



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 31 January 2019

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 13
FEBRUARY 2019 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 7th February 2019.

4 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 16TH JANUARY 2019
(Pages 3 - 12)

5 2019/20 COUNCIL TAX
(Pages 13 - 46)

**6 CAPITAL PROGRAMME MONITORING Q3 2018/19 AND CAPITAL STRATEGY
2019 TO 2023**
(Pages 47 - 66)

- 7 **OPERATIONAL BUILDING MAINTENANCE BUDGETS AND PLANNED PROGRAMME 2019/20**
(Pages 67 - 74)
- 8 **OPPORTUNITY SITE G: APPROVAL FOR IN PRINCIPLE USE OF COMPULSORY PURCHASE POWERS**
(Pages 75 - 92)
Bromley Town Ward
- 9 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 10 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

<u>Items of Business</u>	<u>Schedule 12A Description</u>
<p>11 EXEMPT MINUTES OF THE MEETING HELD ON 16TH JANUARY 2019 (Pages 93 - 96)</p>	<p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>
<p>12 RELEASE OF GOVERNMENT FUNDING FOR THE STEP UP TO SOCIAL WORK PROGRAMME & APPROVAL FOR THE AWARD OF CONTRACT TO ROYAL HOLLOWAY UNIVERSITY OF LONDON FOR THE PROVISION OF POST GRADUATE DIPLOMA IN SOCIAL WORK (Pages 97 - 106)</p>	<p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>
<p>13 CAPITAL PROGRAMME MONITORING - APPENDIX F (Pages 107 - 108)</p>	<p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>

EXECUTIVE

Minutes of the meeting held on 16 January 2019 starting at 5.00 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., Councillor Mike Botting
and Councillor Angela Wilkins

97 APOLOGIES FOR ABSENCE

There were no apologies for absence.

98 DECLARATIONS OF INTEREST

There were no declarations of interest.

99 QUESTIONS FROM MEMBERS OF THE PUBLIC ATTENDING THE MEETING

No questions were received.

100 TO CONFIRM THE MINUTES OF THE MEETINGS HELD ON 28TH NOVEMBER AND 12TH DECEMBER 2018 Report CSD19008

RESOLVED that the minutes of the ordinary meeting held on 28th November 2018 and the special meeting held on 12th December 2018 (excluding exempt information) be confirmed.

101 OFSTED INSPECTION OF CHILDREN'S SERVICES Report ECHS19017

Ofsted had carried out an ILACS inspection of children's social care in November 2018. The judgement had been released on 7th January 2019 (confirming an interim judgement on 30th November 2018) with an outstanding grade for the impact of leaders on social work practice with children and families, and good judgements for the experiences and progress of children who need help and protection, the experiences and progress of children in care and care leavers and overall effectiveness. The report provided Members with:

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- A summary of the key feedback for each judgment area and any identified areas for improvement;
- The next steps for the completion of an improvement plan to address the recommendations identified in the report – this had to be submitted to Ofsted within seventy working days.

The Leader and Councillor Peter Fortune led Members in thanking staff, partners, foster carers and other agencies for their work.

RESOLVED that the findings from the Ofsted report and the outlined plan to address the recommendations identified in the report be noted.

102 DRAFT 2019/20 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2020/21 TO 2022/23
Report FSD19001

The Executive received a report setting out the initial draft 2019/20 Budget including the full year effect of changes agreed as part of the 2018/19 Council Tax report including savings approved during the year with the resultant impact on the Council's medium term budget gap.

A key part of the financial strategy was to highlight the budget issues that would need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. Details of the capital programme were reported separately to Executive.

The views of PDS Committees would be sought and reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on the 2019/20 Council Tax and Adult Social Care precept levels.

The report provided details of the final year of the four year Local Government Financial settlement (2016/17 to 2019/20), the impact of the Chancellor's Autumn Budget 2018 and the Provisional Local Government Financial Settlement 2019/20.

There were still outstanding issues and areas of uncertainty remaining. Any further updates would be included in the 2019/20 Council Tax report to the next meeting of the Executive.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 8th January 2019, and the Committee had supported the proposals.

RESOLVED that

(1) The initial draft 2019/20 Budget detailed in Appendix 7 to the report be agreed.

- (2) The initial draft 2019/20 Budget for each portfolio be referred to the relevant PDS Committees for consideration.
- (3) The financial projections for 2020/21 to 2022/23 be noted.
- (4) It is noted that there are still areas of financial uncertainty which will impact on the final 2019/20 Budget and future year forecasts.
- (5) The setting of the schools budget, mainly met through Dedicated Schools Grant, be delegated to the Education, Children and Families Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum (see section 11 of the report.)
- (6) It is noted that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive.
- (7) The outcome of the public consultation meetings detailed in Appendix 9 to the report be noted.
- (8) The proposed contribution of £248,886 in 2019/20 to the London Boroughs Grant Committee be agreed (see section 10 of the report.)
- (9) The outcome of the Provisional Local Government Financial Settlement 2019/20 be noted as detailed in the report.
- (10) The significant budget gap remaining of an estimated £32.2m per annum by 2022/23 and that any decisions made for the 2019/20 Budget will have an impact on the future year projections be noted.
- (11) It is noted that any final decision by Executive on recommended council tax and social care precept levels to Council will normally be undertaken at the next meeting of Executive.
- (12) It is agreed to proceed with the London Business Rate Pilot 2019/20, and authority be delegated to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Portfolio Holder for Resources, Commissioning and Contracts Management, in relation to the operational details of the London Business Rate Pilot pooling arrangements with the participating authorities.

103 ADOPTION OF BROMLEY'S LOCAL PLAN
Report DRR19/003

The Council has received the Inspector's Report on the Draft Local Plan (Appendix 1 to the report, Part 1). The Inspector's Report concluded that, with the recommended Main Modifications (Appendix 1, Part 2), which were agreed by Executive, the Local Plan was sound and was capable of adoption.

The draft Local Plan (Appendix 2) was submitted for independent examination in August 2017, along with accompanying documents, including minor

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modifications and Proposals Map sets (Appendices 3 and 4). It was now at the Council's discretion to adopt the Local Plan, consistent with the Inspector's Report.

The report had been considered by the Development Control Committee on 15th January 2019, and the Committee had recommended that the Plan be adopted.

Councillor Peter Morgan, Portfolio Holder for Renewal, Recreation and Housing, thanked the Chief Planner and his staff for their work in developing the Plan.

RESOLVED that

(1) It is agreed that the Proposed Submission Draft Local Plan (Appendix 2), including the Main Modifications (Appendix 1 part 2), minor modifications (Appendix 3) and the policies maps (Appendix 4), be adopted as the Local Plan for Bromley as consolidated.

(2) It is agreed that the documents detailed in (1) be consolidated as outlined in paragraph 3.11 of the report for publication as The Bromley Local Plan,

(3) It is agreed that the Bromley Unitary Development Plan (2006) is withdrawn, and the relevant policies in the Bromley Town Centre Area Action Plan are replaced as above.

(4) That Council be recommended to adopt the Bromley Local Plan, and withdraw the Bromley Unitary Development Plan 2006, as set out above.

**104 AWARD OF CONTRACT FOR CCTV MONITORING AND
 MAINTENANCE (PART 1)
 Report ES19001**

The Executive received a report summarising details of the tenders received for the CCTV Monitoring and Maintenance contracts. Further details were contained in a report on the part 2 agenda.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 8th January 2019, and the Committee had supported the proposals.

RESOLVED that

(1) The CCTV Monitoring Contract and the CCTV Maintenance Contract be awarded to the providers specified in the part 2 report to commence from 1st April 2019 for a period of 5 years, with an option to extend for a further period of 4 years.

(2) The option to extend the contract by one year increments, under the terms of the contract, be delegated to the Executive Director of Environment and Community Services, subject to consultation with the Director of Commissioning, the Director of Finance, the Director of Corporate Services and the Public Protection and Enforcement Portfolio Holder.

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

There were no additional items to consider from Executive, Resources and Contracts PDS Committee on the part 1 agenda.

106 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**

107 EXEMPT MINUTES OF THE MEETINGS HELD ON 28TH NOVEMBER AND 12TH DECEMBER 2018

The exempt minutes of the ordinary meeting held on 28th November 2018 and the special meeting held on 12th December 2018 were confirmed.

108 AWARD OF CONTRACT FOR CCTV MONITORING AND MAINTENANCE (PART 2)

The Executive awarded contracts for CCTV Monitoring and Maintenance.

109 AUTHORISATION FOR EXEMPTION TO CONTINUE THE CONTRACT FOR COMMUNITY WELLBEING SERVICE FOR CHILDREN AND YOUNG PEOPLE

The Executive agreed a further six month contract for the Community Wellbeing Service for children and young people.

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**110 PROPOSED CONTRACT EXTENSIONS - SEN TRANSPORT &
NON SEN CHILDREN'S TRANSPORT CONTRACTS**

The SEN and non-SEN Children's Transport contracts were extended until August 2020.

