial Museum.

#### 3.3 Variations requiring the approval of the Executive (£9,050k net increase)

##### 3.3.1 Renovation Grants – Disabled Facilities (£1,995k increase)

The Disabled Facilities Grant (DFG) is provided for the provision of adaptations to disabled people's homes to help them to live as independently and safely as possible. The capital allocation received for 2018/19 from the Ministry of Housing, Communities and Local Government totals £1,995k. The funding will enable additional schemes to provide physical improvements to clients' home environments and to assist with creating safer and healthier

homes, and reduce admissions to hospital. Members are asked to agree the addition of £1,995k to the DFG scheme to reflect the total funding available.

### 3.3.2 Penge & Anerley Libraries – 46 Green Lane (£1k reduction in 2018/19)

On 6<sup>th</sup> Feb 2013 the Executive agreed the scheme for the provision of a combined Penge and Anerley library with an estimated cost of £669k. Final accounts for the scheme have now been agreed at £668k, and it is recommended that the residual balance of £1k be deleted.

### 3.3.3 Transport for London (TfL) – Revised support for Highways and Traffic Schemes (£472k increase to budget in 2018/19)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2018/19 to 2020/21 on the basis of the bid in the Borough Spending Plan (BSP). An increase to the budget for 2018/19 of £472k is requested to reflect the revised allocations following the re-instatement of budgets which were reduced by £1.8m by TfL in November 2017 and reported to members in Feb 2018 monitoring. TfL budgets change frequently and any further variations will be reported in subsequent capital monitoring reports.

### 3.3.4 The Widmore Centre (£129k Addition to the Capital Programme)

Following the sale of the Widmore Centre the Department for Education has invoked clawback of early year's capital funding of £129k as the local authority can no longer meet the conditions of the grant. This amount takes into account the period the asset was in compliant use (9 years 7 months out of an expected 25 years use). The clawback will be funded from proceeds of the disposal of the Widmore Centre. Members are requested to agree the addition of this sum to the Capital Programme.

### 3.3.5 Healthy Pupils Capital Fund – (£29k Addition to the Capital Programme)

The ESFA have allocated the Council £29k from Healthy Pupils Capital Fund. The HPCF is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. Funding will be distributed through a bidding round from school and the allocations will be reported to the Children, Education and Families Budget and Performance Monitoring Sub-Committee. This funding is provided from the Soft Drinks Industry Levy for 2018-19 only. Members are requested to agree the addition of this sum to the Capital Programme.

### 3.3.6 Performance Management & Children Services IT & Social Care Grant (net nil variation)

Following a Gateway review in April 2015, Bromley began working on a project for the implementation of new case management systems for Children's Social Care. The project has been through the development stage, and the implementation stage commenced in November 2016. Members are asked to approve the increase of £26k, for additional resource to continue the implementation, funded by a reduction to the Social Care Grant scheme.

### 3.3.7 Anerley Town Hall Library Provision (£36k Reduction)

This scheme was approved in July 2014 and has now completed £36k under budget. Members are requested to approve the removal of this amount from the Capital Programme.

### 3.3.8 Depot Improvement Works (£6,462k Addition to the Capital Programme)

A report elsewhere on the agenda requests the addition to the Capital Programme of £6,462k for the demolition and build of a new Depot, to be funded from capital receipts.

### 3.3.9 Scheme Rephasing

The 2017/18 Capital Outturn was reported to the Executive on 21<sup>st</sup> May 2018. The final capital outturn for the year was £40.3m compared to a revised budget of £51.6m. The variation of £11.3m was rephased from 2017/18 into 2018/19.

In the quarter 1 monitoring exercise, slippage of £14.7m has been identified and this has been re-phased from 2018/19 into future years to reflect the latest estimates of when expenditure is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details are provided in Appendix B.

### **Capital Receipts**

3.4 Details of the receipts forecast in the years 2018/19 to 2021/22 are included in Appendix E to this report to be considered under part 2 proceedings of the meeting. Actual receipts from asset disposals totalled £8.6m in 2017/18 and were the same as the estimated figure reported to the Executive in February 2018 (£8.6m).

The latest estimate for 2018/19 has increased to £18.3m from £16.2m reported in February (excluding "other" capital receipts). The estimate for 2019/20 is £5.7m, the same as was reported in February 2018. Estimates for 2020/21 and 2021/22 remain at £27.1m and £1.6m respectively, as reported in February. A total of £1m per annum is assumed for receipts yet to be identified in later years. These projections, as detailed in Appendix E, reflect prudent assumptions for capital receipts, and don't include estimated disposal receipts from the review being undertaken by Cushman and Wakefield.

### **Financing of the Capital Programme**

3.5 A capital financing statement is attached at Appendix C and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £45.7m (General Fund £20.0m and capital receipts £25.7m) at the end of 2017/18 to £11.1m by the end of 2021/22 and would then increase to £27.9m by the end of 2025/26. It is therefore likely that any significant future capital schemes not funded by grants/contributions or revenue, may have to be funded from external borrowing.

	Balance 01/04/18	Estimated Balance 31/03/22	Estimated Balance 31/03/26
	£m	£m	£m
General Fund	20.0	11.1	11.1
Capital Receipts	25.7	0.0	16.8
	<u>45.7</u>	<u>11.1</u>	<u>27.9</u>

### **Investment Fund and Growth Fund**

3.6 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund earmarked reserve (formerly known as the Economic Development and Investment Fund) to contribute towards the Council's economic development and investment opportunities. To date, total funding of £144.0m 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, £7m in June 2016, £4m in March 2017, £3.3m in June 2017 and £2.3m in May 2018 to the Growth Fund.

Appendix D provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £114.0m have been approved (£85.5m on the Investment Fund, and £28.5m on the Growth Fund), and the uncommitted balances as at the end of June 2018 stand at £19.3m for the Investment Fund and £10.7m for the Growth Fund.

### Feasibility Works – Property Disposals

- 3.7 At its meeting on 21<sup>st</sup> May 2018, Executive agreed to the creation of a new Earmarked Reserve with an initial allocation of £250k to be funded from the Growth Fund to allow feasibility works to be commissioned against specific sites so as to inform the Executive of sites' viability for disposal or re-development and potential scheme optimisation together with an appraisal as to worth.

Members requested that an update from Strategic Property be included in these quarterly capital monitoring reports, and the latest update is provided in Appendix F. Formal instructions are being processed for four locations, with four more estimated for September/October. To date the commitment value remains at £250k, and no expenditure has been incurred.

### Section 106 Receipts

- 3.8 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 stood at £7,420k as at 31<sup>st</sup> May 2018, and will be used to finance capital expenditure from 2018/19 onwards. The current position on capital Section 106 receipts (excluding commitments) is shown below:

	Balance 31/03/18	Receipts 2018/19	Expenditure 2018/19	Balance 31/05/18
	£'000	£'000	£'000	£'000
<b>Specified capital works</b>				
Housing	3,104	561	0	3,665
Education	3,311	200	0	3,511
Highways	82	0	0	82
Local Economy	0	76	0	76
Other	86	0	0	86
<b>TOTAL</b>	<b>6,583</b>	<b>837</b>	<b>0</b>	<b>7,420</b>

The Council's budgets are limited and, where a developer contribution 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.

## Post-Completion Reports

3.9 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 on the following schemes are due to be submitted to the relevant PDS Committees:

- Office Accommodation Strategy
- Digital Print Strategy
- SEELS street lighting project
- Depots – Standby Generators
- Penge/Anerley Libraries
- Anerley Town Hall (Library Provision)

## 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 C 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 assume approval of the revised capital programme recommended in this report.

<b>Non-Applicable Sections:</b>	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring Qtr 1 2017/18 & Annual capital Review 2018-2022 (Executive 07/02/18) Capital Programme Outturn 2017/18 report (Executive 21/05/18). List of potential capital receipts from Strategic Property as at 21/06/18. List of feasibility works for property disposal from Strategic Property as at 26/06/18.

APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - JUL 2018 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	2017/18 £'000	Revised 2018/19 £'000	Revised 2019/20 £'000	Revised 2020/21 £'000	Revised 2021/22 £'000	TOTAL 2018/19 to 2021/22 £'000	Comments/reason for variation
<b>Current Approved Capital Programme</b>								
Programme approved by Executive 07/02/2018	Exec 07/02/18	51,587	76,603	18,869	18,159	2,240	115,871	
30 Hours Childcare IT scheme	Exec 21/05/18		15				15	Funded from Revenue Underspend in 2017/18
Disabled Facilities Grant (DFG)	Exec 21/05/18		178				178	Additional DFG received
Biggin Hill Memorial Museum	Exec 21/05/18		116				116	Funded from £54k Revenue & £62k from various external sources.
Norman Park Athletics Track	Exec 28/03/18		300				300	to be funded from S106 receipts
West Wickham Leisure Centre & Library Redevelopment	Exec 28/03/18		993				993	funded from 2017/18 Central Contingency
Central Depot Wall Scheme	Exec 28/03/18		716				716	funded from £163k cfwd & £553k from Infrastructure Investment Fund
Rephasing from 2017/18 into 2018/19		Cr 11,291	11,291				11,291	
<b>Approved Programme prior to 1st Quarter's Monitoring</b>		<b>40,296</b>	<b>90,212</b>	<b>18,869</b>	<b>18,159</b>	<b>2,240</b>	<b>129,480</b>	
<b>Variations in the estimated cost of approved schemes</b>								
<b>(i) Variations requiring the approval of the Executive/Council</b>								
Disabled Facilities Grant 2018/19 Allocation			Cr 1	1,995			1,995	See paragraph 3.3.1
Penge Anerley Libraries - 46 Green Lane			472				472	See paragraph 3.3.2
Increase in TFL funding for Highways & Traffic schemes			129				129	See paragraph 3.3.3
Widmore Centre			29				29	See paragraph 3.3.4
Healthy Pupils Capital Fund			26				26	See paragraph 3.3.5
Performance Management / Childrens Services - Information Tech			26				26	See paragraph 3.3.6
Social Care Grant 2011/12 to 2012/13 settlement			Cr 26				Cr 26	See paragraph 3.3.6
Anerley Town Hall Library Provision			Cr 36				Cr 36	See paragraph 3.3.7
Depot Improvement Works			300	3,000	3,162		6,462	See paragraph 3.3.8
		0	893	4,995	3,162	0	9,050	
<b>(ii) Variations not requiring approval</b>								
Net rephasing from 2018/19 into future years			Cr 14,666	14,666	0	0	0	See section 3.3.9 and Appendix B
		0	Cr 14,666	14,666	0	0	0	
<b>TOTAL AMENDMENT TO CAPITAL PROGRAMME</b>		<b>0</b>	<b>Cr 13,773</b>	<b>19,661</b>	<b>3,162</b>	<b>0</b>	<b>9,050</b>	
<b>TOTAL REVISED CAPITAL PROGRAMME</b>		<b>40,296</b>	<b>76,439</b>	<b>38,530</b>	<b>21,321</b>	<b>2,240</b>	<b>138,530</b>	
Less: Further slippage projection			Cr 15,000	10,000	5,000		0	
Add: Estimate for further new schemes			3,500	3,500	3,500	3,500	10,500	
<b>TOTAL TO BE FINANCED</b>		<b>40,296</b>	<b>61,439</b>	<b>52,030</b>	<b>29,821</b>	<b>5,740</b>	<b>149,030</b>	

# APPENDIX B - REPHASING

## CAPITAL PROGRAMME MONITORING - JUL 2018 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
<b>Rephasing of schemes</b>				
The Highway Primary - partial rebuild	Cr 113	113	0	Scheme completed. Awaiting outstanding final payment for consultancy cost and other legal issues. As significant period of time has passed since the scheme was completed and possible payment has not been requested, the budget is to be returned to Basic Need.
Social Care Grant 2011-12 and 2012-13 settlement	Cr 500	500	0	Scheme approved by Council 14/04/14. £500k has been rephased to 2019/20 - Officers are currently exploring options to take forward in order to utilise the budget.
Social Care Grant 2013-14 and 2014-15 settlement	Cr 1,293	1,293	0	£1.29m has been rephased to 2019/20 - Officers are currently exploring options to take forward in order to utilise the budget.
Social Care Grant 2015-16 settlement	Cr 663	663	0	£663k has been rephased to 2019/20 - Officers are currently exploring options to take forward in order to utilise the budget.
Mental Health Grant	Cr 326	326	0	Budget has been rephased to 2019/20 as works are still being designed for approval - due to new legislation for adult social care it is likely that this funding will be used to support the changes required.
Basic Need	Cr 4,500	4,500	0	A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 19 Jul 17. This includes works at Trinity (now completed), Castlescombe (work started Feb 17), Bishop Justus (work expected to start Summer 18), Edgebury (completed), Poverest (started in Jun 17), Stewart Fleming (now completed), and Leasons (started in Jul 17 however there are delays) and St George (now completed). £4.5m has been rephased to 2019/20 as programme not expected to spend to budget.
S106 Education (Unallocated)	Cr 788	788	0	Several proposed schemes are in the pipeline. These are unlikely to be delivered this financial year. Budget has therefore been rephased into 2019/20.
Civic Centre Dev Strategy	Cr 3,822	3,822	0	Approved by Council 04/07/16. Members have decided to review whether the Old Town Hall could be used as a Democratic Hub and an Options Study will be undertaken to assess the feasibility and cost of this alternative and its impact on the Business Case. There is a possibility of some feasibility work this year at approximately £165k. The remainder of the budget £3.8m has been rephased into next financial year as expenditure is unlikely to take place in 18/19.
Upgrade of Core Network Hardware	Cr 426	426	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. A full Network Refresh proposal has also been delivered by BT. £426k has been rephased into FY19/20
Replacement of Storage Area Networks	Cr 721	721	0	The major SAN replacement project is almost complete. The project is at final stage. Works are still continuing to insure that new SAN is sufficiently working, however it is likely to fall into next financial year. £720k has been rephased into FY19/20
Rollout of Windows 7 and Office 2000	Cr 97	97	0	The project is almost complete apart from some of the XP machines that Officers are struggling to replace due to the software installed on those machines. The issue is with the Service to resolve with their 3rd party due to the specific nature of the software. Microsoft audit recently undertaken to ensure compliance. £97k has been rephased to FY 19/20
Replacement of MD110 telephone switch	Cr 138	138	0	The bulk of the works (including MD110, Lync and call recording) are completed. The move to the new provider (Virgin) are completed. Awaiting confirmation of all outstanding invoices and project completion from 3rd party. £138k has been rephased into FY19/20
SharePoint Productivity Platform upgrade/replacement	Cr 1,156	1,156	0	Officers are now taking a tactical solution where project will move to SharePoint 2010 from 2007 version, before finally moving to new platform of Office 365. Ongoing project which is gaining momentum. £150K to be spent this year. remaining budget has been rephased to FY 19/20
Windows Server 2003 replacement program	Cr 123	123	0	These servers support CRM and SharePoint systems which we are in the process of migrating. There is possibly a few more hardware to purchase until project is completed. The project is still ongoing and anticipated to be completed by late Spring/early Summer. £123k has been rephased to FY 19/20.
<b>TOTAL REPHASING ADJUSTMENTS</b>	<b>Cr 14,666</b>	<b>14,666</b>	<b>0</b>	



## APPENDIX C - FINANCING

### CAPITAL FINANCING STATEMENT - EXECUTIVE 11/07/18 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

<u>Summary Financing Statement</u>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
	Estimate £'000	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Capital Grants	18,721	15,614	23,577	8,235	0	0	0	0	0
Other external contributions	10,688	9,126	13,164	2,820	2,200	2,200	2,200	2,200	2,200
Usable Capital Receipts	15,634	7,217	17,992	34,343	2,256	5,700	5,700	5,700	5,700
Revenue Contributions	3,044	8,339	6,706	1,316	100	100	100	100	100
General Fund	0	0	0	5,316	1,184	0	0	0	0
Borrowing	0	0	0	0	0	0	0	0	0
<b>Total expenditure</b>	<b>48,087</b>	<b>40,296</b>	<b>61,439</b>	<b>52,030</b>	<b>5,740</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>
<b>Usable Capital Receipts</b>									
Balance brought forward	24,108	24,108	25,695	26,063	0	0	5,598	8,387	12,593
New usable receipts	8,643	8,804	18,360	8,280	1,607	11,298	8,489	9,906	9,906
Capital Financing	32,751	32,912	44,055	34,343	2,256	11,298	14,087	18,293	22,499
	Cr 15,634	Cr 7,217	Cr 17,992	Cr 34,343	Cr 2,256	Cr 5,700	Cr 5,700	Cr 5,700	Cr 5,700
<b>Balance carried forward</b>	<b>17,117</b>	<b>25,695</b>	<b>26,063</b>	<b>0</b>	<b>649</b>	<b>5,598</b>	<b>8,387</b>	<b>12,593</b>	<b>16,799</b>
<b>General Fund</b>									
Balance brought forward	20,000	20,000	20,000	17,604	12,288	11,104	11,104	11,104	11,104
Less: Capital Financing	0	0	0	5,316	0	0	0	0	0
Less: Use for Revenue Budget	Cr 271	Cr 2,396	Cr 2,396	0	0	0	0	0	0
Balance carried forward	19,729	20,000	17,604	12,288	11,104	11,104	11,104	11,104	11,104
<b>TOTAL AVAILABLE RESERVES</b>	<b>36,846</b>	<b>45,695</b>	<b>43,667</b>	<b>12,288</b>	<b>11,104</b>	<b>16,702</b>	<b>19,491</b>	<b>23,697</b>	<b>27,903</b>

Assumptions:

New capital schemes - £3.5m p.a. from 2020/21 for future new schemes.

Capital receipts - includes figures reported by Property Division as at 25/06/18 (including Tweedy Road & Town Hall) and £1m pa from 2018/19.

Current approved programme - as recommended to Executive 11/07/18

# APPENDIX D - INVESTMENT FUND GROWTH FUND

## INVESTMENT FUND & GROWTH FUND - 11 July 2018

<u>Investment Fund</u>	<b>£'000</b>
<b>Revenue Funding:</b>	
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
Approved by Executive 6th December 2017	3,500
Approved by Executive 21st May 2018	2,609
	84,517
<b>Capital Funding*:</b>	
Approved by Executive 11th February 2015 (general capital receipts)	15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)	1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High Street)	4,100
	20,316
<b>Total Funding Approved:</b>	104,833
<b>Property Purchase</b>	
Approved by Executive 7th September 2011 (95 High St)	Cr 1,620
Approved by Executive 6th December 2012 (98 High St)	Cr 2,167
Approved by Executive 5th June 2013 (72-76 High St)	Cr 2,888
Approved by Executive 12th June 2013 (104 - 108 High St)	Cr 3,150
Approved by Executive 12th February 2014 (147 - 153 High St)	Cr 18,755
Approved by Executive 19th December 2014 (27 Homesdale)	Cr 3,938
Approved by Executive 24th March 2015 (Morrisons)	Cr 8,672
Approved by Executive 15th July 2015 (Old Christchurch)	Cr 5,362
Approved by Executive 15th July 2015 (Tilgate)	Cr 6,746
Approved by Executive 15th December 2015 (Newbury House)	Cr 3,307
Approved by Executive 15th December 2015 (Unit G - Hubert Road)	Cr 6,038
Approved by Executive 23th March 2016 (British Gas Training Centre, Thatcham)	Cr 3,666
Approved by Executive 15th June 2016 (C2 and C3)	Cr 6,394
Approved by Executive 14th March 2017 (Trinity House)	Cr 6,236
Approved by Executive 1st December 2017 (54 Bridge Street, Peterborough)	Cr 3,930
	Cr 82,869
<b>Other Schemes</b>	
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 400
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 2,644
<b>Uncommitted Balance on Investment Fund</b>	19,320
*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund	
<b>Growth Fund:</b>	
<b>£'000</b>	
<b>Funding:</b>	
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
Approved by Executive 22nd March 2017	4,000
Approved by Executive 14th June 2017	3,311
Approved by Executive 21st May 2018	2,319
Total funding approved	39,154
<b>Schemes Approved and Committed</b>	
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 (19-25 Market Square)	Cr 10,705
Approved by Executive 1st Nov 2016 (63 Walnuts)	Cr 3,804
Approved by Executive 22nd March 2017 (Bromley Town Centre Public Realm Improvement Scheme)	Cr 2,844
Approved by Executive 7th November 2017 (Bromley Town Centre and Public Realm)	Cr 464
Approved by Executive 22nd March 2017 (Project Officer cost Bromley Town Centre Public Realm imprc)	Cr 40
Approved by Executive 22nd March 2017 (Community Initiative)	Cr 15
Approved by Executive 24th May 2017 (Feasibility Works/Property Disposal)	Cr 250
Renewal Team Cost	Cr 310
Total further spending approvals	Cr 21,672
<b>Schemes Approved, but not committed</b>	
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr 6,790
<b>Uncommitted Balance on Growth Fund</b>	10,692

# APPENDIX F - FEASIBILITY WORKS

## CAPITAL PROGRAMME MONITORING - JUL 2018

Location	Estimated Feasibility / Viability Cost (£'000)	Description	June 2018 Status
West Wickham Leisure Centre	35	To fund study to deliver optimal new leisure facilities based on market evidence as to rents from third party operators' together with residential development to generate a capital receipt to fund the cost of re-provision of facilities.	Report to RR PDS March and Executive in April - concept scheme approved. Scheme currently being costed for delivery subject to new Executive report.
The Glades Department Store	49	To fund work to progress the business case for the development of a new Department Store at the Glades Shopping Centre utilising the Council's interests at Market Square so as to improve footfall and therefore improve the asset value and return on income derived from the Council's ownership of The Glades.	C&W continue undertaking discussions with Glades Managing Agents - all parties continuing discussions.
The Walnuts Centre	33	To fund work to progress the business case for the development at the Walnuts utilising the Council's interests at and around the Walnut's Centre including the Leisure Centre so as to provide larger retail opportunities and improve footfall and therefore improve the asset value and return on income derived from the Council's ownership of The Walnuts.	Initial brief prepared - with intention to market test for a Property Advisor - anticipated in Autumn 2018.
Old Town Hall/Civic Centre	44	To fund a review of the Council's accommodation strategy at the Civic Centre based on the addition of the former Town Hall becoming available as part of the Council's property portfolio and how that asset could be utilised as a Democratic Centre and associated offices/meeting space.	C&W undertaken review and provided disposal advice. Report to Executive in April 2018 - Anticipated completion Aug 2018.
Depots Review - Disposal Options	45	To fund disposal viability studies as to density and permitted development together with initial planning briefs so as to be in a position to take to market as an outcome of the Depot review.	C&W undertaken review and provided advice - papers from Env Services taken to Executive .
Biggin Hill Aviation College - Alternative	20	To fund potential alternative site viability studies for Biggin Hill should the Council decide not to pursue Area 1 purchase for an Aviation College/Enterprise Zone.	C&W undertaken valuation advice in respect of potential land acquisition/ provided advice - no further action.
Libraries (Chislehurst model roll out)	18	To fund the investigation of viability of renewing other library facilities by redeveloping their sites and using the capital receipt proceeds to develop replacement facilities within said schemes.	Not actioned as yet - due to Dev Agreement not yet entered into.
Lease standardisation	6	To fund legal work to create standard T&C's to Portfolio	Under review.
<b>TOTAL</b>	<b>250</b>		

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Report No.

London Borough of Bromley

Agenda  
Item No.

## PART 1 - PUBLIC

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**Decision Maker:** Executive

**Date:** 11<sup>th</sup> July 2018

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

**Title:** RETENDER OF THE EXCHEQUER SERVICES CONTRACT

**Contact Officer:** Claudine Douglas-Brown – Head of Exchequer Services  
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Charles Obazuaye Director of Human Resources

**Ward:** All wards

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### 1. REASON FOR REPORT

- 1.1 The current contract awarded to Liberata for Exchequer Services ends on 31st March 2020.
- 1.2 This report summarises the outcome of the soft market testing exercise undertaken by officers and the procurement approach for the retendering of this contract.

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### 2. RECOMMENDATIONS

- 2.1 Members of the Executive, Resources & Contracts Policy and Development Committee are asked to review this report and provide their comments to the Executive for their consideration.

The Executive is asked to:

- 2.2 Note the outcome of the soft market testing exercise.
- 2.3 Approve the retendering of the Exchequer Services contract for the reasons set out in this report and in accordance with section 4 of this report.

- 2.4 Agree the Contract term for a period of 8 years with an option to extend for a further period of up to 4 years (based on a 2 plus 2 option) as set out in Section 6 of this report.**
- 2.5 To note that officers have explored the options to add in additional services and remove existing services to the contract. An optional price will be obtained for the additional services as set out in section 4.3 of this report.**
- 2.6 Agree not to renew the Web Recruitment Module of the core ResourceLink system and to replace the web recruitment system with a new stand-alone platform procured via the ESPO Framework as set out in Section 4.5 of this report.**
- 2.7 Agree to extend the core HR Payroll and Pensions System with NGA until 30 June 2023 at a cost of £468k which will be met within the current service budget for the reasons set out in section 4.10 of this report.**
- 2.8 Agree to extend the Pensions system with Aquila Heywood until 30 June 2023 at a total cost £348k which will fall within the current budget for the reasons set out in section 4.11 of this report.**

## Corporate Policy

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

## Financial

1. Cost of proposal: Total estimated contract value of between £122m and £128m. £468k to extend the ResourceLink system contract and £348k to extend the Pension system.
  2. Ongoing costs:Recurring cost. £10.4m for the Exchequer contract, £117k for ResourceLink and £73.3k for the pension system.
  3. Budget head/performance centre: Exchequer Services
  4. Total current budget for this head: £9.8m
  5. Source of funding: Net revenue budget for 2018/19
- 

## Staff

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

## Legal

1. Legal Requirement: Statutory requirement. Any tendering procedure must comply with the Public Contract Regulations 2015 and the European Union Directives
  2. Call-in: Call-in is applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All households and businesses in the Borough, employees and those receiving a pension from the Council
- 

## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 This report provides members with an overview of the history of the Exchequer Contract along with the outcomes of soft market testing and proposals for retendering.

#### **Contract History**

- 3.2 The Exchequer Services Contract was originally awarded to Liberata in April 2002 and ended on the 31<sup>st</sup> March 2011, having been extended by 2 years. The Contract was retendered in 2011 and it was awarded to Liberata for a period of 7 years with the ability to extend for a further 2 years which has been taken, the current contract will therefore end on 31<sup>st</sup> March 2020.
- 3.3 Whilst officers are satisfied with the current contractor's performance there are no further extensions under the terms of the Contract and the service will need to be retendered.

#### **Current Scope of the Exchequer Services**

- 3.4 There are various elements to the Exchequer Services Contract. The original specification included the following services:

- Business Rates
- Council Tax
- Benefits
- Sundry Debtors & Mortgages
- Payroll
- Pensions
- Cashiers & Postal Services (for Stockwell only)
- Cash Collections

- 3.5 A number of services have been added into the Contract since the original Contract award via Change Control Notices (for individual CCN numbers and dates see Appendix 1):

- Empty Homes review
- Support for Academy System
- Collection of Mayors Infrastructure Levy
- Temporary Accommodation – Movement Triggers
- Accounts Payable
- Orpington BID
- Corporate Debt
- CareLink Administration
- Corporate Customer services
- Bromley knowledge
- Freedom Passes and Blue Badges
- Fairer Charging
- Appointee and Deputyship
- School Sold Services – HR, Finance and Audit
- Admin Penalties
- Processing Registrars cash payments
- Bromley BID
- Beckenham BID
- Penge BID



3.6 A Contract of this size will take around 3 years to review, retender and award therefore a project team was set up to undertake this work. The Project team will use the agreed Council approach to Project Management and consists of the following officers:

- Director of Finance – Project Sponsor and Owner
- Head of Exchequer Services
- Head of Revenue and Benefits
- Head of Customer Services
- Head of HR Strategy and Education
- Head of Finance for Schools
- Head of Human Resources Information Systems & Reward

3.7 The project team will also be supported by the Head of Performance, Governance and Contracts and a Project Manager from the Commissioning and Procurement team in addition to a representative from Legal, Procurement HR, IT and Finance.

#### **4. SUMMARY OF BUSINESS CASE**

4.1 The Project group have reviewed the service levels and specification requirements which are set out in the Council's standard template.

4.2 As part of the review of the current services officers have also reviewed a number of different aspects to this contract before going out to re-tender as follows:

##### **Options to add additional services in**

4.3 In addition to the core services set out in paras 3.4 and 3.5 of this report the project team reviewed the potential to add in additional services into the contract with a view to tenderers being asked to provide the Council with a price to see if efficiencies might be delivered. Those services included the following:

- Discretionary council tax and business rate payments
- Printing of all LBB cheques
- Further BID's (Business Improvement Districts)
- Purchasing Card Administration
- Non-Residential Care Charging Appeals
- Collation of costs for damage to LBB Property
- Arrangements for separate bank account for the Pension Fund
- Full Cost Arrangement Fee Administration

4.3.1 In addition, Officers reviewed a number of other services and recommend that these services are included on the OJEU notice as services that might be added at a later stage. The future provider who is awarded this Contract will be asked to carry out a Health Check of these services and any other services that they identify for future consideration, within 12 months of Contract award. Those services included the following:

- Housing Benefits/Council Tax Support Appeals
- School Admissions
- Crisis Loans
- Free School Meals
- Areas within the Council that carry out Business Admin functions
- Housing Calls
- Planning and Building Control Calls
- Adult Social Service Calls
- Elements of HR Operational Services
- Web Recruitment System

## **Options to remove current services**

- 4.4 Officers reviewed the option to remove the parking calls from the current Customer Services element of the Exchequer contract and place them into the APCOA Contract should there be a viable business case that also demonstrated value for money.
- 4.4.2 The price quoted by APCOA was almost three times more than the price reduction offered by Liberata. This therefore demonstrated that there was no business case for removing the service from the current Contract.
- 4.5 Liberata use the Council's current HR Payroll and Pensions System; ResourceLink as part of the Contract delivery to pay officers and record key payroll and pensions information. ResourceLink also includes a web recruitment module which is how the Council is able to advertise vacancies for Council jobs amongst other things.
- 4.5.1 As part of the review of the ResourceLink software and licensing Contract, officers have identified that the current recruitment module is not fit for purpose. Officers therefore recommend that the Web Recruitment element of the core ResourceLink contract is not renewed on the 30<sup>th</sup> June 2019 and it is replaced with a new stand-alone system procured through the ESPO framework.
- 4.6 Officers considered the position in relation to School Sold Services, HR and finance element of the contract and whether this could be ceased going forward. However, the Council still has 7 schools covered under this service, it is anticipated that these will eventually convert to Academy status, although no firm date has been agreed for this to go ahead. Therefore this function will need to be included in the tender documentation with the appropriate processes in place to reduce the contract price as and when they convert to Academies.

## **Other issues considered by the project team**

- 4.7 There are a number of critical IT systems, software's and licences that support the current Provider and the Council in the delivery of this Contract including Academy, ResourceLink and the Pensions system. (For a full list of systems see Appendix 2).
- 4.7.1 Given the complexities of these systems and the need to provide sufficient time to migrate high risk data, Officers recommend that the future provider who is awarded this Contract undertakes a health check of all of the systems listed in appendix 2, within 12 months of the Contract start date to confirm the value for money options going forward.
- 4.7.2 There are a number of systems and software licences such as Jadu and Stopford where current ownership sits with the Council but the support costs are paid for by the incumbent and they perform all activities associated with the running, maintaining and upgrading work, although the actual upgrades are paid for by the Council. As part of the health check the future provider will be asked to review this current process and to provide the Council with best value for money options.

## **Review of the Contractor Accommodation**

- 4.8 The current Contractor delivering the Exchequer Services Contract currently occupies offices within the Civic Centre including but not limited to North Block and Stockwell. The Council will continue to lease this accommodation to the new Contractor until such time as the Council makes a decision under the wider accommodation strategy as to the future of the Civic Centre site.
- 4.8.1 It should be noted that the Contractor pays £437k towards accommodation costs which will have an impact on the Council's revenue budget if the accommodation was no longer provided. This will need to be addressed as part of the Council's overall accommodation review which will be reported separately to Members.

## Size and Structure of the Client Unit

- 4.9 The table below sets out the current level of staff dealing with the monitoring and management of the Exchequer Services Contract which currently sits across the Director of Finance, Corporate Services and Human Resources:

	<b>FTE's</b>
Head of Revenue & Benefits	4.5
Head of Exchequer Services	2.2
Head of Strategy and Education	1.0
Head of Customer Services	0.3
<b>Total Number of FTE's</b>	<b>8.0</b>

- 4.9.1 As a result there are separate monthly service meetings with the incumbent and each of the Heads of Service with separate monitoring reports provided to each Head of Service depending on the area they cover. A strategic management board meeting is held quarterly which is attended by the Portfolio Holder for Resources, Director of Finance, Heads of Service and senior management from the incumbent.
- 4.9.2 As part of the retendering of this Contract the project team will be reviewing the needs of the client unit going forward in order to ensure that the Council has the right skills and resources in place to manage this Contract. This will be reported as part of the Contract Award report due back to the Executive in April/May 2019.

### Options to extend existing software and licence Contracts

- 4.10 For the reasons set out in section 4.7 of this report, Officers recommend that the following software and licence contracts are extended until 30 June 2023 to enable the tendering and award of this contract, to the future provider that will allow sufficient time for the future provider to undertake a full health check of systems and licences within 12 months of the contract award.

### Extension of the HR Payroll and Pension System – ResourceLink

- 4.10.1 As set out in para 4.5. of this report, Liberata use the Council's current HR Payroll and Pensions System; ResourceLink as part of the Contract delivery to pay officers and record key payroll and pensions information. This contract has been in place with Northgate since June 2009 and is due to expire on 30 June 2019, ahead of the main Exchequer Contract which ends on 31 March 2020.
- 4.10.2 ResourceLink software is integrated with HR and Payroll software which provides real time information on the Council's hierarchy, assisting officers to deal with a rapidly changing workplace incorporating a wide variety of things including the Gender Pay Gap. The software is also paramount in ensuring that staff are accurately paid and on time.
- 4.10.3 The actual cumulative contract costs projected to the existing contract end date for the licensing, software and system total £1.005m.
- 4.10.4 The value for the 4 year extension, based on £117k per annum will therefore be £468k, resulting in a revised contract value of £1.473m.
- 4.10.5 Officers recommend that the Core ResourceLink contract is extended for a further 4 years from 30 June 2019 until 30 June 2023 for the reasons set out above.

### Extension of the Pension System – Aquila Heywood

- 4.11 Liberata as part of the Exchequer Contract uses the Council's Pensions system to facilitate and manage the Council's Pension Service.

- 4.11.1 The current Pensions System Software and Licence Contract is supplied by Aquila Heywood who provide the core Altair software and associated modules such as Altair image, workflow and online Member self-service. The current Contract has been with Aquila Heywood since 1 October 2013 with the current Contract due to expire on 30 September 2018.
- 4.11.2 Altair is a flexible pension's administration software designed to meet all the requirements of a modern pensions department. It covers the needs for all types of schemes including: Defined Benefit, Defined Contribution, Career Average, Hybrid, Cash Balance and Additional Voluntary Contributions. Altair is a flexible browser-based system, providing efficient and cost effective back office pensions administration and engaging online portals for members and employers. Almost 90% of UK local authorities use Altair to administer their pension scheme.
- 4.11.3 The licensing and software costs are currently £73.3k per year, with a total cumulative Contract value of £503k to the end of the contract term.
- 4.11.4 The value for the contract extension to 30 June 2023 will therefore be £348k, resulting in a revised contract value of £851k.
- 4.11.5 Officers recommend that the Aquila Heywood Altair Software contract is extended for a further 4.75 years from 30 September 2018 until 30 June 2023 for the reasons set out above.

## **5. SERVICE PROFILE/DATA ANALYSIS**

- 5.1 The provision of these services has a major impact on all residents of the Borough as well as the finances of the Authority. Examples of the activity relating to the existing Contract are set out in Appendix 3.

## **6 OPTIONS APPRAISAL**

- 6.1 There are various options available for the delivery of Exchequer Services.

### **Option 1 – Decommission the Services**

This is not a feasible option as we have a statutory duty to provide the majority of these services to our residents and the services also provide a source of income to the Council as part of the Council's main budget to deliver services to the residents of the Borough.

### **Option 2 - Go out to Retender with the Service As is**

As you can see from para 3.5 of this report a number of additional services have been added to the original Exchequer Contract which has delivered significant savings over the current Contract term. Therefore Officers recommend that the same approach is adopted for the next retendering of this service.

### **Option 3 – Go out to Retender with Service 'as is' with the option to price for additional services now and in the future**

As set out in section 4 of this report it is recommended that the additional services identified in para 4.3. are included in the tendering documents seeking a separate price if these were to be part of the core Contract. In addition, given the financial position of the Council, it is recommended that the services identified in para 4.3.1 of this report are included on the OJEU notice and the provider carries out a health check of those services within 12 months of award of the Contract with a view to making further recommendations to the Executive (via the Council's Variation and Change Control Process) as to the inclusion of these and other identified services into the core Contract.

## 6.5 **Option 4 – To go out with a joint tender with the London Borough of Bexley**

Discussions will continue with the London Borough of Bexley over the forthcoming months and the process adopted will allow for them to take part in a joint tender exercise whereby a discount will be offered if both Contracts are awarded to the same provider.

## 6.6 **Preferred Option**

- 6.6.1 It is recommended that the Council go out to re-tender for the administration of the Exchequer Services “As is” with the option for the provider to offer a price for the additional services set out in section 4 of this report. These additional services will also be included within the OJEU notice to enable the Council to add these services in to the Contract via the Council’s Variation Change Control process.
- 6.6.2 The tenderers will also be asked to include in their submissions suggested improvements, innovation and cost reduction schemes over the life of the Contract, as well as volume variation metrics.
- 6.6.3 The chosen Service Provider will be asked to provide a proposal within 12 months of award of the Contract to carry out a health check on the Council’s legacy systems and software including; as set out in section 4.7. Any proposals will set out the costs of changing any system, the risks of the same and a stringent decommissioning and roll out plan.
- 6.6.4 The Contract will commence on the 1 April 2020 and the Contract term will be for 8 years with the option to extend the Contract for a further period of up to 4 years (on a 2 plus 2 basis).
- 6.6.5 The agreed tender prices shall remain fixed until the first anniversary of the Contract i.e. 31<sup>st</sup> March 2021, thereafter the Contract Price shall be increased in accordance with the previous year’s Contract price being varied by a percentage equivalent to the percentage variation shown by the Consumer Price Index (CPI) for the twelve months preceding the month of February as published in March.

## 7. **MARKET CONSIDERATIONS**

- 7.1 Officers carried out a site visit to Hounslow Council who completed a tendering exercise in 2017 for the provision of a similar package of services. The majority of other services had previously been provided in-house.
- 7.2 The main difference between Hounslow and Bromley is that Hounslow included and excluded the following services, (Hounslow have indicated that those services that they have currently excluded are likely to be included in the Contract in the medium term).
- Inclusion - Print services, Discretionary Awards, Free School Meals and Uniform Grant
  - Exclusion – Customer Services (although originally included in specification).and Pensions.

### **Soft Market Testing**

- 7.3 The majority of the services currently provided have been outsourced for a considerable period of time and there are clear economies of scale and resilience benefits to continue with services through an external provider.
- 7.4 It is a mature market that remains competitive, given that there are a number of providers within the market. It is hoped that Bromley as a commissioning authority is likely to attract a wide interest from external providers and the “soft market testing” will help encourage such submissions.

7.5 There are a number of known providers within this market including the following:

- Liberata (incumbent)
- Agilisys
- Avarto
- B.T
- Capita
- Civica
- Northgate

7.6 Officers published a Prior Information Notice (PIN) on 5<sup>th</sup> June 2017 informing potential suppliers of the Councils intention to hold a Suppliers day at the Bromley Civic Centre on the 13<sup>th</sup> October 2017. The PIN described the current Contract arrangements and the Councils intentions to retender that same Contract in 2018.

7.7 The Council received 9 expressions of interests as well as interest raised by a further supplier who was interested in the Contract but not in attending the supplier's day. The following suppliers attended the supplier's day on Friday 13<sup>th</sup> October consisting of a group session and individual sessions for further discussion:

- Liberata (incumbent)
- Agilysis
- Avarto
- Capita
- Civica – attended the morning group session but have confirmed they are only interested in bidding for the Payroll & Pensions Service.

Officers also met with BT to discuss the Customer Services corporate Contact Centre, BT confirmed that they would only be interested in bidding for this element of the service.

7.8 The headlines from the feedback from the suppliers who attended the supplier's day are as follows:

- **Length of the Contract** - should be a minimum of 5 years, the optimum length of Contract was considered to be 10 years with the option to extend for up to a further 5 years.
  - Officers therefore recommend that the Contract term be for an initial 8 years with an option to extend for a further 4 years (on a 2 plus 2 basis).
- **Procurement Process** – Competitive Negotiation Procedure or 2 Stage Open Process
  - Consensus of 3 out of the 4 attendees said that Competitive Negotiation would be more attractive but not a must
  - 1 attendee preferred the Open Process.

Negotiation is a more costly process and as there are known providers in the market with experience in the provision of these services, with no significant changes planned to service requirements officers have recommended as set out in para 6.3 of this report to go out to tender using a 2 stage restricted process. Given the performance of some of the potential providers a full restricted process where there is a more complete assessment at the SQ stage would be more appropriate than a single process.

- **Lotting Strategy** – The majority of the attendees considered that the services should be kept as a whole package. This offers economies of scale but also ensures there is clearer accountability for managing a range of services. It also provides opportunity for a future partnership approach for managing

change. Officers have therefore recommended that the services go out to tender in one whole package for these reasons.

- 7.9 The Director of Finance has also met with the London Borough of Bexley to discuss the potential for there to be a joint tender exercise where by each Borough produces its own tender documents and enters into a separate Contract with the potential Service Provider, however a discount is offered if both Council's appoint the same Service Provider.
- 7.10 The administration of Exchequer Services for the London of Borough of Bexley is currently provided by Capita and their Contract ends in 2019. Bexley would need to extend their Contract by a year to bring it in line with the Bromley Contract and would then need to follow Bromley's timescales.
- 7.11 Bromley will continue discussions with Bexley as part of Option 4 and in line with the Council's indicative procurement timetable as set out in para 6.8 of this report.