**111 GATEWAY 1 REPORT - PROCUREMENT OF LEASE CARS
AND LIGHT COMMERCIAL VEHICLES**

The Executive agreed arrangements to procure lease cars and light commercial vehicles.

The Meeting ended at 5.31 pm

Chairman

Decision Maker: EXECUTIVE

Date: 13th February 2019

Decision Type: Non-Urgent Executive Non-Key

Title: MATTERS ARISING FROM PREVIOUS MEETINGS

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

Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

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

2. **RECOMMENDATION**

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

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

Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
-

Corporate Policy

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

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>
6th December 2017				
362 Bromley Youth Employment Scheme Project Extension	A further report was requested for the 2 nd or 3 rd quarter of 2018 defining outcomes more clearly so that funding can be considered in the 2019/20 budget.	A further report is being prepared for the Executive.	Head of Youth Offending and Youth Services	March 2019
10th January 2018				
389 Update on Service Proposals and Procurement Strategy for Modular Homes	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. It is anticipated that the contract will be awarded in January or February 2019. A site visit will be arranged for shortly after the contract is scheduled to commence.	Director of Housing	February 2019
17th October 2018				
57 & 58 Gateway Reports: Supported Living Services	Officers to brief Cllrs Fawthrop & Wilkins on the strategy for these contracts. KPIs to be reported to Adult Care & Health PDS Committee in January 2019.	Cllrs Fawthrop & Wilkins were sent further information on 13 th November 2018. Following further work on LD supported accommodation strategy a report is being prepared for ACH PDS Committee in March 2019.	Interim Director of Programmes	March 2019

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Report No.
FSD19019

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **13th February 2019**

Decision Type: Non-Urgent Executive Key

TITLE: 2019/20 Council Tax

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

Director: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

1.1 This report identifies the final issues affecting the 2019/20 revenue budget and seeks recommendations to the Council on the level of the Bromley element of the 2019/20 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 25th February 2019. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2019/20 but to have measures in place to deal with the medium term financial position (2020/21 to 2022/23).

2. RECOMMENDATIONS

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

- (a) **Approves the schools budget of £77.644m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;**
- (b) **Approves the draft revenue budgets (as in Appendix 2) for 2019/20;**
- (c) **Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 16th January 2019;**
- (d) **Approves a contingency sum of £11,669k (see section 6);**

- (e) Approves the following provisions for levies for inclusion in the budget for 2019/20;

	£'000
Local Pension Partnership *	469
London Boroughs Grant Committee	249
Environment Agency (Flood defence etc.) *	252
Lee Valley Regional Park *	323
Total	1,293

* Provisional estimate at this stage

- (f) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 12);
- (g) Considers the “Bromley element” of the Council Tax for 2019/20 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues (see section 16);
- (h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);
- (i) Notes that any decision on final council tax level will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 16.9);
- (j) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 25th February 2019.

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £159.85m Draft 2019/20 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 2 for overall funding of Council's budget
-

Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2019/20 Financial Control Budget to be published in March 2018
 2. If from existing staff resources, number of staff hours – N/A
-

Legal

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

Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

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

3. PREVIOUS REPORTING TO MEMBERS

3.1 In considering this report further background information was available through the Members' seminars as follows:

- (a) Members' Finance Seminar on 20th June 2018;
- (b) Members' Welfare Reform Seminar on 2nd July 2018;
- (c) Members' Pension Fund Seminar on 5th November 2018.

3.2 The 'Draft 2019/20 Budget and Update on the Council's Financial Strategy 2020/21 to 2022/23' was reported to the Executive on 16th January 2019. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 16th January 2019)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can impact on Public Finances (Section 3 and Appendix 1);
- (b) Provisional Local Government Finance Settlement 2019/20 and Autumn Budget 2018 (Appendix 2);
- (c) Council Tax Levels, Government Funding and Spend Levels (Appendix 3);
- (d) Changes since the 2018/19 Budget that impact on the Financial Forecast (Section 4);
- (e) Latest Financial Forecast (Section 6 and Appendices 5-6);
- (f) Detailed Draft 2019/20 Budget (Section 7 and Appendix 7);
- (g) Options being undertaken with a "One Council" approach (Section 8);
- (h) Future Local Authority Landscape (Section 9);
- (i) The Schools' Budget (Section 11);
- (j) Consultation (Section 16);
- (k) Position by Portfolio – Key Issues/Risks (Section 17 and Appendix 10).

All of the above should be considered with this report as part of finalising the 2019/20 Budget and council tax levels.

4. 2019/20 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

- (a) The last report to the Executive identified a significant 'budget gap' over the four year financial planning period. The main updates are shown below;
- (b) The final Local Government Financial Settlement 2019/20 was announced on 29th January and there were no changes, impacting on Bromley compared with the Provisional Settlement reported to the previous meeting of the Executive;
- (c) The Government did separately announce funding over two years of £210k for Brexit preparation which has been reflected in the 2019/20 Central Contingency Sum;
- (d) The Portfolio Holder for Resources, Commissioning and Contracts Management announced at the last meeting of Council that the Council is proposing an across the board pay increase of 2.25% for Council staff and staff on scale point 4 to 30 will receive a pay award of between 3% and 6% (Inclusive of the 2.25%). Further details are being reported to General Purposes and Licensing Committee on 12th February 2019. The financial impact of this proposal has been included in the Draft 2019/20 Budget;
- (e) A combination of the impact of updates estimate of levies (final outcome awaited) and review of inflation provision has reduced the budget gap in 2019/20 to nil, subject to the outcome of

member decisions on council tax and adult social care precept increases for 2019/20.

5. LATEST FINANCIAL FORECAST

5.1 A summary of the latest budget projections is shown in Appendices 1 and 2 and are summarised in the table below:

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Variations Compared with 2018/19 Budget				
Grant Loss	3.6	6.6	9.6	12.6
Cost Pressures				
Increased costs (3.0% 2019/20 then 2.7% per annum)	5.5	12.8	20.0	27.2
Reinstatement of highways maintenance (previously capitalised)	0.0	0.0	0.0	2.5
Total Additional Costs	5.5	12.8	20.0	29.7
Income / Savings				
Acquisition of Residential Properties to Accommodate Homeless (Mears)	-1.0	-1.0	-1.0	-1.0
Additional Income Opportunity (Amey)	-0.2	-0.4	-0.4	-0.4
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base	-1.5	-1.8	-1.8	-1.8
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only	2.9	2.9	2.9	2.9
Continuation of London Business Rate Pool 2019/20	-2.2	0.0	0.0	0.0
Business Rates Surplus levy	-0.6	0.0	0.0	0.0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G	0.2	0.1	0.3	0.4
Release general provision in contingency for significant uncertainty/variables	-0.7	-0.7	-0.7	-0.7
Savings from recommissioning/retendering of various contracts	-0.1	-0.1	-0.1	-0.1
Savings from Childrens Social Care linked to Invest to Save funding	-0.2	-0.7	-1.0	-1.0
Potential release of draft contingency in future years re provision for risk/uncertainty	0.0	-4.0	-8.0	-8.0
Extra Social Care Funding through Government grants	-3.2	-3.2	-3.2	-3.2
Leisure Service Lease approved by Executive on 28th November 2018	-1.5	-1.5	-1.5	-1.5
Review of staffing across organisation	-0.6	-1.5	-1.5	-1.5
Other savings	-0.4	-1.1	-1.5	-1.5
Total Income / Savings	-9.1	-13.0	-17.5	-17.4
Other Changes (includes use of non-recurring funds)				
Fall out of New Homes Bonus funding	3.2	4.5	5.1	5.6
Real Changes and other Variations	-0.9	-1.3	-1.2	-0.5
Total Other Changes	2.3	3.2	3.9	5.1
ECHS Growth and Mitigation	8.0	17.2	18.5	18.8
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-1.6	-2.3	-2.9	-3.6
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19	4.9	4.9	4.9	4.9
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19	0.7	0.7	0.7	0.7
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter)	-4.5	-7.6	-10.9	-14.1
Impact of Adult Social Care Precept (assume 2% per annum)	-3.0	-3.0	-3.0	-3.0
Collection Fund Surplus 2017/18	-6.8	0.0	0.0	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Council Tax	-10.3	-11.3	-14.2	-17.1
Remaining "Budget Gap"	0.0	15.5	20.3	31.7