## **8. STAKEHOLDER ENGAGEMENT**

- 8.1 Although this service has been contracted out for more than 16 years (with Capita providing the service prior to 2002), as mentioned in para 4.2.1 of this report this service has a major impact on all residents of the Borough as well as the finances, and internal departments within the Council.
- 8.2 On-going discussions will take place with staff, Heads of Service and other affected service users throughout the re-tender of this Contract. The Trade Unions and Departmental representatives will also be consulted on the progress of the re-tender as appropriate.

## **9. PROCUREMENT ,PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS**

### **Procurement Route**

- 9.1 The total value of the contract over the 12 year term will be between £122m and £128m.
- 9.2 Given the value of the Contract the procurement process is governed by the European Union Procurement Directives, and this re-tender exercise will be carried out in accordance with the OJEU process.
- 9.3 Following a discussion with the Head of Procurement it is recommended that a 2 Stage Restricted Process (SQ and Tender bid) is used. Although during market testing the Competitive Negotiation Procedure was considered an attractive option, this is a service that has been provided by private Service Providers for several years across local authorities and there are no real points of negotiation to have during the process therefore the Competitive Negotiation Procedure offers no value to the Council. See section 7.8.

### **Evaluation Criteria**

- 9.5 The Council's evaluation criteria is normally 60% price and 40% quality, and it is proposed that this is the criteria used. The services provided through the Exchequer Services Contract deals with significant financial transactions with examples illustrated below:
- Housing Benefit and council tax support (£132m)
  - Payment of Pensions (£27m)
  - Payroll (£63m)
  - Business Rate Collection (£100m)
  - Council Tax Collection (£210m)
  - Accounts Payable (£500m)
  - Sundry debts (income) (£60m)

The quality and performance of the contract has a direct impact on significant income collection of the Council as well as the accurate management of payment transactions. This will be a key consideration in the evaluation of the tenders submitted.

It will also be important to have a contractor that can support the Council in identifying future financial savings and achieve additional income to contribute towards meeting the financial challenges facing the Council.

9.6 The quality aspect of the award criteria will examine the organisations proposals for delivering the administration of Exchequer Services to the London Borough of Bromley. The 40% quality criteria will cover the following criteria:

- Financial 10%
- Quality & Operational Competence –15%
- Ability & Capacity to provide the specified service – 20%
- Customer Care – 20%
- Service Development – 20%
- Equal opportunities – 5%
- Sustainability – 5%
- GDPR – 5%

Total = 100%

9.7 All tender bids received will be evaluated in accordance with the standard CIPFA approved procedure.

#### Indicative Procurement Timetable

9.8 The table below sets out the indicative timetable for the retendering of the Exchequer Contract

<b>Pre-Tender Stage</b>	
Extension of Contracts entered into *	30/07/2018
Service Specifications to be completed	31/08/2018
Contract Documents to be completed	30/09/2018
Procurement Documents to be completed	30/09/2018
<b>Tender Stage</b>	
Out to tender with OJEU/SQ and relevant Tender docs	08/10/2018
Clarification queries for Stage 1	02/11/2018
Stage 1 closes	09/11/2018
Evaluation of Stage 1 to be completed by	16/11/2018
Invites to Stage 2 to go out	07/12/2018
Clarification queries for Stage 2	06/01/2019
Stage 2 closes	16/01/2019
Evaluation of stage 2 to be completed by	21/02/2019
<b>Post Tender Process</b>	
Draft Award Reports by	29/03/2019
Commissioning Board	15/04/2019
E & R PDS	April/May
Executive	April/May
Award of Contract by	30/06/2019
Contract Mobilisation	01/07/2019
New Contract Starts	01/04/2020

\* Provided the Executive agrees to the recommendation that these extensions will be executed in line with the Council's Extension requirements.



## **10. SUSTAINABILITY AND IMPACT ASSESSMENTS**

- 10.1 The decision to re-tender this Contract is judged to have no or very small impact on local people and communities beyond those identified elsewhere in this report. The current and any future Contract will require the provider to carry out a customer satisfaction survey on behalf of the Council, in addition to the provider being required to complete and return and statutory reporting requirements as required by the Government and through Legislation, both of which will be utilised to measure the impact of their delivery.

## **11. POLICY CONSIDERATIONS**

- 11.1 As the Council is already a Commissioning Authority as set out in the Council's Corporate Operating Principles and the delivery of the performance of these services are key to achieving the Building a Better Bromley 2020 vision, the retendering of this Contract will continue to ensure that the service is provided as efficiently and effectively as possible, in light of the financial pressures facing the Council over the next few years.
- 11.2 As outlined elsewhere in this report the delivery of Exchequer Services has an impact on every household in the Borough. Services contained in the Exchequer Contract touches all 8 themes of Building a Better Bromley 2020 vision in some way with significant impact on independence , Health , Housing and a prosperous and thriving quality public sector and will continue to do so in the future.

## **12. IT AND GDPR CONSIDERATIONS**

- 12.1 As mentioned elsewhere in this report the chosen Service Provider will be asked to provide a proposal within 12 months of award of the Contract to carry out a health check on the Council' legacy systems and software including; as set out in para 4.2.1.2. Any proposals will set out the costs of changing any system, the risks of the same and a stringent decommissioning and roll out plan.
- 12.2 The Council, as part of its on-going commitment and sustaining an evolved approach to data protection and information management, requires the following be considered and evidenced for all systems provided by the contractor;
- All systems hosted by the provider or their subcontractors should be CREST, CHECK, PSN or ISO 27001 compliant.
  - Any TUPE and transfer of resources and data needs to be managed in line with the councils policies.
  - Privacy By design – A Data Protection Impact Assessment to be carried out
  - Review of contractual agreement including hosting and support services with attention paid to the requirements of the GDPR and UK Data Protection Bill
  - Providers must have necessary GDPR compliance evidence in place including policies, training, Information Asset Register, Register of processing activities for example
  - Data protection Officer – providers must appoint one where required
  - Breach notification – the providers must alert the Council of a breach within 24 hours of becoming aware of it to allow the Council to meet it's 72 hour reporting commitments
  - Data Sovereignty – providers that use hosted or cloud based services must ensure they are in UK Data Centres
  - Rights of the Data subject – any exercise of the rights of the data subject must be actioned within 30 days where legally obliged to comply. The provider is required to take all reasonable steps to assist the Council in complying
  - Information management control – the provider must employ and evidence appropriate information security and management controls to safeguard personal and sensitive personal data
  - Providers must allow the Council to conduct periodic data protection audits

- Providers should subscribe to a certification mechanism to evidence compliance to the GDPR and UK Data Protection Bill
- A retention period for personal and sensitive personal data must be identified and documented. This must be applied to information throughout the lifecycle of the contract
- Explicit determination of what happens to the information collected and stored by providers after the contract finishes must be identified, documented and actioned as appropriate.

### **13. PROCUREMENT CONSIDERATIONS**

- 13.1 The Public Contract Regulations 2015 allow the Council to undertake a procurement process using a number of different approaches which it can adopt at its own volition providing it is seeking to ensure genuine competition.
- 13.2 The procurement strategy outlined will seek to provide a process which encourages the market to respond to its invitation to tender.
- 13.3 The Councils contract procedure rules set out the mechanisms to be used to achieve this in line with the relevant legislation.
- 13.4 In terms of the required tender notice (OJEU Notice) the value included will need to show any additional services which might be procured under this process. Based on any additional time periods which might be considered.

### **14. HR CONSIDERATIONS**

- 14.1 Any staffing implications arising from any recommendations or any potential award will need to be carefully planned for and managed. As more detailed proposals are developed these would be the subject of formal consultation with staff and their representatives in accordance with Council policies and procedures and with due regard for the existing framework of employment laws.
- 14.2 The procurement process would consider whether or not the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 would apply.

### **15. LEGAL CONSIDERATIONS**

- 15.1 This report seeks the approval of the Executive to retender the contract for the provision of Exchequer Services for a period up to 8 years with an option to extend for a period of 4 years (2 plus 2) with an estimated value of £10m per annum and a total value of up to £125m.
- 15.2 Rule 5 of the Contract Procedure Rules provides that for a contract with a total value of £1,000,000 or more the Executive will be formally consulted on the intended action and contracting arrangements.
- 15.3 As provided for in clause 28 and 65 of the Public Contracts Regulations 2015 with a minimum of 5 candidates providing that 5 suitable candidates apply.
- 15.4 The Public Contracts Regulations 2015 apply to this contract and the Council will need to comply with these Regulations.
- 15.5 The report author will need to consult with the Legal Department regarding the contract terms and conditions.

**16. FINANCIAL CONSIDERATIONS**

16.1 The 2018/19 budget for Exchequer Services Contract is broken down as follows: -

<b>Service Area</b>	<b>2018/19 Budget £'000</b>
Benefits & Admin	3,919.4
Revenues	3,530.3
Exchequer Services	1,490.0
Customer Service Centre	952.6
School Finance Team	85.6
HR Strategy & Education (Schls)	16.6
Community Infrastructure Levy	15.6
Business Improvement Districts	<u>33.6</u>
	10,043.7
Less rental income received	-437.0
Less potential grant funding	-105.2
Less potential saving in forecast for schls services	<u>-25.0</u>
<b>Net budget</b>	<b><u>9,476.5</u></b>
Other potential services/systems that may be considered	<u>359.1</u>
<b>Total potential net budget</b>	<b><u>9,835.6</u></b>

16.2 The total value of the contract over the 12 year term will be between £122m and £128m.

16.3 It is recommended to extend the ResourceLink system contract for four years to 30 June 2023, at a cost of £468k. The total cumulative contract value would therefore be £1.473m. The annual costs of £117k will continue to be funded from existing budgets.

16.4 It is also recommended to extend the Pension system with Aquila Heywood for 4.75 years to 30 June 2023, at a cost of £348k, resulting in a cumulative contract value of £851k. The annual costs of £73.3k will be met from existing budgets.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	<p><a href="#">Appendix 1 – List of Change Control Notices for Services added to the Core Contract to date.</a></p> <p><a href="#">Appendix 2 – Full inventory of IT Systems, Software and Licences</a></p> <p><a href="#">Appendix 3 – Examples of Activity levels for the existing Contract</a></p>

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Report No.  
DRR18/011

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** DEVELOPMENT CONTROL COMMITTEE  
EXECUTIVE

**Date:** Thursday 21st June 2018  
Wednesday 11<sup>th</sup> July 2018

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

**Title:** LB BROMLEY LOCAL INTERMEDIATE HOUSING INCOME  
THRESHOLD REVIEW

**Contact Officer:** Claire Glavin, Planner  
Tel: 0208 313 4477 E-mail: Claire.Glavin@bromley.gov.uk

**Chief Officer:** Chief Planner

**Ward:** (All Wards)

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1. Reason for report

This report seeks Members agreement to raise the existing local income thresholds for 1-3 bedroom units for intermediate housing to reflect changes primarily in house prices over the past 3 years (increases of 40% on average for one and two bedroom units in lower quartile house prices).

Intermediate housing can be defined as sub-market housing available to people on moderate incomes who cannot afford to buy or rent housing generally available on the open market. Intermediate housing may take the form of shared ownership, low cost home ownership or sub market rented housing.

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2. **RECOMMENDATION(S)**

(i) **That Development Control Committee recommends to Executive that:**

**the amended local upper limit intermediate housing (intermediate ownership) household income thresholds for 1, 2 and 3 bedroom units be as follows:**

**1 bedroom units            £55,000**

**2 bedroom units            £68,800**

**3 bedroom units            £73,400**

**4 bedroom units apply GLA household upper limit of £90,000 to 4 bedroom units (intermediate ownership);**

(ii) **GLA household upper limit of £60,000 applies to intermediate rent products;**

(iii) **the amended Addendum to accompany the Council's Supplementary Planning Documents on Affordable Housing (2008) and Planning Obligations (2010) be as attached at Appendix 2 and 3 of this report.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
- 

### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Children and Young People Excellent Council Quality Environment Supporting Independence Vibrant, Thriving Town Centres Regeneration Not Applicable:
- 

### Financial

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

### 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: Non-Statutory - Government Guidance:
  2. Call-in: Not Applicable:
- 

### Procurement

1. Summary of Procurement Implications: N/A
- 

### Customer Impact

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

### Ward Councillor Views

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

### 3. COMMENTARY

#### Background

3.1 Local intermediate housing income thresholds currently exist for new 1-3 bedroom intermediate housing units in the Borough. There are also thresholds set by the GLA that apply London-wide (for details see paragraphs 3.4 – 3.8 below). The local thresholds help to ensure that the intermediate housing units can be accessed initially by people on lower incomes compared to applying the London-wide thresholds from the outset.

3.2 It is considered that there is a need to review the Council's existing local intermediate housing income thresholds to ensure current local house prices are adequately reflected. The Council's Supplementary Planning Documents on Affordable Housing and Planning Obligations specify that the figure will be reviewed regularly. The existing income thresholds are as follows:

1 bedroom units, £38,500

2 bedroom units, £50,500

3 bedroom units, £62,500

4 bedroom units – existing Greater London Authority limit applies of £90,000 for intermediate ownership and £60,000 for intermediate rent products.

The proposed income thresholds are as follows:

1 bedroom units, £55,000

2 bedroom units, £68,800

3 bedroom units, £73,400

4 bedroom units, existing Greater London Authority limit applies of £90,000 for intermediate ownership and £60,000 for intermediate rent products.

3.3 The proposed income thresholds were derived using a similar calculation to that used in 2015 for the existing thresholds. In summary, the proposed income thresholds were calculated using the following methodology:

(i) to establish upper limit gross income thresholds it was considered that finding the midpoint between social-rented capitalized values for different sized units (1-4 bedrooms) and lower quartile house prices for different sized units was appropriate;

(ii) social-rented capitalized values were uplifted (to reflect increases in house prices) from 2014 to 2017 by increasing the values by 10% for years 2013/14 and 2014/15 (based on information from [Home.co.uk](http://Home.co.uk)). For 2015/16 and 2016/17 an uplift of 6% was used based on information from the Office for National Statistics;

(iii) the midpoint between the resultant social-rented capitalized values and the lower quartile house prices was then found and divided by 3.5 to help establish the gross income needed to access the units.

(iv) the above figures are included in Table 1 below.

3.4 An example for 1 bedroom units is as follows:

*Midpoint of £145,335 (2017 social-rented capitalized value) and £240,000 (lower quartile house price) = £192,667. The latter figure divided by 3.5 results in a gross income threshold of £55,047.*

- 3.5 The Draft Local Plan (2017) sets out the existing thresholds in paragraph 2.1.35. A minor modification to this paragraph is proposed that states:

*“Intermediate housing income thresholds will be updated every three years”.*

In light of the fact that the existing thresholds were agreed in 2015 it is considered that they are in need of updating.

### **Policy Context**

#### National Planning Policy Framework (March 2012) (NPPF)

- 3.6 To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

“Where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time” (paragraph 50, bullet 3).

#### The London Plan (2016) and GLA Homes for Londoners Affordable Housing and Viability SPG (2017)

- 3.7 The definition of affordable housing within Policy 3.10 states that affordable housing is social-rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Paragraph 3.61 specifies that intermediate housing should meet the criteria outlined in Policy 3.10 and be homes available for sale or rent at a cost above social rent but below market levels. These can include shared equity other low cost homes for sale and intermediate rent, but not affordable rent. Households whose annual income is in the range of £18,100 - £66,000 should be eligible for new intermediate homes. For homes with more than two bedrooms, which are particularly suitable for families, the upper end of this eligibility range will be extended to £80,000. These figures will be updated annually in the London Plan Annual Monitoring Report.
- 3.8 Paragraph 3.62 specifies that eligibility criteria for intermediate housing may be set locally to recognise the individual characteristics of local housing markets but should not compromise Policy 3.11 to maximise affordable housing provision. If boroughs wish to set eligibility criteria below the levels set out above planning conditions or agreements should secure them at the reduced levels for no more than three months from the point of initial marketing (whether that be when new or at re-sale or re-let) and they should then be offered without further restrictions to those who meet the London-wide eligibility criteria as set out in the London Housing Strategy.
- 3.9 The GLA Homes for Londoners Affordable Housing and Viability SPG (2017) makes reference to intermediate products including London Living Rent and / or shared ownership being the default tenures assumed in this category (paragraph 2.40).
- 3.10 The latest update set out in the GLA 2015/16 London Plan Annual Monitoring Report (LPAMR, 2017) sets the upper threshold at £90,000 for intermediate ownership products and £60,000 for intermediate rented products. For information paragraphs 3.62 – 3.63 of the LPAMR specifies that:



*“3.62 Therefore from April 2017 the costs, including service charges of intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the NPPF and London Plan definition of affordable housing) , should be affordable to households on incomes of £90,000 or less. From April 2017 the costs, including service charges for all intermediate rented products (including London Living Rent, Discounted Market Rent, Affordable Private Rent and Intermediate Rent) should be affordable to households on incomes of £60,000 or less.*

*3.63 For dwellings to be considered affordable, annual housing costs, including mortgage (assuming reasonable interest rates and deposit requirements), rent and service charge, should be no greater than 40% of net household income, based on the household income limits set out above. Further guidance is provided in the draft Affordable Housing and Viability SPG.”*

3.11 Paragraph 3.64 of the LPAMR expands on the above specifying that:

*“3.64 Local planning authorities should seek to ensure that intermediate provision provides for households with a range of incomes below the upper limit, and provides a range of dwelling types in terms of a mix of unit sizes (measured by number of bedrooms), and that average housing costs, including service charges for Shared Ownership and Discounted Market Sale are affordable by households on annual incomes of £56,200 pa. On this basis, average housing costs, including service charges, would be about £1,311 a month or £303 a week (housing costs at 40% of net income, net income being assumed to be 70% of gross income). For intermediate rent products average housing costs, including service charges should be affordable by households with an annual incomes of £41,200, resulting in housing costs of £11,536 a year or £961 a month and £222 a week.”*

#### 2015-18 GLA Housing Investment Programme

3.12 The Council agreed with the GLA the inclusion of the following clause within its 2015-18 GLA Programme which refers to local affordability criteria and thus, will be applicable to any scheme within a Registered Provider GLA programme during this timescale:

“The borough will expect intermediate units to adhere to local affordability criteria set out within local planning guidance (currently under review). These criteria will cascade, pan London, to London Plan affordability levels after 6 months of exclusive marketing to Bromley residents. All homes must be marketed at least 9 months before completion.

The provider of the shared ownership units will be required to notify the Council’s Housing Needs team of the availability of units 4 weeks in advance of the exclusive Bromley marketing period and to provide detailed marketing literature that may be placed on the Council website”.

3.13 Any schemes included within the above Programme/Framework would need to adhere to the above clause. The clause would also need to be included within relevant S106 agreements.

#### Homes for Londoners Affordable Homes Programme 2016-21 Funding Guidance (November 2016)

3.14 With reference to the above 2015-2018 Programme, this has been replaced by the 2016 – 2021 Programme. The above clauses are now included in the 16-21 Programme and will need to be reflected in relevant S106 agreements. They are subject to any local criteria level review.

3.15 An addendum attached at Appendix 2 should accompany the above SPD's to set out the revised thresholds.

**Review of LB Bromley Local Intermediate Housing Affordability Threshold**

3.16 To establish an upper limit gross income threshold for intermediate housing (for intermediate ownership products) it is considered that finding the midpoint between social-rented unit capitalised values (Strategic Housing Market Assessment 2014, uplifted from 2013) and lower quartile house prices (November 2016, Southwark Housing Market Trends Bulletin 54, Table 5B, February 2017) would be appropriate (see Table 1 below) to establish a value upon which to work out the income level.

3.17 Social rented capitalised values (SHMA 2014) were used as a basis and then uplifted. An uplift of 10% was used for 2 years from 2014 – 2015 (2013/14 and 2014/15) based on information from [Home.co.uk](http://Home.co.uk) . For 2016 – 2017 an uplift of 6% was used for 2 years (2015/16 and 2016/17) based on information from the Office for National Statistics (house price index reports).

	<b>Social rented units (SHMA 2014)</b>	<b>Social rented capitalised value uplifted from 2014 - 2017</b>	<b>Lower quartile house prices (Southwark Housing Bulletin February 2017)</b>	<b>Midpoint between social rented capitalised uplifted values and lower quartile house prices</b>
<b>1 bed unit</b>	<b>&lt;£106,900 capitalised value</b>	<b>£145,335</b>	<b>£240,000</b>	<b>£192,667</b>
<b>2 bed unit</b>	<b>&lt;£133,700 capitalised value</b>	<b>£181,771</b>	<b>£300,000</b>	<b>£240,885</b>
<b>3 bed unit</b>	<b>&lt;£142,600 capitalised value</b>	<b>£193,871</b>	<b>£320,000</b>	<b>£256,935</b>
<b>4 bed unit</b>	<b>&lt;£151,500 capitalised value</b>	<b>£205,971</b>	<b>£419,496</b>	<b>£312,733</b>

Table 1: Price thresholds used for the affordability calculation (SHMA 2014, UPLIFTED) and Lower quartile house prices (Southwark Housing Bulletin 54, February 2017)

3.18 The mid-point values can then be divided by 3.5 to establish the gross income that would be needed to access the units. Additionally, the GLA advise that for dwellings to be considered affordable, annual housing costs, including mortgage (assuming reasonable interest rates and deposit requirements), rent and service charge, should be no greater than 40% of net household income. The annual household income required to access the units (based on the above) is set out below:

- 1 bedroom £55,047 (£192,667 / 3.5 = £55,047), 40% net income = £1322 / month
- 2 bedroom £68,824 (£240,885 / 3.5 = £68,824), 40% net income = £1574/month
- 3 bedroom £73,410 (£256,935 / 3.5 = £73,410), 40% net income = £1670/month
- 4 bedroom £89,352 (£312,733 / 3.5 = £89,352)

3.19 The GLA upper limit of £90,000 is considered applicable for 4+ bedroom units in light of the fact that the annual income threshold is calculated at £89,352.

3.20 The table attached to this report in Appendix 1 illustrates that current share to buy units could be accessed on the suggested income ranges based on 40% net income being available for annual housing costs, including rent and service charges.

3.21 To reflect the advice in the LPAMR in relation to intermediate rent products it is considered that using the GLA threshold of £60,000 is most appropriate (as opposed to using the individual annual income thresholds set out above for intermediate ownership products that range from £55,047 - £73,410). This will allow the units to be more accessible to households on incomes up to £60,000.

Involvement from Registered Providers

3.22 Registered Providers were informed of the general approach taken when the previous thresholds were established in 2015. In light of the fact that the approach has not changed further consultation has not been undertaken for this review.

**4. POLICY IMPLICATIONS**

4.1 Any changes to the intermediate income thresholds as set out in this report would need to be taken into account in the negotiation of S106 agreements for planning applications proposing affordable housing. The thresholds can be set out in an Addendum and attached to the Affordable Housing SPD (2008) and the Planning Obligations SPD (2010).

**5. LEGAL IMPLICATIONS**

5.1 Any change to the local intermediate income threshold would need to be reflected in any future legal agreements. If the threshold is not reviewed there is likely to be an increase in deeds of variations on a case by case basis.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Children and Adults Personnel Procurement Financial
Background Documents: (Access via Contact Officer)	2006 Unitary Development Plan SPDs on Affordable Housing (2008) and Planning Obligations (2010) Sub regional SHMA 2014 National Planning Policy Framework (March 2012) The London Plan (2016) GLA Annual Monitoring Report 2017 Homes for Londoners Affordable Housing and Viability SPG 2017 2015-18 GLA Framework/Programme Homes for Londoners Affordable Homes Programme 2016-21 Funding Guidance Southwark Housing Market Trends Bulletin 54, February 2017 House Price Index reports – Office for National Statistics Data from <a href="http://home.co.uk">home.co.uk</a> in relation to house price increases 2013/14 and 2014/15 Share to buy website (providing details of Borough intermediate schemes) <a href="http://www.sharetobuy.com/sharedownershipproperties">www.sharetobuy.com/sharedownershipproperties</a>

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**Appendix 1**

**Examples of current Borough intermediate housing schemes and how reviewed income levels relate to monthly outgoings**

	Location	Full Price	Share price	No. bedrooms	Estimated monthly cost (mortgage, rent and service charge)	40% net threshold income
1	Lawrie Park Place Crystal Park Palace Road SE26 6UG	£345,000	£86,250 (25% share)	1	£1197	£1322
2	Krueger House 102 Martins Road Shortlands BR2 0EF	£260,000	£104,000 (40%)	1	£897	£1322
3	1 Brosse Way Bromley Common BR2 8FF	£265,000	£159,000 (60%)	1	£945	£1322
4	Lawrie Park Place Crystal Park Palace Road SE26 6UG	£435,000	£108,750 (25% share)	2	£1469	£1574
5	Hardwick House Masons Hill BR2 9GW	£365,000	£146,000 (40%)	2	£1338	£1574
6	St Hilary's Court Stoneleigh Road BR1 2FU	£350,000	£105,000 (30%)	2	£924	£1574
7	Conway Close BR3 4GA	£365,000	£182,500 (50%)	2	£1152	£1574
8	Park View Orpington BR6 0GE	£300,000	£135,000 (45%)	2	£1197	£1574
9	1 Cray View Close Orpington BR53RD	£235,000	£152,750	2	£1034	£1574
10	Lawrie Park Place Crystal Park Palace Road SE26 6UG	£525,000	£131,250 (25%)	3	£1738 (slightly exceeds 40% net income)	£1670

Source [www.sharetobuy.com/sharedownershipproperties](http://www.sharetobuy.com/sharedownershipproperties)  
(February 2018)

**Appendix 2**

**Addendums to Council's SPD's – Affordable Housing (2008) and Planning  
Obligations (2010)**

**ADDENDUM (March 2018) TO COUNCIL'S:**

**ADOPTED SUPPLEMENTARY PLANNING DOCUMENT  
AFFORDABLE HOUSING (2008)**



The Council's agreed local Intermediate Housing Income Thresholds were reviewed in March 2018 and the following household income thresholds (upper limit) now apply to 1, 2 and 3 bedroom units for intermediate ownership products:

1 bedroom units	£55,000
2 bedroom units	£68,800
3 bedroom units	£73,400

The GLA upper limit of £90,000 applies to 4 bedroom units (intermediate ownership)

The GLA upper limit of £60,000 applies to intermediate rent products for all unit sizes as set out in the GLA's London Plan Annual Monitoring Report 2015/16 (July 2017).

**ADDENDUM (March 2018) TO COUNCIL'S:**

**ADOPTED SUPPLEMENTARY PLANNING DOCUMENT  
PLANNING OBLIGATIONS (2010)**



The Council's agreed local Intermediate Housing Income Thresholds were reviewed in March 2018 and the following household income thresholds (upper limit) now apply to 1, 2 and 3 bedroom units for intermediate ownership products:

1 bedroom units	£55,000
2 bedroom units	£68,800
3 bedroom units	£73,400

The GLA upper limit of £90,000 applies to 4 bedroom units (intermediate ownership)

The GLA upper limit of £60,000 applies to intermediate rent products for all unit sizes as set out in the GLA's London Plan Annual Monitoring Report 2015/16 (July 2017).



Report No.  
CS18146

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** For Pre-Decision Scrutiny by the Adult Care and Health Policy Development and Scrutiny Committee on Wednesday 27<sup>th</sup> June 2018

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

**Title:** THE EVALUATION AND PROPOSAL TO EXTEND THE DISCHARGE TO ASSESS PROCESS

**Contact Officer:** Jodie Adkin, Assistant Director: Urgent Care and Discharge Commissioning  
Tel: 07803 496492 E-mail: [Jodie.Adkin@bromley.gov.uk](mailto:Jodie.Adkin@bromley.gov.uk)

**Chief Officer:** Stephen John, Director of Adult Social Care, ECHS  
Tel: 020 8313 4754 E-mail: [Stephen.John@bromley.gov.uk](mailto:Stephen.John@bromley.gov.uk)

**Ward:** Borough-wide

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1. Reason for report

- 1.1 The report provides the evaluation of the Discharge to Assess pilot and recommendations for next steps.
- 

2. RECOMMENDATION

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

- i) Agree the drawdown of £304k from the Better Care Fund (BCF) underspend to support the extension of the Discharge to Assess pilot, as set out in Paragraph 3.5 to 3.7 of Report CS18146 which will deliver full year cashable savings of £419k from 2019/20 as set out in Paragraph 5.6; and,
- ii) Agree that an update report to include any legal or procurement implications identified by the D2A Programme Board associated with mainstreaming the D2A activity be brought back to Council's Executive as required.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The Discharge to Assess pilot supports vulnerable adults.
- 

### Corporate Policy

1. Policy Status: Not Applicable
  2. BBB Priority: Supporting Independence Healthy Bromley:
- 

### Financial

1. Cost of proposal: £1.55m:
  2. On-going costs: £1.45m:
  3. Budget head/performance centre: Not Applicable
  4. Total current budget for this head: £Not Applicable
  5. Source of funding: BCF
- 

### Personnel

1. Number of staff (current and additional): 12
  2. If from existing staff resources, number of staff hours: 0
- 

### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable: Executive decision
- 

### Procurement

1. Summary of Procurement Implications: At this point in time all D2A activity is procured through the CCG on behalf of the LA. To mainstream the activity, LBB will be required to procure relevant activity associated with the delivery model. A detailed report outlining procurement implications and timescales will be taken through the relevant governance processes as required,
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): current 0, proposed 450
- 

### Ward Councillor Views

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

### **3. COMMENTARY**

#### **Background**

- 3.1. The October 2017 Executive agreed 6 months funding of £819k from the Better Care Fund (BCF) underspend to pilot Discharge to Assess (D2A) in Bromley (see Annex A for D2A description).
- 3.2. The pilot sought to reduce delayed transfers of care (DToC) and the impact prolonged hospital stay has on frail and elderly individuals including reduction in muscle mass and physical ability as well as mental and emotional decline. Reducing DToC is a national priority with potential financial implications for local areas iBCF funding where the DToC target is not achieved. While the national data shows DToCs in Bromley have increased, the reported DToCs at the PRUH, where the pilot focused have reduced considerably with 1,208 bed days saved between September and April 2018 against the same period of the previous year.
- 3.3. The aim of the Pilot was to transform out of hospital assessment and support processes for people with on-going care and support needs. Discharge to Assess offers access to immediate wrap around care and support in the community, reducing length of hospital stay in order for the assessment of long term care and support needs to be undertaken in a more familiar setting, and critically, once individuals have recovered and are functioning at their likely baseline level. Evidence suggests assessing people in hospital results in an over prescribing of on-going care and support needs. Assessing at home, can result in significant reductions in levels of on-going care and support and improved independence. This was strongly echoed in the outcome of the local pilot.
- 3.4. Discharge to Assess was mobilised during the busiest winter in the history of the Bromley system however many successes were achieved and lessons learnt to be further built upon in order for the full benefits to be realised.

#### **Proposals**

- 3.5. Extend the pilot for 2018/19 to allow for full benefits to be realised and activity to be mainstreamed wherever possible.
- 3.6. Approve the use of £304k from BCF underspend to extend the pilot for a further 12 months.
- 3.7. Utilise the pilot extension to
  - Provide sufficient time for the recently established Quality Assurance & Performance Monitoring Framework (QAPMF) to be fully embedded to understand the impacts, outcomes and long term benefits of D2A as well as achieving a more robust monitoring framework going forward.
  - Continue to streamline assessment and planning processes to reducing duplication making the system more efficient wherever possible.
  - Recruit a Project Manager to support the extension of the pilot and the programme of work associated with scoping and implementing any mainstreaming activity. The Project Manager will have a key role in ensuring robust monitoring and tracking processes are embedded and required governance processes are followed for all D2A pilot and mainstreaming activity.
  - Allow the D2A Programme Board to scope, undertake a robust options appraisal and develop required Procurement and HR plans to be formally approved as required in line with the Councils Policy and Procedures for any potential mainstreaming activity.

## Outcomes

### Highlights and Achievements

- 3.8. The full service was successfully mobilised during the busiest winter in the history of the PRUH which included:
- The recruitment of an innovative multidisciplinary team consisting of GP Liaison, care management, Care Management Assistant and more recently Physio therapy and Occupational Therapy input.
  - A dedicated domiciliary care provider was procured able to provide rapid, responsive care in all areas of the borough, starting 7 days per week. The provider plays a key role in the MDT and assessment process fully utilising all human resources across D2A.
  - Full systems and processes were developed including discharge and referral processes, as well as more recently full adaptation of Carefirst which will enable more rigorous impact and outcome monitoring and tracking.
- 3.9. The pilot supported 226 people that met the Care Act threshold for assessment and support. 162 were supported on the home pathway, 23 in interim beds and 41 into permanent placements. Numbers have continued to rise as the pilot becomes more established.
- 3.10. Length of stay reduced from 32 days in the initial months of the pilot to 21 days with the some people transitioning off as close to 3 days post hospital discharge. As the team are becoming more experienced and established the length of stay will further reduce.
- 3.11. Contact is made to all D2A clients within 48 hours of leaving hospital with all assessments commenced within 1 week of someone leaving the PRUH. Some individuals are transitioned immediately onto permanent services and others receiving an active care plan to further increase independence before long term care and support is prescribed.
- 3.12. 100% of clients are seen in hospital by the liaison GP before they were discharged and screened by hospital based Transfer of Care bureau team to ensure they are being appropriately discharged. This element was seen as extremely beneficial by both hospital based clinicians and the discharge to assess team.

## Outcomes

### 3.13. Pathway 1: Home (161 individuals)

121 individuals saw a reduction in on-going care and support needs with 40 of these no longer requiring any long-term care.

32 clients care remained the same as at the point of hospital discharge to ending D2A

8 clients saw an increase in levels of care, however all were able to remain at home

24 hour care was tested for 10 clients to prevent admission. 6 remained at home with a standard package of care while 2 went into permanent placement and 2 were readmitted

### 3.14. **Pathway 2 – Interim Placement (22 individuals)**

6 clients stepped down from interim placement to more independent settings, either returning home or to Extra Care Housing

3 required long term placement

7 were readmitted. Further audit into this group is being undertaken to better understand the reasons for readmission which will further influence the development of the pilot

7 remained on the service at the time of the evaluation

### 3.15. **Pathway 3 – Long term placement (41 individuals)**

At the point in the evaluation 28 individuals remained in their placement with no final outcome agreed. Of the remaining 13 who had been discharged from D2A, 10 individuals remained in their initial placement, 2 moved due to family choice and 1 moved due to funding.

100% of clients requiring enhanced care in placement (6) at the point of discharge (requiring above the ceiling rate funding and often costly 1:1 support) no longer required this long term, post D2A intervention. Resulting in all placements post D2A, being made within the ceiling rate. This was achieved through effective MDT working to address presenting challenging behaviour with close working between the GP, care manager and therapists to support people in the best way possible.

1,025 delayed bed days were saved during the period of the pilot against the same period of the previous year achieving a cost avoidance to the LA of £103,000 in Trust charges

### 3.16. **General**

80% of clients surveyed (N=28) said they would recommend discharge to Assess to others

30 admissions were avoided

Local authority cashable cost savings to the local authority of £419,000 (net of costs in a full year) with a further £206,000 cost avoidance of potential DToC charged.

As a result of the 6 month pilot, a more sound basis for modelling going forward has been identified and provides the basis for the pilot extension proposal.

3.17. GP, therapies and provider input into the care act assessment is creating a much more rigorous assessment of long term care and support needs.

3.18. 5 members of the hospital team have transitioned into the D2A team to date with further expressions of interest being received. The financial spend of £781,000 for the pilot was spent against a budget of £818k. A further £53k in associated costs were covered by the CCG for the GP liaison role. The pilot identified £234,000 worth of cashable savings in the 6 months for the LA with £103,000 worth of DToC charges avoided.

3.19. £474,000 worth of cost benefits to the health system were also realised throughout the period of the pilot in reduced hospital bed days and admission avoidance.

## Development and way forward

- 3.20. 9 people, following a period of rest and recovery became eligible for reablement, this however is showing an upward trend with more people likely to be able to transition into reablement throughout the summer months and with a strengthened interface between the two services. However the significant majority of people on D2A are too complex to be supported under the traditional reablement service. Recent work with the domiciliary care provider to embed reablement principles in their approach to supporting people post discharge is resulting in initial positive outcomes with gains being made for people with even the most complex needs. Further evaluation of this over a longer period of time is required to understand the full benefits.
- 3.21. The creation of a D2A programme Board joint chaired by the Director of Commissioning and the Director of Adult Social Care is being created to manage the ongoing monitoring and tracking of the pilot as well as the scoping and development of any mainstreaming activity. This Board will provide formal governance for ensuring activity progresses in line with the recommendations of this report.
- 3.22. An initial monitoring and tracking infrastructure was put in place to provide basic utilisation and performance data while Carefirst was adapted. Now fully mobilised, a full Quality Assurance and Performance Management Framework (PMQAF) is in place able to also begin to understand longer-term benefits and impact of D2A. The QAPMF encompasses long term impact data alongside user feedback, dip sample auditing to test decision making and progress at key points in the process with a twice weekly group supervision discussion to review all individuals on the pathway and problem solve complex cases. The full impact of the QAPMF and adaptation are yet to be realised but will be a key focus of the pilot going forward. An additional Project Management role is also being suggested to ensure all performance and finance information has a robust monitoring and tracking infrastructure. The weekly performance and finance meetings will continue with a monthly report to the D2A Programme Board.
- 3.23. Undertaking assessments post discharge has an impact on the wider system and reduces the need for many follow up reviews previously provided for those leaving hospital. Further streamlining of wider processes will ensure improved efficiencies in the system.
- 3.24. A dedicated domiciliary care provider for hospital discharge and ring fenced D2A beds provided not only essential capacity for D2A but also a significant bridging resource where existing commissioned services were unable to react to demand. This included 384 hours for reablement, 2,081 hours for framework providers to pick up packages of care – with a particular issue around double handed care and remote areas during key festive holidays and weekends. 31 weeks of placements were provided while availability in the market became available with 7,45 weeks temporary accommodation for unfit inhabitancy. Learning will significantly influence the options around domiciliary care framework commissioning with further work to be done in the system before D2A can be fully mainstreamed.
- 3.25. Out of borough placements were not successful with challenges for the MDT to support people efficiently out of borough. It is therefore recommended that all placements are ring-fenced and made in borough. Learning from winter placements provided a positive methodology for D2A placements going forward.
- 3.26. Communication with individuals and families improved throughout the development of the pilot following feedback from users of the service. Going forward the pilot aspires to be able to provide the name and contact details of a named worker and likely assessment date before someone is discharged to further improve communication.

## Next Steps

- 3.27. Early findings from the pilot have been extremely positive showing encouraging results in reduced levels of care, improved outcomes and more efficient service delivery. However, due to the short period in which the pilot was mobilised and the extremely challenging context it is difficult to understand the full potential benefits to the system.
- 3.28. It is therefore recommended that the pilot be extended throughout 2018/19 to:
- Provide sufficient time for the recently established Quality Assurance & Performance Monitoring Framework (QAPMF) to be fully embedded to understand the impacts, outcomes and long term benefits of D2A as well as achieving a more robust monitoring framework going forward.
  - Continue to streamline assessment and planning processes to reducing duplication in the system
  - Recruit a Project Manager to support the extension of the pilot and the programme of work associated with scoping and implementing any mainstreaming activity. The Project Manager will have a key role in ensuring robust monitoring and tracking processes are embedded and required governance processes are followed for all D2A pilot and mainstreaming activity.
  - Allow the D2A Programme Board to scope and understand the options associated with mainstreaming D2A activity producing required Procurement and HR plans where necessary, achieving appropriate approval and managing any implementation.
  - Set up a D2A Programme Board joint chaired by the Director of Commissioning and Director of Adult Social Care to scope, undertake a robust options appraisal and develop required Procurement and HR plans to be formally approved as required in line with the Councils Policy and Procedures for any potential mainstreaming activity.

## 4. POLICY IMPLICATIONS

- 4.1. The **Care Act** promotes assurance that ‘people do not remain in hospital when they no longer require care that can only be provided in an acute trust.’
- 4.2. Discharge to Assess is one of the 8 High Impact changes endorsed by ADASS and NHS England to reduce Delayed Transfers of Care. As part of the BCF approval and monitoring arrangements, local areas are required to report on how they are implementing Discharge to Assess to transform out of hospital pathways for people with ongoing care and support needs
- 4.3. Integration and Better Care Fund Planning Guidance 2017-2019 requires health and social care partners to work together to:
- Invest in NHS commissioned out-of-hospital services;
  - Support implementation of the High Impact Change Model for Managing Transfers of Care
- 4.4. The High Impact Change 4: Home First/Discharge to Assess (D2A) is described as
- ‘Providing short-term care and reablement in people’s homes or using ‘step-down’ beds to bridge the gap between hospital and home means that people no longer need wait unnecessarily for assessments in hospital.’*
- 4.5. There is a risk of penalties against the iBCF should the local DToC target not be reached
- 4.6. A charge from Trusts of £155 per day to organisations in which DToCs are attributed is possible.

## 5. FINANCIAL IMPLICATIONS

5.1 The table below shows the 2018/19 assumptions at the onset of the pilot against a revised budget using the actual spend following the pilot, with ongoing 19/20 costs.