- 5.2 The above table shows, for illustrative purposes the impact of a council tax increase of 4.99% in 2019/20 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.5m. The financial forecast assumes that any future increases in the Adult Social Care precept cease beyond 2019/20. It should be noted that the current legislation only provided powers for this precept until the end of 2019/20.
- 5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,216.26 (2.99% general increase plus 2% adult social care precept) and Appendix 3 includes the Draft 2019/20 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision and the latest assumptions for levies. This sum excludes the GLA precept.
- 5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a "structural deficit" as the on-going budget has increasing costs relating to inflation and service pressures as well as the on-going loss of Government grants. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the 'budget gap'.
- 5.5 The above table highlights that, although it has been possible to achieve a potential balanced budget for next year even after allowing for significant cost pressures there remains a "budget gap" of £15.5m in 2020/21 rising to £31.7m per annum in 2022/23. The projections in later years have to be treated with some caution, particularly as the Government's next spending review is expected to be implemented from 2020/21 which will include the revised levels of funding for individual local authorities following the 'Fair Funding' review and Spending Review combined with the awaited outcome of the devolution of business rates income (75% share with GLA).
- 5.6 In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £97m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.
- 5.7 Further changes will be required, prior to the report to full Council on 25th February for the finalisation of the Council Tax, to reflect latest available information on levies, and the GLA precept.
- 5.8 The reasons for the budget gap by 2022/23 include, for example:
- (a) inflation pressures partly offset by assumed council tax increase (2.99% in 2019/20 and 1.99% thereafter) and social care precept (2019/20 only) of 2% leaving a balance required of £10.1m;
 - (b) Loss of core grant funding of £12.6m;
 - (c) Growth/cost pressures less mitigation of £18.8m relating to education, social care and housing. If further growth pressure continues in these areas, as well as other areas, the future years 'budget gap' could increase;

- (d) Additional income of £3.2m from Government social care funding assumed to continue beyond 2019/20 which partly offsets the social care cost/growth pressures;
- (e) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (savings of £8m per annum).
- (f) Other variations leading to an increase of £1.4m;

5.9 Even using a 'best case scenario' that there are no government grant reductions after 2019/20, the final budget gap in future years will remain significant (£22.7m).

6. DRAFT 2019/20 CENTRAL CONTINGENCY SUM

6.1 Details of the 2019/20 Draft Contingency Sum of £11,669k have been included in Appendix 3. This sum includes a provision for risk/uncertainty in the future included in the base budget. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives and investment opportunities.

6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2019/20 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2019/20 Budget.

6.3 The updated financial forecast assumes the release of £4m in 2020/21 and £8m per annum from 2021/22 to directly support the revenue budget.

7. GENERAL AND EARMARKED RESERVES

7.1 Appendix 4 of this report highlights the Council's approach to utilising reserves and the significant value in retaining reserves. The level of reserves needs to be adequate to ensure the longer term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the ongoing 'structural' budget deficit facing the Council. Inflation, new burdens, growth/cost pressures and ongoing reductions in Government funding has created the structural budget deficit. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.

7.2 The Council will have retained previous years collection fund surpluses totalling £5.7m by the end of 2018/19 (which is normally credited to revenue budgets) as well as a financial management and risk reserve of £10m (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer term utilisation of one off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.

7.3 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and the resultant

exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

7.4 The Council had general reserves remaining of £20m as at 31/3/2018. A full breakdown of reserves, including earmarked reserves, is detailed in Appendix 4.

8. 2018/19 BUDGET MONITORING

8.1 The most recent budget monitoring position was reported to Executive on 28th November 2018. The report identified an overall net underspend of £374k but highlighted full year costs of £5.2m. The majority of these costs relating to Adult Care and Health Services (£1.9m) and Education, Children and Families (£2.2m) have been included in the 2019/20 Budget. The Government's additional funding for social care in 2019/20 (£3.2m) has been utilised towards meeting these full year costs.

9. THE SCHOOLS BUDGET

9.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).

9.2 The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four new blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING					
	Schools	High Needs	Early Years	Central	Total
	£'000	£'000	£'000	£'000	£'000
2018/19	205,352	47,722	20,697	1,965	275,736
2019/20	208,637	48,821	20,691	1,938	280,087
Variation	3,285	1,099	-6	-27	4,351

9.3 The Schools Block has risen by £3m. This is due to an increase in the per pupil funding and increases in the secondary schools population.

9.4 The High Needs Block is seeing pressures coming through the system. Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. On the 17th December 2018, the government announced additional funding in the High Needs block of £250m nationally (£125m in both 2018/19 and 2019/20). The increase for Bromley is £788k. This is reflected in the figures above. Even with this additional funding there continues to be pressures in this block. It is proposed to fund a further £106k from core LBB funding to support the High Needs Block in 2019/20.

- 9.5 Early Years funding has remained static. Funding will be adjusted in year based on take up of provision.
- 9.6 The Central Block has decreased as expected. However, this has been offset slightly by an increase in funding based on pupil number increases. There continues to be pressures in the Central Schools DSG due to funding shortfalls. In previous years this has been managed by using DSG carried forward from previous years. However this is now not a sustainable option and £250k of core LBB funding is being proposed to be used to underpin this.
- 9.7 In 2018/19 the Council contributed £1m of core funding to support the DSG. Current predictions suggest that there will be a further funding shortfall of between £0.4m and £2.0m p.a. for the next 3 years across the DSG expenditure areas, mainly in the High Needs Block.
- 9.8 The DSG continues to be ringfenced for funding the provision of Education, the vast majority of this has to be passed directly to maintained schools and academies. Further ringfencing arrangements introduced under the National Funding Formula mean that as a rule no funding can move between individual blocks.
- 9.9 However a disapplication to these arrangements can be made. Bromley requested a transfer of £1m (about 0.5% of the Schools Block Grant) from the Schools Block to the High Needs Block which was rejected by the Schools Forum. Bromley has therefore forwarded the case to the DfE for their consideration. A decision is expected shortly. It is assumed in the budget that this will be successful. Last year in 2018/19 the same process was carried out. DfE approved the transfer of £1m to the High Needs Block.
- 9.10 If the disapplication request is approved it is proposed to set aside £788k of funding in a reserve (the equivalent of the recently announced additional funding) which will be committed to the new provision for children with ASD which the Council are seeking to develop within the borough with the intention of reducing costs in subsequent years.
- 9.11 If the disapplication request is refused then the funding (£788k) will be offset against the anticipated £1m shortfall from the Schools Block and will contribute to addressing current pressures in the High Needs Block.
- 9.12 The use of DSG is subject to consultation with the Schools Forum and this also went to the Education, Children and Families Budget and Performance Sub-Committee on the 23rd January 2019. At the time of writing this report, this is subject to the formal agreement of the Education, Children and Families Portfolio Holder.

10. LEVIES

- 10.1 Miscellaneous levies must be charged to the General Fund and shown as part of Bromley's expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 25th February 2019. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

- 11.1 It is a statutory requirement to maintain a Collection Fund at arm's length from the remainder of the Council's accounts.
- 11.2 The Council has a non-recurring collection fund surplus of £8.5m reflected in the '2017/18

Provisional Final Accounts' report to Executive on 21st May 2018. The surplus income is mainly due to good debt recovery levels, an increase in new properties in the borough and the successful continuing impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £1.7m will be allocated to the GLA and £6.8m to the Council. The financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2019/20.

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

12. THE GREATER LONDON AUTHORITY PRECEPT

- 12.1 The GLA's 2019/20 Draft Budget has been issued for consultation and includes proposals for an increase of 8.93% in existing GLA precept levels for 2019/20. The final GLA precept for 2019/20 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2019.

13. UTILISATION OF GENERAL RESERVES, COUNCIL'S CAPITAL PROGRAMME AND BUILDING MAINTENANCE

- 13.1 The latest estimated general fund (revenue) balance at 31st March 2019, as shown in the 'Budget Monitoring 2018/19' report to the 28th November 2018 meeting of Executive, is provided below:

	2018/19 Projected Outturn £Million
General Fund Balance as at 1 st April 2018	20.0
Impact of net projected underspends reflected in the 2018/19 budget monitoring report	+0.4
Adjustment to Balances: Carry forwards (funded from underspends in 2017/18)	-1.5
Estimated General Fund Balance at 31 st March 2019 (end of year)	18.9

- 13.2 Bromley's Capital programme is mainly funded by external government grants, contributions from TfL and from general capital receipts. However there are two schemes that will be funded through internal borrowing (Site G and Depot Improvement Schemes) on the basis that a significant capital receipt will be realised at a later date to repay the internal loan.
- 13.3 The latest capital programme funding projections indicate that the Capital Programme will not require significant levels of funding from the Councils General Fund reserve.
- 13.4 Alongside the introduction of the prudential code for capital spending, the Director of Finance is required to report to the council on the appropriateness of the level of reserves held by the council and the sustainability of any use of reserves to support the revenue budget. The detailed advice is contained in Appendix 4.

- 13.5 Details of the Council's Building Maintenance Programme and associated costs will be reported to a future meeting of the Executive. No significant changes in the overall cost of the programme have been assumed in the 2019/20 Budget, at this stage.

14. CONSULTATION

- 14.1 Executive, at its meeting on 16th January 2019, requested that the 'Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23' report proposals are considered by individual PDS Committees. PDS Committees comments relating to the report in January will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 25th February 2019 where the 2019/20 Budget and Council Tax will be agreed.
- 14.2 Two separate resident association meetings were held on 27th November 2018 and 29th November 2018 relating to 'Looking to the Future'. The outcome was reported to the previous meeting of the Executive.
- 14.3 A meeting has recently taken place with the Schools Forum to consider the Draft DSG 2019/20 Budget. Head Teachers and Governors were consulted on the transfer of funding from the Schools Block to the High Needs Block. Although the Schools Forum refused the request, the Council submitted a disapplication request to DfE. The Council are currently awaiting a decision from the Secretary of State.
- 14.4 Consultation papers have been sent to Bromley Business Focus, Federation of Small Businesses (Sevenoaks & Bromley Branch) and the 20 largest business ratepayers in the borough. At the time of writing this report no responses have been received.

15. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 15.1 There remain risks arising from the future scale of budget savings required to address the budget gap, mitigation against growth pressures, cost pressures arising from new burdens, inflation and the impact of Government policy changes including welfare reforms and the new Living Wage. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required.
- 15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2019/20 Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2019/20

- 16.1 The GLA's 2019/20 Draft Budget was issued for consultation and includes proposals for an increase of 8.93 % in existing GLA precept levels for 2019/20. The final GLA Precept for 2019/20 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2019.
- 16.2 The current overall Council Tax (Band D equivalent) includes the "Bromley element" relating to the cost of the council's services and various levies of £1,158.48 in 2018/19 and a further sum of £294.23 for the GLA precept (providing a total Band D equivalent Council Tax of £1,452.71).

- 16.3 For 2019/20 every £1m change in income or expenditure causes a 0.7% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.5m.
- 16.4 As part of the Localism Act, any council tax increase of 3 % or above in 2019/20 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £600k.
- 16.5 The Government has enabled the Council in 2019/20 to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £3.0m additional income per annum). The Government recognises that the precept can also include, for example, funding the additional cost of the Living Wage. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% without the need for a council tax referendum. The financial forecast assumes the precept could not continue beyond 2019/20. The Council's ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.
- 16.6 If the Council chose to agree a Bromley element 4.99% council tax increase, including the 2% Adult Social Care Precept, and the GLA Precept was increased by 8.93% there would be an overall combined council tax increase of around 5.79%. This would equate to an overall Council Tax (Band D equivalent) of £1,536.77 consisting of the Bromley element of £1,216.26 and GLA precept of £320.51.
- 16.7 The table below identifies the changes required to the draft 2019/20 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 4.99%, including 2% for the Adult Social Care Precept, has been assumed in the 2019/20 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2018/19 including Adult Social Care Precept	Additional Income 2019/20 £'m
Freeze	NIL
1.0	1.5
2.0	3.0
3.0	4.5
3.99	6.0
4.99*	7.5
6.0^	9.0

*Assumed in draft 2019/20 Budget. Adult social care precept of 2% equates to additional income of £3.0m per annum. ^ Would be subject to a council tax referendum

- 16.8 Any decision on council tax levels will need to be based on a medium term view and therefore not only consider the financial impact on 2019/20 but also the longer term impact over the four year forecast period.
- 16.9 The Council Tax Referendum Principles were confirmed, as part of the final Local

Government Finance Settlement 2019/20. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.

- 16.10 Bromley has the second lowest settlement funding per head of population in 2018/19 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Further details were reported to the previous meeting of the Executive.
- 16.11 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2019/20, having regard to all the above factors, including the Director of Finance comments in Sections 18.6, 18.7 and Appendix 4.

17. FUNDING SETTLEMENT

- 17.1 Details of the Council's representation on the response to the initial consultation on the Government's Fair Funding Review were reported to the previous meeting of the Executive. The Council's response to the Provisional Local Government Finance Settlement 2019/20 is provided in Appendix 5. The Council will continue to engage local MPs and Government ministers to secure a better funding deal for the Council and its residents.

18. MEDIUM TERM FINANCIAL PLANNING

- 18.1 The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 16th January 2019 and the Draft 2019/20 Budget and future years' forecasts reflect the impact of this approach.
- 18.2 Although the London Business Rate Pilot provides additional income in 2019/20, there is uncertainty on the impact of the full devolution of business rates, awaited Spending Review and the outcome of the Government's 'Fairer Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until at least 2020/21 whilst the fiscal squeeze for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.
- 18.3 For financial planning purposes, the financial forecast assumes a council tax increase of 2.99% in 2019/20 and 1.99% per annum over the next three years to compensate for the higher proportion of funding reductions, to meet inflationary costs on social care and provide funding to meet increasing social care costs, demographic cost pressures and to meet the ongoing "budget gap". As part of the Local Government Finance Settlement 2019/20, the Government's funding reductions assume that Councils could raise alternative funding, to partly offset grant reductions, from council tax increases and utilisation of the Adult Social Care precept. The financial forecast reflects that approach.
- 18.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with the fiscal squeeze for local government continuing.

18.5 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a balanced budget for next year. To illustrate the benefit of the investment approach the Council has undertaken, budgeted income totaling £15.4m from a combination of treasury management income and rents from investment and operational properties is expected to be realised. Without this income, equivalent service reductions may be required. Utilisation of the remaining uncommitted Growth and Investment Fund monies will be prioritised for housing investment, at this stage, given the need to reduce the significant cost pressures on homelessness and the opportunities for invest to save. The Council will continue to explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council has already undertaken secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

18.6 The background to the impact of real reductions in government funding within the local authority landscape was reported to the last meeting of the Executive. Bromley has delivered savings of over £97m since 2011 and has a low cost base which makes further savings more challenging. Real term reductions in Government funding, future year cost pressures and new burdens are expected to continue over the next four years. CIPFA have provided advice to local authorities on the financial stress warning signs:

- Running down reserves – a rapid decline of reserves;
- A failure to plan and deliver savings in service provision to ensure a council lives within its resources;
- Shortening medium-term financial planning horizons – perhaps from four to three years to two years or even one year – this would indicate lack of strategic thinking and unwillingness to confront tough decisions;
- Greater ‘still to be found’ gaps in saving plans – identifying savings for the next financial year only and not beyond;
- Growing tendency for departments to have unplanned overspends and/or carrying forward undelivered savings in the following year.

18.7 The Council is ‘better placed’ than many other authorities due to remaining debt free, has retained adequate level of reserves and maintained adequate provisions in the Council’s revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and devolution of business rates from 2020/21) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the ‘budget gap’ further. Apart from continuing the ‘One Council’ approach as reported to the previous meeting of the Executive, the further new measures relating to the Transformational Review and Core Statutory Minimum Requirements review are essential to identify options from 2020/21 to address the medium term budget gap and ensure the Council can continue to ‘live within its means’. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their ‘cash envelope’. Commentary on the level of reserves and robustness of the 2019/20 Budget are provided in Appendix 4.

18.8 Stewardship and delivering sustainable finances are increasingly important whilst cost

pressures and the Government's fiscal squeeze continues. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit.

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The Draft 2019/20 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. POLICY IMPLICATIONS

20.1 The Council's key priorities include, for example:

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

20.2 Ensure financial independence and sustainability priorities include:

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

21. PERSONNEL IMPLICATIONS

21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2019/20 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. LEGAL IMPLICATIONS

22.1 The Council is required to fix its Council Tax by the 11th March in any year. The Local Authorities (Standing Orders) (England) Regulations 2001 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended) deal, amongst other things, with the process of approving the budget. Under these provisions and the constitution, the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. Sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011) set out the way in which a billing authority calculates its budget requirement and basic amount of Council Tax. The main change being replacing the need to calculate a budget requirement for a financial year with the obligation to calculate a Council tax requirement. These calculations are required to be presented to and be subject to formal resolution by the Council.

22.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply (see Section 15 of the Report). This replaced the previous power of the Secretary of State to "cap" local Authority budgets.

- 22.3 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 22.4 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.
- 22.5 The making of these budget decisions is a statutory responsibility for all Members. Section 106 of the Finance act 1992 provides that Members who are present and who are 2 months or more in arrears with their Council Tax must declare this to this meeting and the budget meeting and not vote on budget recommendations.
- 22.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring the adequacy of future years' reserves in making budget decisions.
- 22.7 In setting the proposed budget, due regard has been necessary to relevant considerations including equality, human rights, proportionality, reasonableness, need to maintain our statutory obligations, legitimate expectation and the Council's priorities The Public Sector Equality Duty, at section 149 of the Equality Act 2010, requires public bodies such as the Local Authority to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. The Act covers discrimination because of a 'protected characteristic' which includes age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 22.8 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with 'protected characteristics' including the potential for cumulative impact on some groups from separate work streams arising from this budget. As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.
- 22.9 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes.