	<b>2018/19</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Original from the Pilot</b>	<b>Revised Budget</b>	<b>Revised Budget</b>
			<b>Full year</b>
Discharge to Assess Team	0	300	200
Domiciliary Care Packages (Pathway 1)	312	600	600
Long Term Placements (Pathways 2 & 3)	480	600	600
Infrastructure, tracking and evaluation	100	50	50
	<b>892</b>	<b>1,550</b>	<b>1,450</b>
Savings from Dom Care (Pathway 1)	<b>-951</b>	<b>-872</b>	<b>-1,308</b>
Savings from Resi Care (Pathway 2 & 3)	<b>-53</b>	<b>-374</b>	<b>-561</b>
Cost/(saving) from D2A	<b>-112</b>	<b>304</b>	<b>-419</b>

- 5.2 The original pilot was modelled against a neighbouring borough. However, once mobilised in Bromley, there was a significant difference in the local infrastructure and activity which resulted in the pilot developing a Bromley specific service which varied from the original model. For example there was significant variations in the cost of domiciliary care as people remain on D2A longer in Bromley as their needs are more complex and were unable to access the local Reablement service. As a result they remained in D2A for a longer period to allow all gains to be made regardless of complexity. In addition due to challenges in recruiting and the pressure across the system during the winter, it was not possible to fully transition all staff during the pilot period as planned. However, 4 FTE have been transitioned from the hospital social work team into D2A with plans to transition the remainder of the MDT through existing resources over the coming 12 month pilot extension. Further consultation with HR will take place to support this activity. The increase in demand however has resulted in the need for an on-going staffing budget associated with D2A. The further year of the pilot which will run throughout all seasons will allow for a better understanding of this need going forward.
- 5.3 It is assumed that 324 service users will through Pathway 1 in a 12 month period resulting in additional domiciliary care costs of £600k. The estimated number of clients has fallen from the original pilot and the costs have increased. This is due to the nature and complexity of clients coming through the system.
- 5.4 It is assumed that 124 service users will through Pathway 2 and 3 in a 12 month period resulting in additional residential costs of £600k. The estimated number of clients has fallen from the original pilot and the costs have increased. This is due to the nature and complexity of clients coming through the system.
- 5.5 The original report projected for £100k during 2018/19 for the tracking and evaluation of D2A. As this activity has now been embedded in carefirst the external support for this is no longer required and only £50k for a Project Manager to record and track the data is being suggested. This post will also have a key role in supporting the Discharge to Assess Programme Board in



the scoping and development of any mainstreaming activity that is required.

5.6 As you will see from the table above, whilst costs have increased from £892k to £1,450k in a full year, the outcomes have also delivered greater savings from ongoing care costs delivering an overall net saving of £419k in 2019/20, up from £112k in the original pilot. As part of the increased monitoring and tracking processes, progress against the savings target will also be monitored.

5.7 The table below gives further details of non cashable savings to LBB and costs and savings to the CCG

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Cost/savings to LBB (CASHABLE)	304	-419	-419
Less potential DToC charges	-206	-206	-206
Total Cost/savings to LBB	98	-625	-625
<b>Costs CCG</b>			
GP Spend	106	106	106
CCG Savings			
Hospital beds saved	-820	-820	-820
Admission avoidance	-128	-128	-128
Saving to CCG	-842	-842	-842
Savings across the piece	-744	-1,467	-1,467

5.8 There are also non cashable savings of £206k by 2019/20 which is the avoidance of DToC charges (that have not yet to date been charged to LBB).

5.9 There are also considerable savings to the CCG of £842k by 2019/20, although non cashable at this time

5.10 The savings from 2018/19 onwards are still estimates and based on current activity. The pilot will continue to be monitored by the service to ensure that the targets are being met and will report back towards the end of the pilot with outcomes.

5.11 The six month pilot was funded by BCF. It is recommended that this be extended for a further 12 months for the pilot to take effect and make a full impact. It is recommended that this is funded from BCF as well. Only when the savings kick in to their full effect does the funding from BCF cease. Therefore there is no cost to the Council from core funding whilst the pilot is bedding in and not financially fully effective.

5.12 Funding of £304k would be required to fund the pilot for 2018/19. This covers the Councils net costs in 2018/19 (£1,550k costs less £1,246k of savings in 2018/19). There is sufficient funding in the BCF reserve to accommodate this. In 2019/20 onwards the full year effect of the savings are realised and funding from BCF will no longer be required.

## 6. PERSONNEL IMPLICATIONS

- 6.1 The additional recruitment of a Project Manager to support the pilot for the period of the 12 months is required.
- 6.2 Further discussions with HR will take place to support mainstreaming the D2A service. Any proposals arising from these discussions, which have staffing implications, will be managed in line with the Council's managing change procedures, which will include engagement/consultation with staff and their representatives.

## 7. LEGAL IMPLICATIONS

- 7.1 The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund (BCF). It allows for the Mandate to NHS England to include specific requirements to instruct NHS England over the BCF, and NHS England to direct Clinical Commissioning Groups to pool the necessary funding.
- 7.2 Guidance is provided by the Department of Health and Department for Communities and Local Government in March 2017: 2017-2019 Integrated and Better Care Fund which support the aims of this proposed pilot scheme.
- 7.3 The report author will need to consult with the Legal Department at the time of procuring the services.

## 8. PROCUREMENT IMPLICATIONS

- 8.1 Currently the CCG are responsible for the Procurement arrangements and the position (or intent) post pilot is not yet sufficiently detailed to develop the future procurement strategy, but these would appear to require a quick response service provider with an extended service brief that needs to be developed by the commissioners, until that is done its not possible to say if our current service providers could cover, either through inclusion in their current contracts or a separate tender process – or our next provider refresh process.
- 8.2 Any future procurement arrangements will need to be completed in line with the appropriate legal requirements, and these will need to be included in any commissioning plan developed, with sufficient time allowed to agree and implement any required arrangements.

<b>Non-Applicable Sections:</b>	Not Applicable
Background Documents: (Access via Contact Officer)	CS18068 – Discharge to Assess (D2A) Pilot

# Discharge to Assess

## Information for patients

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### What is "Discharge to Assess"?

"Discharge to assess" service is being introduced in several parts of the country that aims to help people to leave acute hospital setting as soon as medically safe to do so with ongoing care and support to recover in an appropriate environment.

This service will:

- encourage you to regain your confidence in your own ability to manage
- provide ongoing support and care to recover at home safely that will help your general physical and emotional wellbeing
- give you time to make important decisions about your future
- reduce the risk of contracting an acute hospital acquired infection.

### Who makes the decision?

You will be included in the decision-making process along with the doctors and staff who will discuss why they feel this is the best next step for you.

### What to expect?

Once it is medically safe for you to do so, it is best for you to move from the acute hospital setting. Home should always be considered as the first option. If this can happen straight from the hospital, then plans will be put in place to support your transfer home.

### What happens when I go home?

You will be seen at home within few days of discharge from the hospital by a member of Discharge to assess team to carry out their assessment. This will help them to identify on-going care or long-term support requirements to ensure you recover at home safely.

### What support do I get when I go home?

We can support you with a range of daily living tasks. Tasks include support with getting in and out of your bed/chair, moving around your home, washing and dressing, toileting or managing catheter/stoma/pads, managing medication, preparing drinks and meals. Unfortunately, we cannot help with cleaning, laundry, shopping, gardening but may be able to assist with advice on getting help.

### How long is the support provided at home?

The support is provided for a short period and it depends on your needs which will be assessed within the first few days of discharge from the hospital

### What happens if I am not able to return home?

Our aim is to work with you to identify your ongoing care and support requirements in a more suitable environment. In some cases, where home is not an option at the time of discharge or inevitable then you will be placed in a care home selected specifically that can best meet your needs. This will allow you to have assessments of your ongoing care needs, as well as the

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**Discharge to Assess Team Structure**

1 FTE – Team Manager (BCF funded)

***Care Management Staff***

2 FTE Senior Care Managers

SCM 1 – Transitioned from the hospital CM Team

SCM 2- Vacant (BCF Funded)

3 Care Managers

Care Manager 1 – In post (BCF funded)

Care Manager 2 – Vacant – plans for existing hospital CM to transition across

ECH Care Manager – new post – to be recruited to via iBCF

2 x FTE Care Management Assistants

CMA 1 – Transitioned from the hospital team

CMA 2 – New permanent recruit (BCF funded)

***Health staff***

1 x FTE Occupational Therapist (OT)– interim (BCF Funded)

1 x FTE Physiotherapist (BCF Funded)

1 x FTE GP (BCF Funded)

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## Out of Hospital Health and Social Care Pathways

All services accessed via Transfer of Care Bureau (TOCB)

### Voluntary & Community

Bromley Well – VCS organisations providing a range of services including hospital discharge focus e.g.:

- Age UK Take Home & Settle
- Age UK Handy Man
- Age UK 24 hour sitting services
- MIND Psychological therapies
- Long Term Conditions self management

### Social Care

**Restart existing care package** where there is no change in need

#### **Reablement**

**Extra Care Housing (ECH) Step-down flats** to assess appropriateness for permanent ECH provision

**Discharge to Assess (D2A)** for social care clients with no previous input from LBB or following significant change of need enabling clients to be discharged to the community for an assessment of their long term care and support needs in a more familiar setting following a period of recovery.

### Rehabilitation

#### **Bed based rehab (Lauriston House - BHC)**

Intense rehabilitation nursing unit for people who are unable to be safely supported at home

#### **Home based rehab (BHC)**

intensive rehab including PT and OT at home for up to 6 weeks

#### **Neuro Rehab (BHC)**

Intense rehab at home for people following neurological issues/injury

#### **Frank Cooksey/Ontario (Kings)**

Tier 4 acute-hospital based inpatient rehab for people with neurological brain injuries

#### **Stroke rehab service (Lewisham and Greenwich Trust)**

Home based intensive rehab for people following a stroke

### Community Health Services

BHC provided services including District Nursing, Community Matron & ongoing therapy

### End of life

**St Christopher's Personal Care Service** – care at home for people whose wish it is to die in their own home

#### **Bromley Care Coordination (St Christopher's)**

Proactive Care planning and support for people in the last 12 months of life

#### **Community Palliative Care Teams (BHC)**

Providing palliative care support in the community including residential and nursing care

### Continuing Health Care (CHC)

Access to health funded care at home or placement for people meeting CHC threshold

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## Discharge to Assess Case Studies

### Pathway 1: Supporting people back to independence following hospital admission

- Mr A is an 83 year old single Irish gentleman who was admitted to the Princess Royal University Hospital on 19/12/2017 following a fall and a long lie. He had been unable to get up and had acute confusion. He was treated for community acquired pneumonia with a course of Antibiotics. Mr A has a past medical history of mixed dementia, Myocardial infarction and chronic obstructive pulmonary disease.
- Mr A was discharged from hospital with D2A Pathway 1, which provided an interim package of care twice daily to support him with his personal care, nutrition and a put to bed call. This also ensured additional short term medication prescribed by the hospital was taken.
- It was important to Mr A to be able to be fully dressed in his traditional clothes daily and to maintain his social engagement around the sheltered accommodation in which he lived. This was therefore the focus of the interim care in order to try and reduce the acute confusion and return to his pre-admission functioning.
- The D2A MDT was led by the care manager and supported by the BeeAktive carers, the supported living scheme and engaging regularly with Mr As next of kin.
- The D2A process undertook a strength based approach building up a range of formal supporting infrastructures through his niece and sister who visited on a weekly basis supporting with shopping, laundry, housework, finances and social support , the scheme also put in place an additional morning welfare call and a range of assisted technologies were fitted. The D2A carers, through maintaining Mr As pre-admission routine and using encouraging and enabling principles were able to report after a short period of time Mr A was able to undertake his daily tasks safely and on his own without support.
- The Care Act 2014 Assessment therefore concluded there was no further care or support requirements long term.

Mr A and his family reported

*“ Mr A has lived happily in his flat for 2 years and it is his ability to maintain his social networks and things that are important to him including being dressed formally daily and being able to laugh and joke with others we think is what made his improvement possible. The D2A services really got to know him and what was important to him which meant, even with his dementia he was able to go back to where he is most happiest.”*

## Pathway 2: Giving everybody a chance

- Mrs W, a 63 year old lady admitted to the PRUH with reduced oral intake and decline in physical mobility and health.
- Diagnosed with Encephalopathy and Polyneuropathy, a disease of the brain which was having a significant impact on both physical and mental functioning of Mrs W.
- Mrs W was also severely depressed following the death of her son several months earlier with little motivation. She was unable to sit up straight unaided and was requiring 2 people to hoist into a specialist chair.
- It was agreed by the Acute MDT that Mrs W would benefit from a further period of assessment in a non clinical environment
- Mrs W was admitted to D2A nursing home with some specialist equipment including a tip and tilt wheelchair provided by D2A. D2A coordinated psychological support alongside weekly neuro physio rehab. The Liaison GP undertook a weekly review working closely with the neuro consultant. The whole MDT met weekly with the family to ensure all support was co-ordinated against agreed goals.
- Mrs W had graduated from being standing hoist dependant to able to step transfer and walk with hand held assistance from one person. Mrs W was assessed for Continuing Health Care, mental capacity and Care Act assessment. Mr W has full capacity and was able to express a desire to go home with her husband.
- A twice per day package of care was provided to support the transition home.

Mrs W and her husband said:

*“Following the diagnosis in hospital and seeing just how little Mrs W was able to do it felt like there wasn’t much hope and Mrs W was going to a nursing home at 63 to be nursed bedbound forever – we were devastated. The MDT under D2a were just incredible, they give us hope and all worked so hard to get us back to what we never thought possible. I really don’t think if we didn’t have all of the different professionals working together we would have gotten to where we were. We have our lives back and we are better then ever.”*

Report No.  
ED18060

London Borough of Bromley

**PART ONE - PUBLIC**

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 11 July 2018

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

**Title:** BASIC NEED PROGRAMME UPDATE

**Contact Officer:** Robert Bollen, Head of Strategic Place Planning  
Tel: 020 8313 4697 E-mail: robert.bollen@bromley.gov.uk

**Chief Officer:** Director: Education (ECHS)

**Ward:** (All Wards);

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1. Reason for report

This report updates the capital schemes included within the Council's Basic Need Programme with a project value over £1million.

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2. **RECOMMENDATION(S)**

- 2.1 That the Executive agrees the updated Basic Need Programme as set out in Appendix 3, subject to Full Council approval.
- 2.3 That the Executive agrees an increase to the Basic Need capital scheme of £604k to reflect the additional SEND Provision capital grant allocation as detailed in paragraph 3.3 and adjustment to the funding (-£8k) provided by the DfE for the MUGA at Trinity CE Primary School.
- 2.4 That approval be given to the fully costed appraisal for the new schemes at Bromley Trust Academy, Pickhurst Junior School and Red Hill Primary School in addition to the projects outlined in the previous report agreed by the Executive on 2 April 2014, 20th May 2015, 23 March 2016 and 19 July 2017 as set out in Appendix 2 to this report.
- 2.5 That where required funding be delegated to schools for local delivery subject to there being sufficient mechanisms in place to control expenditure and ensure delivery of outcomes.
- 2.6 That the Executive notes that schools will be submitting planning applications in association with these works.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: This programme is currently benefitting local children through providing 1,635 temporary and 2,550 permanent school places in both mainstream and specialist settings.
- 

### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Children and Young People
- 

### Financial

1. Cost of proposal: Estimated Cost
  2. Ongoing costs: Non-Recurring Cost
  3. Budget head/performance centre: Education Capital Programme
  4. Total current budget for this head: £85,051k
  5. Source of funding: DfE Basic Need Capital Grant, DfE SEND Capital Grant, DfE Capital Maintenance Grant, S106 contributions
- 

### Personnel

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

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
- 

### Procurement

1. Summary of Procurement Implications: There are no procurement implications arising from this report. The procurement strategy for Basic Need has been set out in previous reports.
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): In excess of 4,000 pupils in Bromley
- 

### Ward Councillor Views

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

### 3. COMMENTARY

- 3.1 This report updates the Council's Basic Need Capital Programme with schemes with an estimated value in excess of £1 million.
- 3.2 The Council receives Basic Need Capital Grant from the DfE to support the delivery of sufficient school places, with a total of £77.8m so far allocated for 2011-2020. The Council has received no additional mainstream allocation for 2020-21.
- 3.3 In addition, the Council has recently received an additional SEN capital allocation of £603,844 in addition to funding announced by the DfE in 2017. These allocations are provided in addition to the Basic Need Capital Grant that local authorities receive to support the capital requirement for providing new pupil places. The formula for allocation is based principally on projected population growth for children and young people aged 2-18 between the years 2018-19 and 2020-21.

<b>Basic Need Allocation</b>	
2011-12 allocation	£4,496,771
Autumn 2011 exceptional in-year allocation	£1,277,936
2012-13 allocation	£2,404,519
Spring 2012 exceptional in-year allocation	£1,590,436
2013-15 allocation	£9,968,079
2015-16 allocation	£20,635,153
2016-17 allocation	£21,666,911
2017-18 allocation	£8,837,573
2018-19 allocation	£6,895,846
<b>Total allocation to date:</b>	<b>£77,773,224</b>
<b>SEND Provision Capital Funding</b>	
2018-19 allocation	£865,510
2019-20	£865,510
2020-21	£865,510
Additional 2018-21 allocation	£603,844
<b>Total allocation to date:</b>	<b>£3,200,374</b>
<b>Total Grant Funding</b>	<b>£80,973,598</b>

- 3.3 The table above provides details of all the Basic Need Capital Grant and SEND Provision Capital Funding received by the Council.
- 3.4 In addition, the Basic Need capital programme also includes capital contributions from a range of other capital funding programmes including Capital Maintenance Grant and Section 106 contributions. These are detailed in Section 6 of this report.
- 3.5 Appendix 1 provides an update on those projects recently completed, currently being delivered or under development
- 3.6 Appendix 2 provides a financial appraisal of those capital projects that are either new to the programme, or where costs have changed since the last report to the Executive on 19 July 2017 and need reappraisal.
- 3.7 Appendix 3 provides details of the Basic Need Programme. There is currently insufficient funding provided by the DfE and other sources to deliver all the schemes within the Basic Need Programme.
- 3.7 Projects are categorised as follows:

- A Completed projects, including projects that are in defects and yet to reach Final Account.
  - B Projects in Delivery (Funded) – schemes that are in the delivery phase, including projects under construction and in procurement, and have available funding allocated to them to allow delivery
  - C Projects in Delivery (Unfunded) – schemes that are not an immediate priority and are therefore fully funded, but are being delivered to a ‘shovel ready’ status
  - D Projects in Development – schemes where feasibility studies have been, or are being carried out, but these projects are not a priority currently and therefore no funding is allocated to them.
- 3.8 Design development of schemes not in the delivery phase (funded or unfunded) of the programme will continue, but schemes will not be brought forward until there is sufficient need and funding is available. For ‘schemes in development’ to be brought forward into the pool of ‘schemes in delivery’ there will need to be clear evidence that these are priority developments.
- 3.9 Since the last Basic Need Update Report to the Executive in July 2017, works has focussed on delivery of schemes in the programme. Three new schemes are being added to the Basic Need Capital Programme:
- Bromley Trust Academy (Nightingale) PRU. This scheme with an estimated capital value of £1,205k will be provide new accommodation for the Nightingale provision, which is currently transitioning to Bromley Trust Academy. New accommodation is needed to address security and suitability needs of the service. .
  - Pickhurst Junior School (SEN Resource Provision). This scheme with an estimated capital value of £465k will provide a new SEN resource provision at the school with up to 20 places. The provision targets KS2 when there is currently a significant need for places and will help to keep pupils in borough lessening the pressure on the DSG high need budget.
  - Red Hill Primary School where a feasibility study is yet to be undertaken to ascertain the feasibility and associated costs of the school offering an entitlement to a place to all 30 pupils leaving Mead Road Infants School.

#### **4, IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The Basic Need Capital Programme has added 1,635 temporary and 2,987 permanent school places in mainstream and specialist settings.

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

- 5.1 Bromley Council has an established policy for the review and strategic planning of school places and related school organisation. The need to ensure sufficient school places, the quality of those places and their efficient organisation is a priority within the Council’s strategy ‘Building a Better Bromley’ and contributes to the strategy to achieve the status of An Excellent Council. This policy also contributes to key targets within the Education Portfolio Plan.

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

- 6.1 The Council has been allocated £81m in 100% Basic Need Capital Grant and SEND Provision Capital Funding for the financial years 2011-21 to meet the need for mainstream, specialist and alternative provision school places. The programme also includes various transfers from other schemes to support the delivery of the Council’s Basic Need Programme. Allocations have also been made to Basic Need to support other education capital schemes, resulting in a total current budget of £85.1m as shown in the table below.

Basic Need Allocation 2011-21	77,773
SEND Provision Capital Funding 2018-21	2,598
Additional SEND Provision Capital Funding 2018-21 (to be approved by the Executive)	604
<b>Total DfE mainstream and SEND place provision funding</b>	<b>80,975</b>
<b>Other funding streams</b>	
Approved S106 allocations	3,595
Transfers from DfE Capital Maintenance Grant	1,294
Transfer from Reconfiguration of Special Schools Scheme	113
DfE payment for Trinity CE Primary School MUGA	309
DfE MUGA payment adjustment (to be approved by the Executive)	-8
	<b>5,303</b>
<b>Total Basic Need Budget</b>	<b>86,278</b>
Transfer to Highway Capital Project	-650
Transfer to Beacon House Capital Project	-577
<b>New Basic Need Capital Programme (subject to approval)</b>	<b>85,051</b>

6.2 The table above sets out the Council's updated Basic Need Capital Programme subject to the Executive's agreement to the addition of the new SEND Provision Capital Funding (£604k) and adjustment of the DfE contribution to the MUGA at Trinity CE Primary School.

6.3 For the purposes of monitoring total Basic Need related expenditure, and to ensure that any underspends are returned to Basic Need, the £650k and £577k transfers to the Highway Primary Rebuild and Beacon House Refurbishment Schemes respectively have been added back in to the list of projects, and the Section 106 funding removed and shown as other funding.