<p>Background documents</p>	<p>Treasury Management – Annual Investment Strategy 2019/20 and Quarter 3 Performance 2018/19, Executive, Resources and Contracts PDS Committee and Council, 7th February 2019 and 25th February 2019</p> <p>Capital Programme Monitoring Q3 2018/19 and Capital Strategy 2018 to 2022, Executive and Council, 7th February 2019 and 25th February 2019</p> <p>Draft 2019/20 Budget and Update on Council’s Financial Strategy 2020/21 to 2022/23, Executive, 16th January 2019</p> <p>Budget Monitoring 2018/19, Executive, 28th November 2018</p> <p>Insurance Fund – Annual Report 2017/18, Executive, Resources and Contracts PDS Committee, 11th October 2018</p> <p>2017/18 Provisional Final Accounts. Executive, 21st May 2018</p> <p>2018/19 Council Tax, Executive, 7th February 2018</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

FINANCIAL FORECAST 2020/21 TO 2022/23

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2018/19 (before funding from Formula Grant)	192,567	192,567	192,567	192,567	192,567
Formula Grant and Business Rate Share	-41,960	-41,960	-41,960	-41,960	-41,960
	150,607	150,607	150,607	150,607	150,607
Grant Loss					
Reduction in Government Funding - core grant		3,600	7,180	11,000	15,000
Reversal of negative RSG (one year only)		-2,300	0	0	0
General reduction in grant funding		2,300	2,300	2,300	2,300
General reduction in grant funding		-500	-500	-500	-500
General reductions in government funding		500	1,000	1,000	1,000
Grant adj 19/12/18		0	-3,380	-4,200	-5,200
Reduction in Government Core Funding		3,600	6,600	9,600	12,600
Cost pressures					
Increased costs (3.0% 2019/20 then 2.7% per annum)		5,252	12,530	19,722	26,929
Universal credit roll out - consequential impact on claimant fault overpayment recoveries		250	250	250	250
		5,502	12,780	19,972	27,179
Reinstatement of highways maintenance (previously capitalised)					2,500
Education, Care and Health Services (reduction in SEN funding shown below)		0	0	0	0
Total additional costs		5,502	12,780	19,972	29,679
Income/Savings					
Savings from office accommodation review (after allowing for savings from Bromley Town Hall)		0	-510	-510	-510
Acquisition of residential properties to accommodate the homeless (Mears)		-982	-982	-982	-982
Additional Income Opportunity (Amey)		-200	-445	-445	-445
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base		-1,450	-1,750	-1,750	-1,750
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only		2,900	2,900	2,900	2,900
Continuation of London Business Rate Pool 2019/20		-2,200	0	0	0
Business Rates Surplus levy		-600	0	0	0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G		200	100	300	400
Release general provision in contingency for significant uncertainty/variables		-700	-700	-700	-700
Savings from recommissioning/ retendering of various contracts		-68	-89	-113	-113
Savings from children's social care linked to invest to save funding		-250	-750	-1,000	-1,000
Potential release of draft contingency in future years re provision for risk/uncertainty		0	-4,000	-8,000	-8,000
Extra Social Care Funding through Government grants		-3,224	-3,224	-3,224	-3,224
Leisure Service Lease approved by Executive on 28th November 2018		-1,515	-1,484	-1,484	-1,484
Review of staffing across organisation		-600	-1,500	-1,500	-1,500
Other savings		-433	-533	-983	-983
		-9,122	-12,967	-17,491	-17,391
Other changes					
Fall out of New Homes Bonus funding		3,260	4,440	5,120	5,540
Real Changes and other Variations		-928	-1,270	-1,252	-457
		2,332	3,170	3,868	5,083
Council Tax					
Assumed increase in council tax base number of properties		-1,650	-2,300	-2,950	-3,600
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19		4,912	4,912	4,912	4,912
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19		730	730	730	730
		156,911	163,532	169,248	182,620
Education, Care and Health Services Growth and Mitigation Summary					
Education		1,441	3,151	3,180	2,754
Children's Social Care		3,149	3,936	3,500	3,110
Adults Social Care		2,108	7,492	8,662	9,625
Health support to schools		0	301	603	603
Housing		1,313	2,362	2,589	2,737
Total growth/cost pressures		8,011	17,242	18,534	18,829
Budget Requirement		164,922	180,774	187,782	201,449
2018/19 Council Tax Income		-150,607	-150,607	-150,607	-150,607
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter) *		-4,503	-7,650	-10,859	-14,132
Impact of Adult Social Care Precept (assume 2% per annum) *		-3,012	-3,012	-3,012	-3,012
Budget Gap before use of Estimated collection fund surplus		6,800	19,505	23,304	33,698
Projection of future years collection fund surplus			-4,000	-3,000	-2,000
Council tax Collection Fund Surplus 2017/18		-6,800	0	0	0
Future estimated collection fund surplus		-6,800	-4,000	-3,000	-2,000
Revised Budget Gap after allowing for growth/cost pressures and draft savings identified		0	15,505	20,304	31,698

* Included for illustrative purposes. Any decision on council tax and adults social care precept levels will be part of the annual council tax setting meeting. The 2019/20 Budget includes income from investment properties and treasury management of £15.4m per annum

SUMMARY OF DRAFT 2019/20 REVENUE BUDGET – PORTFOLIO

2018/19 Final Budget £'000	Portfolio/Item	2019/20 Draft Budget £'000	2019/20 Band "D" Equivalent £
82,546	Education	84,310	641.49
Cr 76,771	Less costs funded through Dedicated Schools Grant	Cr 77,644	Cr 590.77
5,775	Sub total	6,666	50.72
34,493	Children's Social Care	37,286	283.70
67,267	Adult Care and Health	69,448	528.41
30,546	Environment & Community Services	31,644	240.77
2,424	Public Protection and Enforcement	2,425	18.45
13,971	Renewal, Recreation and Housing	15,932	121.22
32,916	Resources, Commissioning & Contracts Management	31,822	242.12
3,907	Non Distributed Costs & Corporate & Democratic Core	3,986	30.33
191,299	Total Controllable Budgets	199,209	1,515.72
12,056	Total Non Controllable Budgets	11,768	89.54
Cr 759	Total Excluded Recharges	Cr 792	Cr 6.03
202,596	Portfolio Total	210,185	1,599.23
Cr 10,646	Reversal of Net Capital Charges	Cr 10,265	Cr 78.10
Cr 3,491	Interest on General Fund Balances	Cr 3,291	Cr 25.04
Cr 2,256	New Homes Bonus - Support for Revenue Budget	-	-
2,210	Utilisation of Prior Year Collection Fund Surplus/Set Aside	-	-
14,278	Central Contingency Sum	11,669	88.79
	Levies		
455	- Local Pension Partnership*	469	3.57
248	- London Boroughs Grants Committee	249	1.89
245	- Environment Agency *	252	1.92
314	- Lee Valley Regional Park *	323	2.46
203,953	Sub Total	209,591	1,594.72
Cr 41,960	Business Rate Retention	Cr 39,810	Cr 302.90
-	Business Rate Levy	Cr 600	Cr 4.57
Cr 7,852	Collection Fund Surplus	Cr 6,800	Cr 51.74
Cr 3,534	New Homes Bonus	Cr 2,530	Cr 19.25
150,607	Bromley's Requirement (excluding GLA)	159,851	1,216.26

* Final allocations awaited

** There may be further amendments to reflect any changes to the Portfolio structure for 2019/20

2019/20 CENTRAL CONTINGENCY SUM

£'000

Renewal and Recreation

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

Tackling Troubled Families Grant Expenditure	235
Tackling Troubled Families Grant Income	Cr 235

Adult Social Care Expenditure	500
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Brexit Preparation Funding Expenditure	210
Brexit Preparation Funding Income	Cr 210

General

Provision for Unallocated Inflation	3,337
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General provision for risk/uncertainty	2,219
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Provision for risk/uncertainty relating to volume and cost pressure	2,182
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Increase in Cost of homelessness/impact of welfare reforms	1,825
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Impact of Chancellor's Summer Budget 2015 on future costs	1,158
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Universal credit roll out - impact on claimant fault overpayment recoveries	750
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Additional SEN funding	788
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Growth for waste services	587
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Further reduction to government funding	389
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Retained Welfare Fund	450
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Deprivation of Liberty	118
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Other Variations	109
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Savings to be allocated - review of staffing	Cr 600
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Continuation of London Business Rate Pool	Cr 2,200
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<u>11,669</u>

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

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2019/20 BUDGET

1. Background

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

2. General Reserves

2.1. Bromley has estimated general reserves of £18.9 million as at 31st March 2019 (as reported to Executive on 28th November 2018), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

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

- 2.2 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley's approach to risk management. An 'Annual Governance Statement' signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.
- 2.3 Setting the level of reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements.
- 2.4 Bromley's reserves had reduced from £131m to £54m (general reserves) between 1997 and 2011. The Council had previously agreed to set aside part of these reserves towards an Invest to Save Fund and to fund the Growth Fund and Investment Fund. The latest projected level of general reserves remaining is £18.9m.
- 2.5 The most significant gain to balances was following the housing transfer to Broomleigh in 1992 (now part of Clarion). Opportunities to generate additional capital resources and reserves through disposal of surplus assets should continue to be vigorously pursued, however, there are unlikely to be opportunities to again generate the very substantial level of reserves held in the past.
- 2.6 Latest projections in the capital programme indicate that there will be no requirement to fund capital expenditure from revenue balances over the next few years which should enable the current level of balances to be retained. This position depends on the cost of any future proposed scheme not currently included in the capital programme and is also affected by the Council's ability to realise future sales/disposals to generate capital receipts to avoid seeking funding from the Council's revenue budget or reserves.
- 2.7 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax then there would be a resultant 'opportunity cost' relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. If the reserves were used to just balance the budget they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council. It becomes increasingly more critical with the future devolution of business rates and associated risks (e.g. future recession) and the organisation moving to become more 'self-sufficient'.
- 2.8 Executive previously agreed that the following principles be applied to determining the use of reserves:
- (a) As a prudent working balance, the Director of Finance continues to recommend subsequently reviewed the minimum level of general reserves and recommended a minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the significant ongoing 'budget gap' with higher amounts being retained for specific purposes;

- (b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council's core infrastructure. The programme should be driven by the Council's asset management plan, which in turn should be derived from the key priorities of the Council;
- (c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans. From 2008/09, Members agreed to eliminate the continuing use of reserves to support the revenue budget;
- (d) The Council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to continue to progress a programme of asset disposals. Given the substantial pressures on the revenue position of the council it would be sensible to focus the spending of general reserves in excess of the basic level on investments to increase the efficiency of the Council, provide income and reduce the cost base.

2.9 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this needs to be explicitly considered including the sustainability of this measure over the lifetime of the medium term financial plan.

2.10 In the context of Bromley's current financial position options need to be explored to ensure that the recommended minimum sum of general reserves are retained to provide adequate flexibility during the financial forecast period. However, the important issue to consider is planning the future use of reserves in the context of the authority's medium term financial plan and not to focus exclusively on short-term considerations.

3. Earmarked Reserves

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

Description	Balance at 1/4/18	Estimated Net Movement	Balance at 31/3/19	Estimated Movement	Estimated Balance at 31/3/20
	£'000	£'000	£'000	£'000	£'000
EARMARKED BALANCES					
LPSA/LAA Reward Grant Investment Fund	231	-	231	-75	156
Technology Fund	1,755	3528	5,283	-2286	2,997
Town Centre Improvement Fund (LABGI)	55	-	55	-	55
Transformation Fund	2,796	-672	2,124	-700	1,424
Investment to Community (Resources)	468	-26	442	-	442
Works to Property	100	-	100	-	100
Planning Services Charging Account	193	-27	166	-	166
Government Grants (c/fwd from previous years)	5,137	750	5,887	-3,625	2,262
Invest to Save Fund	15,972	1027	16,999	940	17,939
One off Member Initiatives	1,167	-243	924	-	924
Infrastructure Investment Fund	1,868	-1439	429	-	429
Commissioning Authority Programme	555	-174	381	-126	255
Health & Social Care Initiatives – Promise Programme	3,953	-1,500	2,453	-2453	0
Housing Strategy Trading Account	25	-	25	-	25
Community Right to Bid & Challenge	46	-	46	-	46
Investment Fund	6,197	-199	5,998	-1,527	4,471
Winter Pressures Reserve	2,010	-	2,010	-	2,010
Refurbishment of War Memorials	13	-	13	-	13
Key Health & Social Care Initiatives	1,700	-	1,700	-1047	653
Integration of Health & Social Care Initiatives	864	750	1,614	-	1,614
Collection Fund Surplus Set Aside	11,313	-5,642	5,671	-	5,671
Healthy Bromley Fund	3,815	-	3,815	-	3,815
Glaxo Wellcome Endowment	143	-13	130	-7	123
Cheyne woods & Cyphers Gate	153	-10	143	-10	133
Public Halls Fund	7	-	7	-	7
Future Repairs of High Street Properties	43	12	55	12	67
Parallel Fund	2,700	-	2,700	-	2,700
Growth Fund	23,152	-138	23,014	-5,588	17,426
Health & Social Care Integrated Commissioning Fund	4,550	-1250	3,300	-	3,300
Financial Planning & Risk Reserve	10,000	-	10,000	-	10,000
Bromley Welfare Fund	860	-134	726	-125	601
Payment in Lieu Reserve for Temporary Accommodation	122	27	149	27	176
Business Rate Risk Reserve	4,200	-	4,200	-	4,200
Sub Total B/fwd	106,163	-5,373	100,790	-16,590	84,200

Description	Balance at 1/4/18	Estimated Net Movement	Balance at 31/3/19	Estimated Movement	Estimated Balance at 31/3/20
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000
Sub Total C/fwd	106,163	-5,373	100,790	-16,590	84,200
One Off Expenditure 2016/17 (inc. TFM contract)	97	-	97	-	97
Crystal Palace Park Improvements	82	-82	0	-	0
Various Joint Schemes and Pump Priming Investments	4,145	-955	3,190	-124	3,066
Transition Fund	2,590	-30	2,560	-30	2,530
Children's Social Care Transition Fund	750	-750	0	-	0
Environmental Initiatives	500	-36	464	-	464
Planning/Planning Enforcement	197	-97	100	-100	0
Apprenticeship Scheme	200	-34	166	-94	72
Civic Centre Development Strategy	257	-	257	-100	157
CSC Recruitment & Retention	422	-422	0	-	0
Future Professional Advice for Commissioning	147	-	147	-50	97
Utilisation of New Homes Bonus	2,256	-2,256	0	-	0
Future Pensions Risk on Outsourcing	203	349	552	352	904
West Wickham Leisure Centre & Library Development	993	-993	0	-	0
Income Equalisation Reserve	1,086	-	1,086	-	1,086
Sub Total	120,088	-10,679	109,409	-16,736	92,673
PROVISIONS					
Insurance Fund	3,717	30	3747	295	4,042
OTHER					
School Budget Share Funds	2,219	-130	2089	-2,089	0
Total Estimated Reserves	126,024	-10,779	115,245	-18,530	96,715

3.2 The report highlights the ongoing 'budget gap' (see 5.1 of main report) which results in the Council, on an ongoing basis, having a "structural deficit". To respond to this, Members have agreed over the last six years to create new earmarked reserves to support longer term investment and provide a more sustainable longer term financial position. This includes setting aside resources to support the Council's future transformation programmes (invest to save), support acquisition of investment properties to generate sustainable income and the growth fund to support economic development and employment within the borough whilst generating income opportunities. Further opportunities will be explored to provide invest to save to mitigate against the significant cost pressure of homelessness. These measures are important to provide sustainable solutions in the longer term.

3.3 A summary of other significant areas are:

- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
- Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.

- Technology Fund - this represents IT budgets that have been put into a reserve in previous years to allow projects to be carried out across the boundaries of financial years and the utilisation of this will become increasingly important over the next few years.
- Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with Bromley Clinical Commissioning Group for the funding of future transformation/integration of health and social care and to contribute towards the financial sustainability of Bromley CCG.

3.4 In addition there is the pensions reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the authority's recognised liability under IAS19 – employee benefits, for the same period. An appropriation is made to or from the pensions reserve to ensure that the bottom line in the income and expenditure account reflects the amount required to be raised in taxation. This effectively prevents any deficit on the pension fund needing to be made good from taxation in one year.

3.5 The outcome of the actuarial valuation as at 31/3/16 was reported to Pensions Investment Sub Committee on 31st January 2017 and General Purposes and Licensing Committee on 6th February 2017. The Council's pension fund was 91% funded with a total deficit of £71m (including other non-council employees) – this figure reduces to £40m if non-council employees are excluded. The triennial actuarial valuation impacted on the budget from 2018/19 to 2019/20 and the next valuation will impact on the period 2020/21 to 2022/23.

4. Budget Assumptions

4.1 Treatment of Inflation and Interest Rates

Despite the increase in the Bank of England base rate from 0.50% to 0.75%, there has been very little impact on interest income from lending to banks. This is partly due to banks continuing to have access to lending from central government at very low rates as well as the strengthening of 'balance sheets' reducing the need to borrow. In addition, the utilisation of the investment and growth fund as well as the Highways Investment Fund, have reduced the resources available for treasury management investment. However, the treasury management strategy has been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. Without the alternative investment strategy, the income would have fallen further in the draft 2019/20 Budget to reflect a reduction in treasury management resources available. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. Further details are included in the 'Treasury Management – Annual Investment Strategy 2019/20 and Quarter 3 Performance 2018/19' report to Resources, Commissioning and Contracts Management Portfolio Holder considered at the meeting of Executive, Resources and Contracts PDS Committee on 7th February 2019, gives more background information

4.1.2 A general allowance of 3.0% has been built into the forecast for 2019/20 reducing to 2.7% per annum from 2020/21 for contractual running expenses. This compares with current general RPIX increase of 2.7% (Jan. '19).