6.5 To date, a total of £95.9m expenditure has been committed (completed schemes plus schemes in delivery), of which £77.8m is funded from the Basic Need Capital Grant.

## 7. LEGAL IMPLICATIONS

7.1 The distribution and application of monies received from Central Government is subject to guidance and advice from the Department for Education. Under Section 14 Education Act 1996 the Council has a statutory duty to ensure that there are enough primary and secondary school places are available to meet the needs of pupils in its area.

7.2 Section 106 monies must be spent in accordance with the Education contribution clauses

## 8. PROCUREMENT IMPLICATIONS

8.1 This report provides details on the funding allocations and priorities for the Council's Basic Need Capital Programme. The procurement strategy, as set out in previous Executive reports, is not altered by this report.

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





## APPENDIX 1 – PROJECT UPDATE REPORT

	<b>School Academy</b>	<b>Current Project Status</b>	<b>Description</b>
A2	Balgowan Primary School (Access Project)	Project Complete (in defects period)	Works to improve accessibility of school to admit pupils with disabilities.
A8	Castlecombe Primary School	Project Complete (in defects period)	The project has planning consent and construction of the scheme is currently underway. The scheme expands the school to 2FE in KS2, providing certainty for parents of children at Dorset Road by creating an admissions link between the two schools. Planning consent allows the expansion of KS1 to 2 FE if Required at a later date.
A13	Crofton Junior School (Access Project)	Project Complete (in defects period)	Works to improve accessibility of school to admit pupils with disabilities including new hygiene suite and disabled lift.
A39	St George's CE Primary School	Project Complete (in defects period)	The project was completed in autumn 2017 expanding the school from 1.5 to 2 Forms of Entry.
A46	Stewart Fleming Primary School (Phase 1)	Project Complete (in defects period)	Phase 1 of works to expand the school from 2 to 3 Forms of Entry were completed in autumn 2018 and compromised a new teaching block with roof top multi use games area.
B1	Beacon Academy Orpington	Project in Delivery (Funded)	<p>This project represents the final phase in the reorganisation of arrangements for education of children with Social Emotional and Mental Health (SEMH) needs, phase 1 being the opening of Beacon House in 2016. The accommodation on site has historically been considerably under the size recommended by BB104, the DfEs guidelines for special school accommodation.</p> <p>Phase 1 which delivered external works was completed in Autumn 2019. Phase 2 which includes the new build block and partial refurbishment is currently under construction. Phase 3 which completes refurbishment will be awarded shortly.</p>

B2	Bishop Justus	Project in Delivery (Funded)	The scheme expands the school from 6 to 8 Forms of Entry. The contract for the remaining works was awarded in March 2018 with completion due in 2019.
B4	Bromley Trust Academy (Nightingale PRU)	Project in Delivery (Funded)	New facilities to tackle inadequacies in current accommodation.
B5	Oaklands Primary School	Project in Delivery (Funded)	A decision on the award of contract for Phase 1 works at the school is due. Without these works there would be insufficient suitable accommodation for the school to admit 3FE across each year group. There has been an increase in the costs of the scheme due additional surveys required to discharge the planning conditions for all phases, costs of demolishing existing building and the need to include preliminary works for services to enable later phases of the project.
B7	Pickhurst Primary School (SEN & Access)	Project in Delivery (Funded)	In support of new SEN resource provision remodel existing class spaces to provide New Hygiene and sensory room along with refurbishment of class spaces and external works.
B8	Poverest Primary School	Project in Delivery (Funded)	The project to expand the school from 2 to 3 Forms of Entry involves the development of a new dining hall and entrance block, refurbishment of the existing school and conversion of the existing dining block and children and family centre into a dedicated EYFS block. The new dining hall and entrance block was handed over in May 2018.
B9	Stewart Fleming Primary School	Project in Delivery (Funded)	Final Phase of building works was awarded in May 2018 to enable expansion of the school from 2 to 3 Forms of Entry. Involves demolition of existing building, new 2 storey block with roof top play deck and refurbishment works.
B10	Trinity CE Primary School	Project in Delivery (Funded)	Refurbishment works at the former EDC to provide sufficient space for the school to admit to expand to 3FE.
B11	Tubbenden Primary School	Project in Delivery (Funded)	The project currently under construction expands the existing SEN unit at the school, bringing together the former infant and primary classes at the heart of the school, improving hygiene and sensory facilities and providing a new dedicated outside play area.

C1	Farnborough School	Project in Delivery (On hold)	Following decision of planning appeal project is currently on hold.
C2	Red Hill Primary School	Project in Delivery (Unfunded)	Feasibility about to commence on increasing the school KS2 Published Admission Number from 110 to 120, in order to ensure that all pupils leaving Mead Road Infant School have a guaranteed place at KS1 to KS2 transfer.
C3	St John's CE Primary School	Project in Delivery (Unfunded)	Proposal to expand school from 1.5 to 2 FE. School has took bulge class in 2016. The scheme would also remove the last split year teaching in a non-rural Bromley School. Planning application has been developed but not submitted as school is currently ranked as Requires Improvement.
C4	Trinity CE Primary School	Project in Delivery (Unfunded)	Scheme has planning consent for a phased expansion from 2 to 4FE. Refurbishment works at former EDC were on hold by due to delay in La Fontaine moving to the Widmore site. Refurbishment works now in funded programme, development of link reception and new teaching block currently on hold until sufficient need and funding available.
C5	Marian Vian Primary School	Project in Delivery (Unfunded)	Local authority originally undertook feasibility of expansion from 3 to 4FE and school admitted bulge classes in 2015 and 2016. However, currently there is no need for additional school places due to 2 local Free Schools opening. Scheme being developed that would address present transports issues at site, the need to find a compliant use for the former Elmers End Children and Family Centre, provide accommodation for the bulge classes, replace the dilapidated Year 6 block and if needed allow the school to expand at a later date. The scheme will be funded from S106 when it becomes available and CIF funding (if school is successful in bidding). It is proposed that a planning application is submitted during 2018/19.
C7	St Mary Cray Primary School	Project in Delivery (Unfunded)	Feasibility was completed during 2017 investigating whether there is an option to redevelop the school, including the neighbouring former Duke Youth Centre. Outcomes of feasibility need to be considered.

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## APPENDIX 2 – UPDATED AND NEW SCHEME APPRAISALS

### BROMLEY TRUST ACADEMY (NIGHTINGALE) – PROJECT IN DELIVERY (FUNDED)

	2018/19	2019/20	2020/21	Total
	£000's	£000's	£000's	£000's
Land Acquisition				0
Main Contract Payments		915	48	963
Consultants Fees	45	45	6	96
Furniture and Equipment		50		50
Contingency	0	92	5	96
	45	1,102	59	1,205

### OAKLANDS PRIMARY SCHOOL – PROJECT IN DELIVERY (FUNDED)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Land Acquisition								
Main Contract Payments					1,000	824	96	1,920
Consultants Fees	5	96	18	114	100	32	5	370
Furniture and Equipment					30			30
Contingency	0	0	0	0	100	82	10	192
	5	96	18	114	1,230	938	111	2,512

**POVEREST PRIMARY SCHOOL – PROJECT IN DELIVERY (FUNDED)**

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Land Acquisition						0
Main Contract Payments			3,001	1,803	124	4,928
Consultants Fees	69	125	25	35	6	260
Furniture and Equipment			10	30		40
Contingency	0	0	300	180	12	493
	69	125	3,336	2,048	142	5,721

**STEWART FLEMING PRIMARY SCHOOL – PROJECT IN DELIVERY (FUNDED)**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)
Land Acquisition							
Main Contract Payments – Phase 1		1,840	1,000	105			2,945
Main Contract Payments – Phase 2				3,000	2,017	264	5,281
Consultants Fees	200	150	179	160	109	25	823
Furniture and Equipment			50	50			100
Contingency				300	202	26	528
	200	1,990	1,229	3,615	2,328	315	9,677

**TUBBENDEN PRIMARY SCHOOL (SEN) – PROJECT IN DELIVERY  
(FUNDED)**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>
<b>Land Acquisition</b>	0	0	0		<b>0</b>
<b>Temporary Accommodation</b>		95	32		<b>127</b>
<b>Main Contract Payments – Phase 1</b>		300	546	45	<b>891</b>
<b>Consultants Fees</b>	24	40	9	2	<b>75</b>
<b>Furniture and Equipment</b>		75			<b>75</b>
<b>Contingency</b>		40	58	4	<b>102</b>
	<b>24</b>	<b>550</b>	<b>645</b>	<b>51</b>	<b>1,270</b>

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**APPENDIX 3 - BASIC NEED PROGRAMME 2011-20**

	School	Description of Works	Type	Year (S)	Status	Project Cost	Funding Sources			Description	Budget Changes		
							Basic Need	SEND Capital	Other		Cost July 2017	Change	Explanation
<b>Completed Projects</b>													
A1	Balgown Primary School	Conversion of existing space to form single bulge class	Bulge Class	2014	Complete	£10,000	£10,000				£10,000	£0	
A2	Balgowan Primary School	Access improvement works at school	Access initiative	2017	Planning	£225,000	£200,000				£200,000	£25,000	Final Project Costs. Scheme In defects
A3	Beacon House (Beacon Academy)	Refurbishment of site to provide vocational offer and extend services to KS2 and girls.	SEN Expansion	2015-16	Final Account	£4,897,412	£197,412		£4,700,000	DSG	£4,897,412	£0	Estimated final account below estimated project cost
A4	Bickley Primary School	Kitchen and servery works to complete expansion to full 2FE	Permanent Expansion	2010-11	Complete	£103,000	£103,000				£103,000	£0	
A5	Blenheim Primary School	Minor works to support admission of additional pupils	Bulge Class	2014	Complete	£9,983	£9,983				£9,983	£0	
A6	Bromley Road Primary	Internal remodelling/ refurbishment to provide accommodation for the re-organised school	Change of age range + linked to Worsley Bridge	2015-16	Defects	£1,124,988	£1,124,988				£1,124,988	£0	Additional Final costs resulting from dealing with historic nature of building
A7	Burnt Ash Primary School	Internal SEN unit modifications to address OfSTED recommendations	SEN	2013	Complete	£50,000	£50,000				£50,000	£0	

A8	Castlecombe Primary School	Permanent expansion of the school to 2FE in KS2 including temporary accommodation	Temporary Accommodation	2016-17	In defects	£3,711,015	£3,348,849		£362,166	DSG, CIF	£3,862,000	-£150,985	Project in Defects Stage. Includes Temporary and Permanent Works
A9	Churchfields Primary School	Interbal refurbishment, infill expansion, new nursery block	3 x bulge class, 1FE permanent expansion	2011-16	Complete	£1,367,000	£1,367,000				£1,367,000	£0	
A10	Clare House Primary School	Internal modifications to existing school, 3 temporary classroom units, demolition of existing school and construction of new 2FE school building.	3 x bulge class, 1FE permanent expansion	2011-2016	Defects	£6,756,736	£6,627,736		£129,000	DSG	£6,756,736	£0	Amalgamated cost of all works. Estimated final account below estimated project cost
A11	Coopers School	Feasibility into options for expansion	Feasibility	2015	Feasibility	£5,000	£5,000				£5,000	£0	
A12	Crofton Infant School	New build class and facilities for additional 'Busy Bees' class	Additional SEN Unit Class	2014	Complete	£409,000	£384,000		£25,000	Access Initiative	£409,000	£0	Estimated final account below estimated project cost
A13	Crofton Junior School	Access Works - New hygiene room, lift and ramps	Access initiative	2017	In defects	£400,000	£400,000				£272,566	£127,434	In defects
A14	Darrick Wood School	AccessWorks - acoustic partitions and associated ICT/M&E works	SEN	2012	Complete	£45,000	£45,000				£45,000	£0	

A15	Darrick Wood Infants School	Review of space at school	Site sufficiency	2014	Complete	£3,395	£3,395				£3,395	£0	
A16	Darrick Wood Junior School	Review of space at school	Site sufficiency	2014	Complete	£3,395	£3,395				£3,395	£0	
A17	Edgebury Primary School	New build to support expansion from 1 FE to 2 FE	Permanent Expansion	2016	Defects	£4,455,174	£3,642,936		£812,238	S106 & Planned Maintenance	£4,455,174	£0	
A18	Farnborough Primary School	Internal refurbishment and FF&E	2 x bulge classes	2015 & 2016	Defects	£70,000	£70,000				£70,000	£0	Costs associated with second bulge class (2016)
A19	Glebe	New classroom block to support 2FE ASD secondary expansion	SEN Expansion	2015-16	Defects	£4,887,000	£0		£4,887,000	DSG, School,S106	£4,887,000	£0	
A20	Harris Primary Academy Crystal Palace	Minor refurbishment and temporary toilet unit to facilitate an extra form of entry in 2011 & 2012. Internal refurbishment and external works to Permanent support permanennt expansion of school	3 x bulge classes and permanent expansion	2011-2016	Complete	£1,159,488	£1,138,688		£20,800	DSG	£1,159,488	£0	Almagamated Costs all Phases. Estimated final account and associated costs above estimated project cost
A21	Harris Primary Academy Kent House	Modular accommodation to provide an additional form of entry in 2011.	Bulge Class	2011	Complete	£263,000	£263,000				£263,000	£0	

A22	Harris Primary Academy Orpington	Works to SEN Unit	SEN	2010/11	Complete	£100,000	£57,000		£43,000	Primary Capital Programme	£100,000	£0	
A23	Hawes Down Infants School	Internal refurbishments for single bulge class	Bulge Class	2012	Complete	£115,000	£115,000				£115,000	£0	
A24	Hawes Down Junior School	Additional class to admit bulge class from infant school and SEN Unit class	Bulge Class	2015	Complete	£829,325	£763,299		£66,026	S106	£829,325	£0	
A25	James Dixon Primary School	Temporary reception block and relocation of contact centre	2 x Bulge Class	2014 & 2015	Complete	£851,631	£729,951		£121,680	DSG	£851,631	£0	
A26	Keston CE Primary School	Internal and external works to provide permanent facilities for 2012 class.	Bulge class	2012	Complete	£935,804	£935,804				£935,804	£0	
A27	Langley Park School for Boys	Internal refurbishment	Bulge class	2015	Complete	£56,000	£56,000				£56,000	£0	
A28	Leesons Primary School	Internal refurbishment and FF&E	3 x Bulge Class	2014-16	Complete	£30,000	£30,000				£30,000	£0	
A29	Marian Vian Primary School	Internal works and FF&E For Bulge class in advance of new facilities being brought forward.	2 x Bulge Class	2015 & 2016	Complete	£58,140	£58,140				£58,140	£0	
A30	Midfield Primary School	Internal refurbishment, new classroom block and nursery	3 x bulge classes and permanent expansion	2012 -2015	Complete	£1,624,077	£1,606,277		£17,800	S106	£1,624,077	£0	

A31	Mottingham Primary School	Internal refurbishment, kitchen and utilities works	KS2 bulge classes	2014 & 2015	Complete	£1,019,340	£1,019,340				£1,019,340	£0	
A32	Oaklands Primary School	Conversion of former KS1 classroom to kitchen	Ensuring Sufficient Accommodation	2016	Complete	£97,086	£97,086				£97,086	£0	
A33	Parish CE Primary School	3 New reception classrooms, new teaching block and secondary path to support 2 to 3FE expansion	Permanent Expansion	2012 -2014	Complete	£3,509,000	£3,509,000				£3,509,000	£0	
A34	Poverest Primary School	Internal refurbishments	3 x Bulge Class	2014-16	Complete	£81,650	£81,650				£81,650	£0	
A35	Red Hill Primary School	Improvement of toilet facilities to support increase in pupil numbers	Bulge Class	2012	Complete	£57,000	£57,000				£57,000	£0	
A36	Ravensbourne School	Move Gym to provide new classroom	Bulge Class	2015-16	Defects	£950,890	£950,890				£950,890	£0	
A37	Riverside School	New school hall and ASD specific entrance	SEN Expansion	2013-14	Final Account	£1,220,000	£817,147		£402,853	S106	£1,220,000	£0	
A38	Scotts Park Primary School	Refurbishment of early years area and temporary accommodation block	4 x Bulge Class	2012-14	Complete	£498,000	£463,000		£35,000	S106	£498,000	£0	
A39	St George's CE Primary School	Conversion of existing space to form single bulge class	Bulge Class	2015	Complete	£2,660,000	£2,581,410		£78,590	S106	£2,884,000	-£224,000	Cost of FF&E for additional bulge classes
A40	St John's CE Primary School	Reception Block Refurbishment	Bulge Class	2016	Complete	£35,000	£35,000				£35,000	£0	

A41	St John's CE Primary 2 Classroom refurbishment	Works during Summer 2017 to convert smaller spaces into classrooms	Bulge Classes		In defects	£185,000	£185,000				£200,000	-£15,000	Estimated final account below estimated project cost
A42	St Mark's CE Primary School	Refurbishment of reception classrooms	Suitability	2013	Complete	£135,000	£135,000				£135,000	£0	
A43	St Marys Cray Primary School	Minor works to support admission of additional pupils	Additional Pupils	2012	Complete	£11,000	£11,000				£11,000	£0	
A44	St Paul's Cray CE Primary School	Mixed refurbishment and new build to allow expansion from 1 to 2 FE	Permanent Expansion	2015	Complete	£2,561,720	£2,462,199		£99,521	Early Year Capital, Seed Challenge, UKPN	£2,561,720	£0	
A45	Stewart Fleming Primary School	Temporary accommodation block and internal refurbishment	2 x Bulge Class plus decant accommodation	2015	Complete	£795,000	£421,000		£374,000		£795,000	£0	
A46	Stewart Fleming Primary School	Phase 1 of main school expansion	Expansion 2 to 3 FE		In defects	£2,945,000	£2,945,000				£0	£2,945,000	Phase 1 construction cost

A47	Trinity CE Primary School	Temporary accommodation block and internal refurbishment, new access road and multi use games area	Bulge Class	2013-16	Complete	£1,781,772	£1,139,772		£642,000	S106, ESFA & DSG	£1,781,772	£0	
A48	Unicorn Primary School	Temporary Classroom and new build expansion to ensure sufficient hall space, new classroom accommodation for 'bulge' class and hygiene facilities	Bulge Class	2015	Complete	£1,438,000	£1,410,000		£28,000	DSG	£1,438,000	£0	
A49	Valley Primary School	Modular accommodation to facilitate an extra form of entry in 2011 & 2012.	Bulge Class	2011	Complete	£353,000	£353,000				£353,000	£0	
A50	Widmore Center	Review of accommodation	Feasibility		Complete	£7,000	£7,000				£7,000	£0	
A51	Worsley Pridge Primary School	Temporary modular classrooms for additional 2 classes in 2013, refurbishment and extension	Permanent Expansion and School Re-organisation	2013-16	Complete	£4,850,718	£4,756,718		£94,000	DSG	£4,850,718	£0	
A52	The Highway Primary School	Contingency to cover over-spend on project	Suitability	2010-11	Complete	£650,000	£650,000				£650,000	£0	
A53	Capitalised Staffing Costs	Capitalised Project Management Costs	n/a	2013-18	n/a	£369,878	£369,878				£300,000	£69,878	Reflects Additional Year's costs
<b>Cost of Completed Schemes</b>						<b>£60,766,617</b>	<b>£47,802,943</b>	<b>£0</b>	<b>£12,938,674</b>			<b>£2,777,327</b>	

	School	Description of Works	Type	Year (S)	Status	Project Cost	Funding Sources			Description	Budget Changes		
							Basic Need	SEND Capital	Other		Cost July 2017	Change	Explanation
<b>Projects in Delivery (Funded)</b>													
B1	Beacon Academy (Orpington Phase 1, 2 & 3)	Expansion of provision to KS2	Permanent Expansion	2017	Procurement	£5,249,000	£3,741,600	£1,200,000	£307,400	CIF Funding	£5,355,800	-£106,800	Phase 2 Tender awarded below PTE and inflation increase in cost estimate for Phase 3
B2	Bishop Justus	All Phases of Scheme	Permanent Expansion	2016-17	Construction	£4,820,000	£3,224,105		£1,595,895	S106	£4,571,000	£249,000	Tenders higher than PTE
B3	Leesons Primary School	Refurbishment of area separated from former day care centre and new teaching block to support 1 to 2 FE expansion	Permanent Expansion	2017-18	Procurement	£4,426,000	£3,816,216		£609,784	S106, Early Years Capital and Seed Challenge	£4,426,000	£0	
B4	Nightingale (PRU)	New facilities				£1,205,000	£1,205,000				£0	£1,205,000	New Scheme
B5	Oaklands	Provision of New reception block to ensure school has sufficient pupil accommodation	Sufficiency and Suitability	2017-19	Procurement	£2,512,000	£2,512,000				£1,887,300	£624,700	Only Phase 1 being delivered but involves works and costs to enable later phases
B6	Parish Primary School	Kitchen works to support 2 to 3FE expansion				£175,000	£175,000				£146,620	£28,380	Tenders higher than PTE



B7	Pickhurst Junior School	Hygiene and Sensory Room and capital works to support creation of Resource Provision				£456,000	£70,000	£386,000					New Scheme
B8	Poverest Primary School	New accomodation block and refurbishment of dining hall and CFC to form new early years block, enabling 1 to 2 FE expansion	Permanent Expansion	2017-18	Procurement	£5,720,734	£5,053,734		£667,000	S106, Early Years Capital and School Contribution	£5,710,734	£10,000	Reflects updated consultant costs
B9	Stewart Fleming Primary School (Phase 2)	Demolition, new classroom block and refurbishment to enable 2 to 3FE expansion	Permanent Expansion	2016-18	Construction/Procurement	£6,732,000	£6,102,196		£629,804	School & S106	£8,587,000	-£1,855,000	Phase 1 complete
B10	Trinity CE Primary School	EDC Block Refurb	Permanent Expansion			£1,275,000	£1,025,000		£250,000	S106	£200,000	£1,075,000	Delayed due to La Fontaine remaining on site. Scope of works increased to allow school to expand to 3FE
B11	Tubbenden Primary School	New unit classroom and ancillary accommodation	SEN Expansion	2017	Feasibility	£1,270,000	£0	£1,228,000	£42,000	School	£1,203,000	£67,000	Tenders above PTE
B12	Projects In Development			n/a	Feasibility	£1,000,000	£1,000,000					£1,000,000	
B13	Access Initiative 2016-19			n/a	Programme	£100,000	£100,000					£100,000	

B14	Capitalised Staffing Costs 2018-2020			n/a	n/a	£250,000	£250,000					£250,000		
	Cost of schemes in delivery	£35,190,734	£28,274,851			£2,814,000	£4,101,883			Total complete and in delivery value	Complete + in delivery minus programme contingency			
	Programme Contingency (5%)	£1,692,036.70	£1,692,036.70											
	In delivery (Funded) Schemes Total	£36,882,771	£29,966,888											
	Completed Schemes and In delivery Schemes Total		£77,769,831	£2,814,000	£17,040,557	£97,624,388	£95,932,351							
	Current i) Basic Need Scheme Budget ii) SEN capital Budget		£77,773,224	£3,200,374										
	Remaining i) Basic Need Scheme Budget ii) SEN capital Budget		£3,393	£386,374										
	Changes to programme in delivery												£2,647,280	

	School	Description of Works	Type	Year (S)	Status	Project Cost	Funding Sources			Description	Budget Changes		
							Basic Need	SEN	Other		Cost March 2016	Change	Explanation
<b>Projects in Delivery (Unfunded)</b>													
C1	Farnborough Primary School	Following failure to obtain planning consent works to bring school up to standard to accommodate 2 bulge classes	Bulge Classes	2017-18	Scheme on hold	£1,500,000	£1,500,000				£1,500,000	£0	
C2	Red Hill Primary School	To allow school to admit all children leaving Mead Road Infants School	4FE in KS2 (40 extra pupils)	TBC	Feasibility							£0	
C3	St John's CE Primary School	Refurbishment and new accommodation block to enable expansion 1.5 FE to 2 FE	Permanent Expansion	2017-18	Feasibility	£4,430,300	£4,430,300				£4,430,300	£0	
C4	Trinity CE Primary School	Remaining Phases for expansion to 4FE	Permanent Expansion	2017 -	Post Planning	£3,013,000	£3,013,000				£3,600,000	£-587,000	Reflects additional works being delivered in line B10
C5	Marian Vian Primary School			TBC		£4,002,000	£4,002,000				£4,002,000	£0	
C6	Scotts Park Primary School	New classroom block to complete 2 to 3 FE expansion	Permanent Expansion	TBC	On hold/Planning	£2,970,000	£2,970,000				£2,970,000	£0	
C7	St Mary Cray	Re-organisation of school and Duke Youth Centre	Re-development	TBC	Feasibility	£2,970,000	£2,970,000				£2,790,000	£180,000	
Total cost of schemes in delivery						£18,885,300	£18,885,300					£-407,000	



	School	Description of Works	Type	Year (S)	Status	Project Cost	Funding Sources			Description	Budget Changes		
							Basic Need	SEN	Other		Cost March 2016	Change	Explanation
<b>Projects in Development</b>													
D1	Blenheim Primary School	Feasibility on options to expand the school	Potential Expansion	On hold	Feasibility	£2,972,000	£2,972,000				£2,972,000	£0	
D2	Chislehurst St Nicholas	Expansion of School to 2FE Primary School	Potential Relocation and Expansion	On hold	Feasibility	£7,220,000	£6,220,000		£1,000,000	Estimated Capital Receipt	£7,220,000	£0	
D3	Dorset Road	Works to allow school to admit 30 in each class	Potential Expansion	On hold	Feasibility		£0				£0	£0	
D4	Green Street Green	Feasibility on options to expand the school from 2FE to 3FE	Potential Expansion	On hold	Feasibility	£2,972,000	£2,972,000				£2,972,000	£0	
D5	Mead Road Infants School	Options to ensure sufficient places at KS2 transfer	Potential Expansion	On hold	Feasibility		£0				£0	£0	
D6	Ravens Wood School	Expansion of Secondary School by 2FE	Potential Expansion	On hold	Feasibility		£0				£0	£0	
D7	Oaklands Primary School	Later Stages of Development	Potential Expansion	On hold	Post planning	£5,456,700	£5,456,700				£5,456,700	£0	
Cost of Schemes in development						£18,620,700	£17,620,700	£0	£1,000,000			£0	
Total Programme Cost						£135,155,388	£77,769,831	£2,814,000	£18,040,557				
Total Funding									£98,624,388				
Potential Funding Gap						£36,531,000							
Change in cost of schemes												£5,017,607	

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Report No.  
DRR18/036

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 11 July 2018

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

**Title:** CIVIC CENTRE PROGRAMME AND OFFICE  
ACCOMMODATION PROPOSALS

**Contact Officer:** Catherine Pimm, Senior Property Manager, TFM Client Team  
Tel: 020 8461 7834 E-mail: Catherine.Pimm@bromley.gov.uk

**Chief Officer:** Director of Regeneration

**Ward:** Bromley Town;

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1. Reason for report

To up-date Members on the latest proposals for office accommodation at the Civic Centre and the Central Depot, and to seek approval to:

- to appoint consultants to undertake a feasibility study and
  - for the disposal of Ann Springman and Joseph Lancaster Halls
- 

2 RECOMMENDATION(S)

Members are asked to approve:

- 2.1 The scope of work proposed for the feasibility study for the Civic Centre and Central Depot.
- 2.2 The appointment of consultancy services from the ESPO Property, Building and Infrastructure Advice and Management Services Framework to carry out a feasibility study for the proposed works to the Civic Centre and Central Depot as outlined in the report.
- 2.3 The allocation of £122.2k from the £14.1m held in the Capital Programme for Civic Centre Development Strategy.
- 2.4 The disposal of Ann Springman and Joseph Lancaster Halls (AS/JL) on the basis outlined in paragraphs 3.15 – 3.17.

- 2.5 To fund the marketing costs of £65k from the future capital receipts that may be generated from the disposal of the site.**
- 2.6 The commissioning of consultancy services for the disposal of Ann Springman and Joseph Lancaster Halls, the costs of which will be deducted from the capital receipt.**



## Impact on Vulnerable Adults and Children

1. Summary of Impact:
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Estimated Cost: £162k
  2. Ongoing costs: Non-Recurring Cost
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £14.1m
  5. Source of funding: Capital Programme
- 

### Personnel

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

### Legal

1. Legal Requirement: None
  2. Call-in: Applicable
- 

### Procurement

1. Summary of Procurement Implications: Appointment of consultancy services using OJEU compliant frameworks.
- 

### Customer Impact

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

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments:

Ward Councillors support the proposals and confirm that their priority for Ann Springman and Joseph Lancaster Halls would be a low density redevelopment reflecting the family home character of the surrounding area.

### 3. COMMENTARY

- 3.1 In May 2016 the Executive agreed a Development Strategy for the Civic Centre site and £14.1m was added to the capital programme to deliver the strategy.
- 3.2 The Strategy approved the retention of North Block, Stockwell Building and Reception and the demolition and rebuilding of the Great Hall/ Adventure Kingdom to create a new Democratic Hub/ multi-purpose space. The remaining site area was divided between an area of open space to be formally appropriated as a park and a developable area to be disposed of on a conditional, subject to planning disposal. Stockwell Building would be refurbished and its desk capacity increased.
- 3.3 In March 2017 the development agreement for the disposal of the Old Town Hall/ Exchequer House (OTH) was terminated and officers were asked to consider if it could be utilised as part of the Civic Centre Development Strategy. Further feasibility work was undertaken and the results reported to the Executive in December 2017, where it was decided that the OTH could not be utilised. Members also approved the consideration of another Development Strategy option, which would retain the Council Chamber, the Palace and East and West Wings and dispose of the Adventure Kingdom together with the Great Hall which may result in a higher capital receipt. This would create three distinct development zones for the Civic Centre site;
- 1) Ann Springman and Joseph Lancaster Halls
  - 2) Adventure Kingdom and Great Hall
  - 3) St Blaise Building and St Blaise Car Park
- 3.4 Under this option some refurbishment, in particular to the Stockwell Building, together with maintenance backlog works and some works to site connectivity could be achieved via a phased development plan.
- 3.5 The proposed scope for the feasibility study at the Civic Centre is as follows:

Stockwell Building	Refurbishment to increase density of occupation including new furniture layout, new IT Infrastructure additional toilet and refreshment facilities and alterations to the mechanical and electrical equipment, including the provision of mechanical ventilation or comfort cooling.
West Wing/ Old Palace (Ground Floor only)	Medium refurbishment to improve appearance of public spaces and to provide modern IT/AV equipment
Signage	New signage throughout site
CCTV Relocation	The CCTV monitoring station is located in St Blaise Building and will have to be relocated.
Reception/Essential Ancillary Spaces and Meeting rooms	Alternative accommodation provided for essential service spaces currently located in buildings that are being disposed of. Refurbishment, reconfiguration and extension of current reception(s) will have to be reviewed.
Separation of Buildings	There are physical, M&E and IT connections between buildings earmarked for retention and disposal
New Attendants' Lodge	Optional demolition/ rebuild of North Lodge
Infill North Block (Ground floor)	Possible infill of ground floor to provide additional accommodation
Demolition of Telephone exchange building	To provide alternative emergency vehicular access if infill to North Block Ground floor is undertaken

- 3.6 It is not proposed to consider the Great Hall/ Adventure Kingdom as part of this option. These buildings will be reviewed at a later stage and will form a future phase of the Civic Centre Programme.
- 3.7 The operating principles agreed as part of the original strategy will apply for any new option. They are:
- 70% desk provision
  - 50% reduction in meeting rooms with some informal meeting spaces are provided
  - Chief Executive and Directors only will have their own offices, although consideration will be given to offices for sexual health and child protection
  - Essential ancillary and support spaces have been identified and opportunities to rationalise them will be considered
  - Paper filing can and must be reduced
  - The loss of car parking spaces can be managed
- 3.8 Concurrent with the Civic Centre proposals, reviews and surveys have been undertaken at other operational sites and a number of potential building projects and building condition defects have been identified, one of which has a synergy with the Civic Centre Development Strategy and which it would be prudent to consider at the same time.
- 3.9 The Central Depot is the Council's main hub for waste services and, over the last 10 years, has been subject to various rationalisations and building projects and some services have been outsourced and relocated elsewhere. Recently some Environment and Community Services (ECS) staff have relocated to the Depot and occupy a mobile unit, which is reaching the end of its life. Adjacent to this mobile is an aged and underutilised brick building used as mess room for waste management operatives.
- 3.10 The proposed scope for the feasibility study at Central Depot is to consider the demolition of these buildings and the construction of a new building that could permanently house the majority of ECS staff and some third party suppliers, who could relocate from the Civic Centre
- 3.11 This would provide more space at the Civic Centre in North Block that could be used by other departments and which would facilitate staff displaced during refurbishment works to Stockwell Building.
- 3.12 It is proposed to consider these options first as part of the Civic Centre Programme. They will be dealt with as two projects.

#### Project 1 Central Depot Office Accommodation

- to increase the office space at Central Depot

#### Project 2 Civic Centre Office Accommodation

- to retain North Block, Stockwell Building, the Council Chamber, the Palace, East and West Wings

- to dispose of Ann Springman and Joseph Lancaster Halls and St Blaise Building and car park

- 3.13 Each project has been separately briefed and it is intended to commission the consultancy services to undertake a feasibility study including preliminary costs information. The projects will be considered jointly at feasibility stage to formulate an overall programme, but each project, if it proceeds, is expected to be developed and delivered separately in line with its own timescales and delivery method, including separate planning. The first phase of work would be Central Depot. If approved the feasibility study for the projects will cost in the region of £162k, which includes a provisional sum of £74k for any essential surveys that the consultant considers necessary to inform the feasibility study.
- 3.14 Members are asked to approve the appointment of an architect led multi-disciplinary consultancy service to carry out a feasibility study on the two projects.
- 3.15 Ann Springman and Joseph Lancaster Halls are currently vacant. Under the original Development Strategy it was proposed to decant Stockwell Building completely and move staff into AS/JL during refurbishment works. It is now proposed to refurbish Stockwell Building one floor at a time, so these buildings will not be required. Members should note that if the central Depot project does not proceed, then the provision of alternative decant space will have to be added to the Civic Centre costs.
- 3.16 Members are asked to approve the freehold disposal of Ann Springman and Joseph Lancaster Halls for low density redevelopment in keeping with the surrounding area, which comprises of family homes and marketing will be on the basis of a planning brief and with restrictive covenants to ensure that the redevelopment is in line with the planning brief. Costs will be incurred for marketing, the development of the planning brief and for legal costs associated with the covenants and sale.
- 3.17 The anticipated costs for a planning brief, legal and marketing are £65k. It is proposed to fund these costs from any eventual capital receipts that would be generated from the sale of the properties.
- 3.18 The cost information provided as part of the feasibility study will be for construction costs only. Members should also note that if the projects are approved that, as well as the construction costs, there will be other costs including:
- Professional Fees
  - Surveys (other than those undertaken as part of the feasibility)
  - Statutory and Other Costs
  - Furniture
  - Removal Costs
  - Decommissioning empty buildings
  - IT/Telephony/Data
  - Contingency
- 3.19 It is proposed to report back to Members following the completion of the feasibility study and that the report will include an assessment of all anticipated capital expenditure, anticipated revenue savings and potential capital receipts, all of which will now differ from those originally reported as a result of the amended scope, passage of time and changes to the organisation.

## 4 IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 There is not considered to be an impact on vulnerable adults and children as a consequence of this decision.

## 5 POLICY IMPLICATIONS

5.1 The Council is facing challenging economic times and has to make significant savings from the budget over the next few years. It is also seeking to achieve the rejuvenation of its Town Centres. Two of the strategies that will contribute to meeting these key challenges are:

- The Council's vision for delivering services as expressed in its Corporate Operating Principles
- A robust property review process accompanied by an active acquisition and disposal programme.

5.2 The Council has outlined its future vision for the delivery of its services in Building a Better Bromley's Corporate Operating Principles. The Corporate Operating Principles describe the Council as a commissioning organisation and states its intention "to deliver services by testing the benefits of:

- Having our services delivered by others
- Commissioning in partnership with others
- Delivering services in partnership with others
- Delivering services on behalf of others"

5.3 The commissioning process is underway and will impact on the Council's future office requirements.

## 6 FINANCIAL IMPLICATIONS

6.1 The potential cost of the feasibility study is £162k as detailed in the table below:

	<b>Estimated Feasibility Costs (RIBA 0-2) £'000</b>
Project 1 Central Depot Office Accommodation	26.7
Project 2 Civic Centre Office Accommodation	61.5
Provisional Sum for Essential Surveys	74.0
<b>Total</b>	<b><u>162.2</u></b>

6.2 The Capital Programme has an allocation of £14.1m to deliver the originally approved Civic Centre scheme, which includes the sum of £1.27m for professional fees and surveys.

6.3 At the Executive on 6 December 2017, Members approved the sum of £40k from this budget to cover additional consultancy services. However, as this funding has not been utilised, Members are asked to approve that this sum together with an additional £122k to this amount be allocated from the £14.1m, to meet the feasibility study costs of £162.2k for this latest option.

- 6.4 Members are also asked to approve that the marketing costs, including planning brief and legal costs of £65k for the disposal of Ann Springman and Joseph Lancaster, be funded from the future capital receipts that may be generated from the sale of the two properties.
- 6.5 It should be noted that should the disposal not proceed then the costs will be charged back to revenue.
- 6.6 The four year forecast currently contains £620k, as the savings identified in the original Civic Centre report presented to Members in 16 May 2016.
- 6.7 It should be noted that following the completion of the feasibility study, a report will be brought back to Members with details of the estimated capital costs, the potential capital receipt and an updated position relating to the anticipated annual savings from the revised scheme.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no personnel implications at this stage, although staff implications of any decision will be assessed and appropriate consultations undertaken.

## **8 LEGAL IMPLICATIONS**

- 8.1 There are a number of tenants and licensees, who occupy accommodation in the Civic Centre buildings. In some cases, where the Council is no longer able to accommodate them, their occupation will have to be terminated in accordance with the terms and conditions of their leases or licences. Further details will be provided in the subsequent report.

## **9 PROCUREMENT IMPLICATIONS**

- 9.1 It is proposed to procure the multi-disciplinary consultancy services and the marketing consultancy services separately.

### **Multi-Disciplinary Consultancy Services**

- 9.2 The Public Contracts Regulations 2015 incorporating new EU and UK Regulations have changed the procedures that must now be followed when procuring public sector contracts. For a project of this value an OJEU compliant process will have to be undertaken.
- 9.3 An alternative to OJEU is using a framework. Frameworks are usually available to public sector bodies, often within a geographical area, and the contractors on the framework are selected via an EU compliant tendering process.
- 9.4 It is proposed to use a framework for the appointment of the multi-disciplinary design team. The Council has recently signed the Access Agreement to the ESPO Property, Building and Infrastructure Advice and Management Services Framework, which commenced on 1/1/2018. It is proposed to select a consultancy service via this framework using mini competition.
- 9.5 Any construction project is delivered according to the stages laid down by the Royal Institution of British Architects (RIBA Stages 0-7). It is usual practice to ask for the consultancy services to provide a tender to carry out the project to completion (RIBA Stages 0-7) and to add break clauses at various RIBA Stages, which means that if a project does not proceed, then costs will not be incurred unnecessarily. If however the project does proceed, then the consultant is already on board and work can progress seamlessly. The first break clause is at RIBA Stage 2, which the feasibility stage.

## Marketing Services

- 9.6 The consultancy service for the disposal will also be market tested against a framework. There are at least three suitable frameworks: ESPO, Crown Commercial Services and HCA Panel. The most appropriate framework will be selected in consultation with the Head of Procurement.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	Civic Centre Development Strategy Stage 2 Report: Business Case Parts One and Two Reports (18/05/16)  Disposal of Old Town Hall and South Street Car Park and Impact on Civic Centre Development Strategy (06/12/17)

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Report No.  
DRR18/037

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 11 July 2018

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

**Title:** CENTRAL LIBRARY/ CHURCHILL THEATRE: DEFECTIVE TILING

**Contact Officer:** Catherine Pimm, Asset Management Team Manager  
Tel: 020 8461 7834 E-mail: Catherine.Pimm@bromley.gov.uk

**Chief Officer:** Executive Director of Environment & Community Services

**Ward:** Bromley Town;

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1. Reason for report

This report outlines the issues relating to the defective tiling at Central Library/ Churchill Theatre and seeks funding to carry out temporary works, which eliminates the need for hoarding/scaffolding and reduces the risk to the public whilst a permanent solution is identified and other building issues are assessed.

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2. **RECOMMENDATIONS**

Members are asked to:

- 2.1 approve funding of £427k from the earmarked reserve for Infrastructure Investment to undertake temporary works.
- 2.2 approve the procurement route outlined in paragraph 8.1 to 8.2.
- 2.3 note that a further report will be brought back to the Executive to up-date Members on remedial works required to the building.
- 2.4 confirm if they want to instruct officers to review the future of the building and to consider its disposal and reconstruction elsewhere in the context of the town centre regeneration programme.
- 2.5 agree that delegated authority is given to the Project Manager to authorise variations against the construction and/ or surveys within the 15% contingency tolerances.

## Impact on Vulnerable Adults and Children

1. Summary of Impact:
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Estimated Cost £427k
  2. Ongoing costs: Recurring Cost Scaffolding Hire of £60k for two years included in the £427k total scheme cost
  3. Budget head/performance centre: Unallocated sum form Earmarked reserve
  4. Total current budget for this head: £625k
  5. Source of funding: Earmarked reserve for Infrastructure Investment (unallocated balance)
- 

### Personnel

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

### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
- 

### Procurement

1. Summary of Procurement Implications:
- 

### Customer Impact

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

### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments:

Ward Councillors' comments will be reported verbally at the meeting.