4.1.3 The 2019/20 Budget includes an across the board pay increase of 2.25% for Council staff and staff on scale point 4 to 30 will receive a pay award of between 3% and 6% (inclusive of the 2.25%), as announced by the Portfolio Holder for Resources,

Commissioning and Contract Management. %). Further details are being reported to General Purposes and Licensing Committee on 12th February 2019.

4.2 Level and Timing of Capital Receipts

4.2.1 Details of the level and timing of capital receipts are included in the 'Capital Programme Monitoring Q3 2018/19 and Capital Strategy 2018 to 2022' report elsewhere on the agenda.

4.3 Budget and Financial Management and 'Demand Led' Budgets

4.3.1 Bromley has for many years operated multiyear budget planning. The need to meet budget savings has reduced the frequency of budget monitoring. The budget has been prepared to reflect commissioning plans of service areas but also recognising the need to identify mitigation action, where possible, recognising the 'budget gap' for the Council.

4.3.2 The major demand led services that currently affect Bromley's budget are homelessness, the impact of welfare reforms, adults and children's social care. The Interim Chief Executive has identified cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs which have been reflected in the Draft 2019/20 Budget and financial forecast which are summarised below with more details reported to the previous meeting of Executive:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Growth/cost pressures	16,280	24,699	28,986	33,331
Mitigation	-8,269	-7,457	-10,452	-14,502
Net additional costs	8,011	17,242	18,534	18,829

4.3.3 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded at the present time, with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

4.3.4 The draft 2019/20 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

4.4.1 Long-term Council Tax collection rates have been consistently high at around 98/99%. Other external debt collection is also high. There are plans to continue to improve the recovery of income across service areas. Any improvement will serve to improve the Council's overall financial position. As a debt free authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 Financial Information and Reporting

4.5.1 The arrangements for finance staff to report to the Director of Finance, in place since April 2002, have produced far greater clarity of roles and responsibilities. The Council will need to continue with a rolling service review process to be able to generate savings as part of future years' budgets. The main issue remaining is to ensure that service managers

continue to develop even greater ownership of their budgets and have more sophisticated activity and performance information on the service which they are providing. Any overspending should require compensating savings to be identified.

- 4.5.2 The Council will need to continue to adopt a corporate 'One Council' approach in addressing budget pressures and identifying saving options (details reported to last meeting of the Executive).

4.6 Virement Procedures

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

4.7 Risk areas

- 4.7.1 Details were reported to the previous meeting of the Executive.

4.8 Link with other plans/strategies

- 4.8.1 A budget is a service plan/strategy expressed in financial terms and there will be linkages with other strategies and plans across the Council. The proposed budget also takes into account the outcomes of the Public Sector Equality Duty on the Council's proposals (see legal considerations of main report).

4.9 Insurance Fund

- 4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a stop loss of £2.5 million that prevents the council from having to meet losses in excess of this amount on liability claims in any one year. The 'Insurance Fund – Annual Report 2017/18', considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the Executive and Resources PDS Committee on 11th October 2018, gives more background information.

4.10 Funds and the adequacy of provisions

- 4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year's capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £15.5m in 2020/21 rising to £31.7m per annum in 2023/23, 'balance sheet' liabilities combined with the significant funding reductions facing the Council. The "budget gap" may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council's external auditors.

- 4.10.2 The scale of the medium term "budget gap", coupled with the significant financial uncertainty in the ongoing period of funding reductions makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future towards economic development within the borough (Growth Fund),

housing invest to save opportunities and other investment options whilst generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. The funds retained are adequate to meet the needs of the Council in the medium term. The level of reserves will continue to be kept under review during the Medium Term Financial Planning period.

4.11 Council's Investment Income contributing to supporting key services

4.11.1 The Council's investment income of £15.4m, assumed in the 2019/20 Budget, is shown below:

	£'m
Investment properties funded from the Council's growth fund/investment	6.6
Other investment properties and rental income	5.5
Treasury Management Income	3.3
Total investment income	15.4

4.11.2 The strategy of continuing to generate additional investment income provides funding for key services thus enabling a corresponding reduction in the Council's budget gap.

4.11.3 Historically the Council has acquired investment properties. More recently, since 2011/12 the Council created an investment and growth fund. Background on the use of these funds were reported to the previous meeting of the Executive. At its meeting on 19th July 2017, Executive approved a new property investment criteria:

- Provides a net investment return of 5%;
- Provides a suitable mix of portfolio to mitigate against risks of "all eggs in one basket" i.e. variation in investment portfolio to cover void risk;
- Ability to sell the asset at a future date within a reasonable turnaround period of less than one year;
- Mitigates against problematic tenancy risks e.g. secured tenancy etc ;
- Mitigates against significant repair liabilities which have a downward impact on the investment return i.e. seek full repairing leases from tenants;
- Mitigate against capital value risk – purchase in places where capital values are unlikely to fall in the longer term;
- That opportunities should be explored in economic growth areas as well as the South East. This would be the cities of Manchester and Leeds together with other areas such as Cardiff, Bristol and the Midlands;
- That the lot size should be in excess of £5m;
- That multi-let investment opportunities which provide suitable income protection and covenant should be considered taking into account management costs.

4.11.4 The Council has used existing resources in acquiring investment properties and has not utilised the option of borrowing. A combination of ensuring the criteria above is met, decisions by Executive taking into account the professional advice Cushman and Wakefield and not utilising borrowing to fund the acquisitions helps ensure that the primary driver of sustainable income is met which is critical to support key services. The Council being prepared to retain the investment assets through any future recession period significantly reduces the longer term capital risk of the investment. Utilisation of the remaining uncommitted Growth Fund and Investment Fund will be prioritised for housing investment at this stage.

4.11.5 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 7th February 2019. The treasury management strategy has previously been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. Without the alternative investment strategy, the income would have fallen in the draft 2019/20 Budget to reflect a reduction in treasury management resources available. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group. The approach to addressing Security, Liquidity and Yield is addressed in that report.



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 Ministry of Housing, Communities & Local Government
 2nd Floor, Fry Building
 2 Marsham Street
 London SW1P 4DF

10th January 2019

Dear Sir/Madam

BACKGROUND AND SUPPORTING INFORMATION

Provisional 2019/20 Local Government Finance Settlement

The London Borough of Bromley welcomes the opportunity to comment on the provisional Local Government Finance Settlement 2019/20. It is important that this response is considered in the wider context of local government funding cuts and increasing demand for our services.

Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Despite the announcements by the Government that "austerity is over", local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results in likely real term funding reductions remaining for local government.

The huge funding pressures on adult social care, children's services and housing / homelessness cannot be ignored and both immediate and longer term funding solutions are required.

Bromley accepted the four-year funding offer on the basis that it provided a minimum funding level and therefore more certainty about future resources. However, this still represents a significant cut in settlement funding of over 50% in real terms over the four-year funding period. This is one of the highest reductions in London and significantly above the England average.

In 2019/20, Bromley has the 4th lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding which is the 2nd lowest per head of population in the whole of London.

If we received the average level of grant funding, our income would increase by £62m in 2019/20. It is essential that MHCLG reflect an adjustment to the Council's baseline funding position to address historic low funding levels.

The settlement funding does not recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. We have done this by creating a low cost base through many pioneering measures including outsourcing on a large scale, transfer of our housing stock, creation of a leisure trust and relentless cost control. However, this provides further challenges as our scope to achieve savings through efficiencies is significantly reduced compared to other high cost authorities. Despite being a low cost authority, we have achieved ongoing savings of around £97m per annum since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

London's population is growing at twice the rate of the rest of the country. This brings with it increasing demand for housing as well as other key services including schools, health, social care and transport. Bromley has one of the highest populations in the whole of London and the highest proportion of older people (in both the over 65 and over 85 age groups) leading to increased demand for services at a time of significantly reduced resources.

Inflation is slowly but continuously rising. As an authority that has been proactive in exploring alternative service delivery models, including outsourcing on a large scale, the impact of inflationary pressures is significant and, despite negotiation with our providers, largely outside of our control due to contractual obligations.

We are experiencing increased pressures on our temporary accommodation budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels being frozen means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term.

We, like many others, are facing ongoing increased pressures on our children's social care budgets from rising demand and increasing costs. Recruitment and retention has, for some time, been a challenge resulting in expenditure on high cost agency staff. We have been working hard to address this and been relatively successful in recruitment drives to appoint permanent children's social workers. The high cost of children's placements (LAC) is also causing increasing cost pressures.