### 3. COMMENTARY

- 3.1 Churchill Theatre and Central Library are located in Bromley Town Centre. The building is on a sloping site and has nine storeys above ground and seven below ground. The building is tiled with green slate tiles at the lower level and small white mosaic tiles on the remainder of the building.
- 3.2 These tiles are fixed to the building by adhesive. The tiles and adhesive form the barrier to weathering. Soon after construction the green slate tiles started to fall off and each tile was individually screwed onto the building, which was an effective method of holding them in place until recently.
- 3.3 In 2015 a small area of the green tiles were displaced and the area was fenced off to prevent injury to the public. A visual inspection of the tiling was subsequently undertaken by consulting engineers by abseiling down the building. They reported multiple issues with the tiling, including loss of adhesion between the tiles and the adhesive bedding, the adhesive layer separating from the concrete and spalling of the concrete. The failure was considered to be caused by general weathering action and expansion and contraction during seasonal thermal/ freeze cycles. The engineers recommended replacement of the tiles, but were of the opinion that the green slate tiles were more of a risk than the mosaics.
- 3.4 A project was initiated to replace the green slate tiles, but more tiles started to fall from the building and the project had to be reviewed to reflect the worsening situation.
- 3.5 Protective hoarding and scaffolding has now been erected on all elevations to reduce the risk of the public being injured by falling tiles. The scaffolding and hoarding are currently costing £2860 per month to hire. They are an intrusive and unattractive presence on the High Street.
- 3.6 As more and more tiles come off the condition and serviceability of the main structure will be threatened and it is necessary to remove the tiling and overclad the building.
- 3.7 A consultant was appointed to carry out an option appraisal of possible alternative cladding solutions, to provide budget costs and an indicative programme. The consultants also recommended that the replacement of the windows should be included in the project, because they would be detrimentally affected by any cladding works and should be replaced as part of any scheme. The estimated cost for the replacement of the tiles and windows is £6.5m and any works are anticipated to take 3 years to design, tender and complete.
- 3.8 As well as complete replacement, officers have investigated the option of temporary works to remove the green slate tiles, which are estimated to cost £427k and include the following:
- Scaffolding for 30 weeks
  - Removal of green slate tiles
  - Structural survey of exposed concrete ( to inform the design of the permanent replacement scheme)
  - Minor repairs to the concrete and application of an anti-carbonation coating
  - Removal and re-fixing of signage
  - Continued hire of scaffolding to rear for 2 years (this elevation is most at risk from the mosaic tiles and the removal of the green slates will not offer protection)
  - Contingency @ 15%

- 3.9 The cost breakdown of the temporary works is included in the financial section of the report.
- 3.10 There are a number of benefits to the temporary works. They would provide better protection for the public and eliminate the need for scaffolding and hoarding in the short term, thereby improving the appearance of the High Street. The anti-carbonation coating would provide some protection to the building to prevent further deterioration of the substrate.
- 3.11 The temporary works would also give the Council time to determine a programme of remedial works for the building that not only includes the over cladding, but also considers the replacement of life expired mechanical, electric and heating plant that has been identified as a result of surveys recently undertaken. A further report will be brought back to the Executive to report on these items.
- 3.12 As there are a number of high cost capital replacement items anticipated to the building, Members are asked to consider if they want to instruct officers to review the future of the building and to consider its reconstruction elsewhere and disposal of its current site in the context of the town centre regeneration programme.
- 3.13 Members are asked to approve funding in the sum of £427k from the earmarked reserve for Infrastructure Investment to undertake the temporary works and to continue scaffolding hire for 2 years for the rear elevation. The rear elevation is most affected by the falling mosaic tiles and the removal of the green slates will not eliminate the risk.
- 3.14 The anticipated milestones for the delivery of the temporary works are as follows:

<b>Task</b>	<b>Completion by</b>
Approval	July 2018
Specification and Tendering	September 2018
Appointment of Contractor	October 2018
Commencement	November 2018
Completion	May 2019

- 3.15 It is hoped that the contract period for the works could be decreased, although the removal of the tiles is likely to be a labour intensive task.
- 3.16 It is not anticipated that planning permission will be required for the temporary works, although it is anticipated that an application for a Certificate for Lawful Development will be made in accordance with Section 192 of the Town and Country Planning Act 1990.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 There is not considered to be an impact on vulnerable children and adults as a consequence of this decision.

#### **5. POLICY IMPLICATIONS**

- 5.1 As less funding is available for maintenance of the operational property portfolio, it is essential that the Council optimises the utilisation of its assets and ensures that it retains only those properties that meet the corporate and service aims and objectives. To ensure that this remains the case in the light of the ongoing efficiency savings, property reviews are undertaken.

## 6. FINANCIAL IMPLICATIONS

6.1 The breakdown of the costs of the temporary works is shown in the table below:

<b>Details of work to be undertaken</b>	<b>Proposed Budget £'000</b>
Scaffolding for 30 weeks	121
Removal of green slate tiles	34
Structural Survey	18
Minor Repairs to exposed concrete/ application of anit-carbonation paint	128
Remove and refix sign	9
Hire of Scaffolding for 2 years for rear elevation	61
Sub Total	<u>371</u>
Contingency @ 15%	56
<b>Total</b>	<b><u>427</u></b>

6.2 In recognition of the risks arising from the significant reduction in the building maintenance budget, there is an earmarked reserve for Infrastructure Investment. The Fund has an uncommitted balance of £625k and in order to access resources, a business case needs to be presented to the Executive.

6.3 It is recommended that a sum of up to £427k is allocated from the earmarked reserve, to carry out the works identified in the report and to fund temporary scaffolding on the rear elevation for a 2 year period.

6.4 The figures shown above include a 15% contingency. Delegated authority is sought for the Project Manager to authorise variations against the construction and/ or surveys within the 15% tolerances.

6.5 The table below summarises the current financial position of the earmarked reserve: -

	<b>£'000</b>	<b>£'000</b>
Initial Approved Sum		2,000
Allocations agreed to date		
Condition surveys & associated works	363	
Central Depot	553	
Churchill Theatre/Central Library	170	
Fire Risk remedial works	79	
Yeoman House	210	
	<u>1,375</u>	
<b>Current unallocated Balance</b>		<b>625</b>
Allocation approval requested July 2018	427	
	<u>427</u>	
Unallocated Balance if request approved		<b><u>198</u></b>

## 7. LEGAL IMPLICATIONS

- 7.1 The Council has a duty to undertake maintenance of its properties. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff and members of the public can lead to criminal and civil liability.

## 8. PROCUREMENT IMPLICATIONS

- 8.1 Amey Ltd is now responsible for procuring and delivering the maintenance programmes and the Client Team will monitor their activities in accordance with the terms of the contract.
- 8.2 In order to demonstrate Value for Money, it is expected that Amey Ltd will obtain competitive tenders for the work from their own supplier list. This will not apply to the scaffolding, which is already in situ and although the scaffolding will have to be reconfigured, it is not considered to be cost effective or safe to get the current scaffolding removed and re-erected.

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

Report No.  
ES18032

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE  
COUNCIL

**FOR PRE DECISION SCRUTINY BY THE ENVIRONMENT PDS  
COMMITTEE ON 10<sup>TH</sup> JULY 2018**

**Date:** Executive 11<sup>th</sup> July 2018  
Council 16<sup>th</sup> July 2018

**Decision Type:** Non Urgent Executive Key

**Title:** DEPOT STRATEGY - CAPITAL WORKS

**Contact Officer:** Paul Chilton, Transport Operations Manager  
Tel: 020 8313 4849 E-mail: paul.chilton@bromley.gov.uk

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

**Ward:** All Wards

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## Reason for report

- 1.1 The waste management, street cleansing and grounds maintenance contracts are being re-tendered with the new contracts due to commence in April 2019. In preparation for this, a strategic review of the Council's depots has been undertaken in order to provide cost-effective and flexible facilities based on a contract structure where the contractor is able to self-provide modular buildings and storage facilities, reducing the Council's ongoing costs.
  - 1.2 An assessment of the condition of these depots has been carried out and a range of essential capital works has been identified including the replacement of hard standings and demolition of dilapidated buildings. Budget costs for these works have been assessed.
  - 1.3 At the larger depots, particularly those associated with waste management, the improvements will help to maintain site safety and environmental compliance as well as sustaining fitness-for-purpose throughout the duration of the contracts.
  - 1.4 This report therefore recommends that the sum of £6.5m is approved to carry out the identified capital works.
-

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

That the Executive:

- 2.1 Recommend that Council approves the addition of the scheme for Depot Improvement Works to the capital programme, with a total cost of £6.5m, to be financed as set out in paragraph 5.5;
- 2.2 Delegates authority to the Programme Manager to authorise variations against the construction and/ or consultancy contracts within the 10% tolerances.
- 2.3 Approves an additional 10% contingency of £587k, for any additional depot works that are identified through the negotiation process for the Environment contract.
- 2.4 Agrees to delegate authority to use the additional 10% funding for depot works to the Executive Director of ECS in consultation with the ECS Portfolio Holder.
- 2.5 Agrees to utilise a suitable framework for the appointment of consultancy services;
- 2.6 Agrees the procurement of contractors for works as outlined in the report.

That Council:

- 2.7 Approves the addition of the scheme for Depot Improvement Works to the capital programme, with a total cost of £6.5m.



### Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: £6.5m
  2. Ongoing costs: No additional revenue costs as a result of these works
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: N/A
  5. Source of funding: Capital receipts, internal borrowing, and external borrowing where required
- 

### Personnel

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

### Legal

1. Legal Requirement:
  2. Call-in: Applicable:
- 

### Procurement

1. Two levels of procurement are required to support this proposal.
    - a) The appointment of Consultancy Services
    - b) The appointment of Contractors
- 

### 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 Depots play a key role in supporting the provision of Council services and in many cases feature in the front-line and public interface. Part of the procurement process for the group of Environment contracts due to start in April 2019 included a strategic review of depots. The review aimed to establish the number, location and condition of the current depots in the context of service delivery and identify sites that would provide sufficient geographical coverage, but reduce where possible any future financial liabilities and future cost pressures and release sites where there would be an opportunity to generate capital receipts.
- 3.2 The review included a survey to ascertain the state of each site and to assess scope of improvement works required. This was carried out by the Council's Property team who commissioned their contractors Cushman and Wakefield to produce a condition survey report.
- 3.3 The results of the review concluded that a number of existing premises would not be required to support the new contracts and in some cases, better use of existing sites would bring operational efficiencies, fundamental to providing the services. Any surplus sites would be disposed of in due course.
- 3.4 As reported to the Executive on the 06/12/17 (Report [ES17088](#)) the conclusion was that in addition to the two main waste related depots (Central and Churchfields), 7 smaller sites would be retained as bases to operate the services from. Seven existing sites would not be required after April 2019 and 3 others are proposed to be transferred to Crystal Palace Trust in 2022. Estimates for the improvement works required at the retained sites were obtained through the Council's Property team which included consultancy fees.
- 3.5 The works proposed comprise the provision of hardstanding and utility access points to allow contractors to self provide modular offices and storage units, essential hardstanding repairs and improvements, other structural repairs and the demolition of dilapidated buildings.
- 3.6 The tendering of of new Environmental Services Contracts will be completed by autumn 2018 with contracts commencing on 1<sup>st</sup> April 2019. The anticipated programme for this project is outlined in the attached table:

<b>Task</b>	<b>Completion Date</b>
Approval to project	July 2018
Appointment of Consultancy Services and Programme Manager	October 2018
Design Development and Tender	October 2019
Construction/ demolitions	October 2020

- 3.7 It is unlikely that all sites will be ready to coincide with the commencement of the new contracts however, due to complexities of the various works required, this will enable the new contractors to participate in the design and phasing of the works.
- 3.8 It is proposed that this project is delivered by Amey's Capital Project Team using multi-disciplinary consultancy services.

3.9 The table below summarises the works that need to be carried out for each depot along with the estimated costs:-

<b>Depot</b>	<b>Summary of works</b>	<b>Estimated costs £'000</b>	<b>Consultants fees £'000</b>	<b>Total £'000</b>
Central Depot	Hardstandings/Concrete slabs/Utilities	2,127.5	212.8	<b>2,340.3</b>
Churchfields Depot	Hardstandings/Concrete slabs/demolition/Utilities	750.4	75.0	<b>825.4</b>
Kelsey Park (Lower)	Hardstandings/Concrete slabs/Demolition/Utilities	797.5	79.7	<b>877.2</b>
Priory Gardens	Hardstandings/Concrete slabs/Demolition/Utilities	312.8	31.3	<b>344.1</b>
London Road Cemetery	Hardstandings/Concrete slab/Utilities	86.3	8.6	<b>94.9</b>
Croydon Road Recreation Ground	Hardstandings/Concrete slabs/demolition/Utilities	173.6	17.4	<b>191.0</b>
Den Barn	Hardstandings/Concrete slabs/Storage (Re-provision at alternative site)	92.0	9.2	<b>101.2</b>
Kelsey Park (Upper)	Demolition	62.6	6.3	<b>68.9</b>
High Elms Country Park	Hardstandings/Concrete slabs/Utilities	644.0	64.4	<b>708.4</b>
Crystal Palace Information Centre	Demolition	111.5	11.2	<b>122.7</b>
Programme Manager	N/A		200.0	<b>200.0</b>
<b>Sub Total</b>		<b>5,158.2</b>	<b>715.9</b>	<b>5,874.1</b>
Contingency of 10%, for additional works that may be required following the award of the new Environment contract				<b>587.4</b>
<b>TOTAL</b>				<b>6,461.5</b>

3.10 It should be noted that the costs will be finalised following the appointment of consultants to carry out the design works.

3.11 The figures shown above includes a 10% construction contingency. Delegated authority is sought for the Programme Manager to authorise variations against the construction and/ or consultancy contracts within this tolerance.

3.12 Given the short timescale between award of the new Environment Contract and the commencement date, it is recommended that an additional contingency of 10% is set aside in the event that extra work is identified through the negotiation process that needs to be undertaken at short notice. It is recommended that delegated authority be given spend this contingency, to the Executive Director of ECS in consultation with the ECS Portfolio Holder.

3.13 Any programme of work would have to be carefully phased and planned to ensure that services are not interrupted and it is proposed that funding is provided to Amey to appoint a Programme Manager to co-ordinate this complex project.

- 3.14 At the major depots connected with waste operations, the Council's service provider as holder of the Environmental Permit, will be fully involved in the specification and work planning aspects of the project.
- 3.15 Land contamination surveys and ground investigations would be required during the design stage of the project. The intensification of depot space would also require traffic management plans to be prepared to limit any impact up on the local environment.
- 3.16 The project will improve the general appearance and workings of such sites and will enhance the efficiency and professionalism of those whom operate from these bases. This is expected to reduce the overall running costs, providing a long-term solution that aligns with new service provision proposals.
- 3.17 This scheme aims to create a sustainable infrastructure and reduce the Council's long term financial liability. Where depots are beyond economic repair buildings will be replaced by hardstanding upon which the contractor can self-provide modular offices and sea containers. This will ensure that the provision is matched to need and costs associated with surplus real estate will be minimised.

### **Risks**

- 3.18 Risks associated with not funding the improvements are:
- Operational sites identified would become unsafe and or unusable and therefore would have to close, meaning the services that operate from these locations would have to relocate, causing significant service disruption resulting in temporary loss of service and significant customer complaints and reputational damage.
  - That the tenders from the prospective contractors would include the costs of making the depots fit for purpose, therefore increasing the costs of the contracts and the annual revenue budgets.
- 3.19 Risks relating to the management and delivery of this project are those affecting operations and the impact on the surrounding areas. This is due to the project involving multiple sites, which are in constant operational use and which will have to be kept open during the works and the likely increase in vehicle movements due the maintenance contractors. The further risk is the impact of any land contamination. In respect of Central Depot, the Waldo Road waste transfer station is licenced by the Environment Agency and must comply with site condition standards.
- 3.20 The current Waste Transfer Stations and Household Waste Recycling Centres will continue to provide services to the local community and the essential works proposed will facilitate that uninterrupted use.
- 3.21 This investment will enable the provision of waste and other environmental services to operate effectively and meet the Council's statutory requirement to provide these services. It will also serve to uphold the requirements of the Waste Permits, issued by the Environment Agency in respect of the Central and Churchfields Depots.
- 3.22 The reduction in the number of depots will reduce the Council's long-term financial liability and that the risk of surplus provision is minimised.

## **4. POLICY IMPLICATIONS**

- 4.1 This proposal links to Portfolio/Service Plans, the Asset Management Plan and will contribute towards our Key Priority of enhancing our clean and green borough, improving the Quality

Environment by providing fit-for-purpose infrastructure to support Environmental Services' contracts.

## 5. FINANCIAL IMPLICATIONS

5.1 This report is proposing to undertake essential works to ten of the Council's depots as summarised in 3.9 above, totalling £6.5m and that the scheme be added to the capital programme, subject to approval by Full Council.

5.2 The table below summarises the cost of the scheme: -

<b>Summary of estimated costs and funding</b>	<b>£'000</b>
<b>Estimated costs</b>	
Capital works	5,158.2
Consultant costs	515.9
Programme Manager	200.0
Additional 10% contingency for depot works	587.4
<b>Total estimated costs</b>	<b><u>6,461.5</u></b>

5.3 These costs are currently estimated to be incurred as set out below:-

	<b>£'000</b>
2018/19	300.0
2019/20	3,000.0
2020/21	3,161.5
	<b><u>6,461.5</u></b>

5.4 The strategy for the provision of depots has identified some depots as surplus to requirements, some of which could be disposed of and produce a capital receipt. The options for these sites will be considered in a future report to Members.

5.5 It is currently projected that the Council's capital receipts will have been fully utilised by the end of 2019/20, and then building up again from 2022/23 onwards. As a result, it is proposed that, where possible, the scheme costs will be funded from unallocated capital receipts and internal borrowing and that only where necessary will external borrowing, such as from the Public Works Loan Board (PWLB), be utilised.

5.6 However, it should be noted that the capital receipts projections currently includes an estimate for receipts from depot disposals. Should the options appraisal fail to identify sufficient disposals to fund the costs of this scheme, then the report will also include alternative funding options for the scheme, such as longer term external borrowing.

5.7 There are no additional on-going revenue maintenance costs resulting from these works.

## 6. LEGAL IMPLICATIONS

6.1 The estimated contract value for the consultancy services contract is £516k which is above EU threshold level for services and will need to be procured in full compliance with the Public Contracts Regulations 2015 "Regulations"). Using an EU compliant a framework set up by another public body is permitted under the Regulations and the Council's Contract Procedure Rules ("CPR"). A suitable framework will be identified in consultation with the Head of Procurement.

6.2 The total value of the works contract is estimated at £5.2m and is above the EU threshold value for works and will need to be procured in full compliance with the Regulations. Compliance with the Regulations will ensure compliance with the Council's CPR.

## 7. PROCUREMENT IMPLICATIONS

7.1 For a construction project of this value an OJEU compliant process will have to be undertaken. An alternative to OJEU is to use a framework. Frameworks are available to public sector bodies, often within a geographical area and the suppliers on the framework are selected via an EU compliant tendering process.

7.2 LB Bromley uses a number of frameworks and Property officers will liaise with Amey on the selection of the most appropriate one for a particular project. It is recommended that the Council appoints the consultancy services using a suitable framework.

7.3 The Programme Manager will be commissioned as part of the the Multi-Disciplinary Consultancy team or as part of the Total Facilities Management Contract within Amey's selection process.

7.4 Contractors will be selected in accordance with the appropriate EU/ Public Procurement Regulations.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children; Personnel
Background Documents: (Access via Contact Officer)	ES17088 Environment Services Commissioning Programme Update 06/12/2017

## APPENDIX 1

The report from Cushman & Wakefield proposed that the overall number of depots retained by the Council reduced from 19 to 9.

The following site will be retained:

1. Central (Main Depot - Waste Services & HWRC, Street Cleansing and Grounds Maintenance)
2. Churchfields Road (Main Depot – Waste Services & HWRC, Street Cleansing, Grounds Maintenance)
3. Kelsey Park Lower (Main Depot - Grounds Maintenance)
4. Priory Gardens (Satellite Depot – Grounds Maintenance)
5. London Road Cemetery (Grounds Maintenance)
6. BEECH Centre High Elms (Education Facility – Grounds Maintenance)
7. Chislehurst Cemetery (Grounds Maintenance)
8. St Luke`s Cemetery (Grounds Maintenance)
9. Croydon Road Recreational Ground (Satellite Depot – Grounds Maintenance)

The Councils two waste transfer sites (Central Depot and Churchfields), will be retained for the provision of the Waste Management service, Winter services, Street Cleansing, Grounds Maintenance and Passenger Transport Service.

The sites suggested for decommissioning are to be considered for disposal or alternative use, due to a combination of poor geographical location, high cost liabilities and potential to generate capital receipts, are as follows:

- Alligator House (Civic Centre)
- Beaverwood – Depot
- Church House Gardens – Depot
- Lodge at Church Gardens
- Lodge at High Elms
- Den Barn at High Elms
- Chapels, London Rd Cemetery (x2)
- Chapel at St Luke`s Cemetery
- Kelsey Park Upper Depot

A further 3 depots at Crystal Palace Park are likely to transfer to the Trust at a future date.

This would then leave 9 sites (including the two central depots) for the provision of environmental services.

The condition survey report from C&W also highlighted the risks associated with Churchfields and Central Depots during the contract term, which will need to be considered by the service in due course. The Council has the option to ask any prospective bidder for the tendered Environmental Services Contracts to include any capital works required in their submission which will spread these costs over the contract period or for the Council to finance any capital works required from the capital programme as and when required. This will be dealt with in the award report of the Environmental Services Contracts and once C&W have finalised their overall report.

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