There are well publicised and very real pressures in both adult and children's social care services. As these services represent a significant proportion of the Council's overall budget, increasing demand in these areas places a huge cost burden that is unable to be met from within the existing resource base.

Whilst we welcome the introduction of the Adult Social Care Precept and the additional funding announced as part of the Spring Budget 2017 and Autumn Budget 2018, this does not go far enough to meeting the ongoing and increasing demand for these services and fails to address how pressures in both adult and children's social care will be funded on a sustainable and ongoing basis. We welcome Government's commitment to publish a Green Paper on the future of Adult Social Care prior to the local government finance reforms in 2020/21.

It is also notable that, despite repeated representations on this point, no funding has been made available to meet the cost of new burdens including the impact of the national living wage, no recourse to public funds, automatic enrolment, lifting of the public sector pay cap, the impact of the ending of contracting out, the consequences of restrictions on Local Housing Allowances and roll out of universal credit impacting on homelessness and the indexation and equalisation of guaranteed minimum pensions. In addition, the full financial implications of the Homelessness Reduction Act 2017 and Deprivation of Liberty (adult social care) have not been addressed and remains only partly funded. It is important to ensure that any new burdens are fully assessed and funded on an ongoing basis.

With increasing demand for services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and increasing inflation levels, it is becoming increasingly difficult to sustain the scale of funding reductions imposed upon us.

We acknowledge that the reform of business rates and fair funding review will provide opportunities to fundamentally review how local government is funded in the long term but it is clear that the current system for funding local government is unsustainable. The Fair Funding Review needs to consider the funding requirements for local government to meet key services rather than simply a redistribution of existing government funding without considering the impact of ongoing cost pressures and new burdens combined with the limitations in generating alternative income.

We continue to express concern about the complexity and lack of transparency within the current local government finance system and it is important that this is addressed going forwards. As well as transparency, the future funding system needs to provide certainty and be responsive to changes in demand. The key outcome needs to provide adequate funding for the future sustainability of local government to meet the key services that matter to our residents and taxpayers.

We have previously responded to the "Fair Funding Review: Call for evidence on Needs and Redistribution" and "Fair Funding Review: A Review of Relative Need and Resources – Technical Consultation on Relative Need". We look forward to contributing further and will be responding to the Technical Consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements shortly. It is imperative that the review is comprehensive; involving full consultation with local government, but also that there is clarity and transparency in setting out the full impact of any proposals. It is also critical that the final funding baselines are published early to support financial planning beyond 2019/20.

Apart from the need for a fairer level of funding, the Council requests the removal of the referendum limit for council tax increases and the continuation of the Adult Social Care precept beyond 2019/20. There should be greater flexibility to extend the precept to fund other key pressure areas such as Children's Social Care and Housing.

The current council tax system means that there is no flexibility for local authorities to ensure that the services important to our residents are adequately funded. To move towards becoming more self-sufficient we need to have complete flexibility in the use of our resources. As well as council tax levels, this also includes the removal of ring-fencing of government grants as well as freedom to generate income which can range from greater control of fees and charges to generating investment income to support key services.

If central government is not prepared to increase the total of centrally allocated resources available, it needs to give local government greater control over its own resources, enhance its range and mixture of revenue raising capabilities and remove ring-fencing of remaining grant funding.

It is critical that Government recognise the underfunding of existing services, provide additional resources and remove restrictions that prevent local authorities from raising or spending their own resources. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the fair funding review and reforms to business rate retention to fundamentally review the long term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

We will contribute separately to the draft statutory guidance relating to asset pooling (pension investment matters). It is essential that the Government fully consider the impact of any changes which in some cases could, without change, increase the cost to council tax payers.

This highlights the importance of considering the full impact of any changes affecting local government, whilst funding reductions continue. The Government should consider reviewing the role and duties of local government to match the potential resources available. Councils have faced significant funding reduction since 2010 whilst statutory duties have increased during that period.

Bromley appreciates the opportunity to respond to the consultation and looks forward to the opportunity to respond on the Fair Funding review consultation next month.

We remain keen to work with the Government to find positive solutions that work for our residents and taxpayers but also help address the impact of austerity challenges.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Turner', with a stylized flourish at the end.

Peter Turner
Director of Finance

Report No.
FSD19020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: Executive Council

Date: Executive 13th February 2019
Council 25th February 2019

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING Q3 2018/19 & CAPITAL STRATEGY 2019 TO 2023

Contact Officer: Jo-Anne Chang-Rogers, Principal Accountant
Tel: 020 8313 4292 E-mail: Jo-Anne.Chang-Rogers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

This report updates the Council's Capital Strategy. It also summarises the current position on capital expenditure and receipts following the third quarter of 2018/19 and presents for approval the new capital schemes in the annual capital review process. With regard to the annual bidding process, the main focus has again been on the continuation of existing essential programmes and on externally funded schemes. The Executive is asked to consider the updated Capital Strategy and approve a revised Capital Programme.

2. **RECOMMENDATION(S)**

2.1 The Executive is requested to:

- (a) Note the report, including a total rephrasing of £14.2m from 2018/19 into future years, and agree a revised Capital Programme;
- (b) Approve the following amendments to the Capital Programme:
 - (i) Increase of £116k to the Basic Need scheme, funded by £3k and 113k, from the remaining balances on the Langley Park Boys School (BSF) scheme and The Highway Primary (partial rebuild) scheme as detailed in para 3.2.1;
 - (ii) Increase of £405k to the Capital Maintenance in Schools scheme, funded by £386k and £19k, from the remaining balances on the Suitability / Modernisation issues in schools and Universal Free School schemes as detailed in para 3.2.2;

- (iii) Addition of £233k DFG funding to the Capital programme as detailed in para 3.2.3;**
- (iv) Increase of £115k to the Carbon Management Programme as detailed in para 3.2.4.**

(c) Recommend to Council:

- (i) The inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5)**

2.2 Council is requested to:

- (a) Agree the inclusion of the new scheme proposals listed in Appendix C in the Capital Programme (see section 3.5).**

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring 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 "Building a Better Bromley".
 2. BBB Priority: Excellent Council
-

Financial

1. Cost of proposal: Estimated Cost: Total net increase of £232k over the 5 years 2018/19 to 2022/23, mainly due to the additional budget provided by the Ministry of Housing, Communities and Local Government, for Disabled Facilities Grant schemes.
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: Total £146.6m over 5 years 2018/19 to 2022/23
 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: Applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

3.1 Capital Expenditure

3.1.1 This report sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2018/19 and also seeks approval to the new capital schemes in the 2018 annual capital review process. The report is divided into two distinct parts; the first (sections 3.2 and 3.3) looks at the Q3 monitoring exercise and the second (section 3.4) includes details of the proposed new schemes.

3.1.2 Appendix A sets out proposed changes to the Capital Programme. The base position is the revised programme approved by the Executive on 28th November 2018, as amended by variations approved at subsequent Executive meetings. If all the changes proposed in this report are approved, the total Capital Programme 2018/19 to 2022/23 would increase by £2,588k, mainly due to new capital bids for 2022/23 and the additional funding provided by the Ministry of Housing, Communities and Local Government for the Disabled Facilities Grant schemes. Estimated expenditure in 2018/19 will reduce by £14.2m due to the re-phasing of expenditure from 2018/19 into future years. Details of the monitoring variations are included in Appendices A and B, and the proposed revised programme, including the additional funding provided, is summarised in the table below.

	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL 2018/19 to 2022/23
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 28/11/18	48,685	64,961	22,281	3,510	0	139,437
Other variations approved at Executive 28/11/28	1,943	1,561	729	348	0	4,581
Approved Programme prior to 3rd Quarter's Monitoring	50,628	66,522	23,010	3,858	0	144,018
Variations requiring the approval of the Executive (Appendix A)	638	Cr 290	0	0	0	348
Variations not requiring approval of Executive: Net rephasing from 2018/19 into future years	Cr 14,153	14,153	0	0	0	0
Total Q3 Monitoring variations	Cr 13,515	13,863	0	0	0	348
New Schemes (Appendix C)	0	0	0	0	2,240	2,240
TOTAL REVISED CAPITAL PROGRAMME	37,113	80,385	23,010	3,858	2,240	146,606
Assumed Further Slippage (for financing purposes)	Cr 5,000	3,000	2,000	0	0	0
Assumed New Schemes (to be agreed)	0	3,500	3,500	3,500	3,500	14,000
	Cr 5,000	6,500	5,500	3,500	3,500	14,000
Total revised expenditure to be financed	32,113	86,885	28,510	7,358	5,740	160,606

3.2 Variations requiring the approval of the Executive (£232k total net addition)

3.2.1 Langley Park Boys School (BSF) (£3k net reduction)

This scheme has completed. The budget had been set aside to cover any additional spend, that may have arisen beyond the defects and snagging period, however this is no longer required (and the budget can be returned back to the Basic Need capital scheme).

Highway Primary (partial rebuild) (£113k net reduction)

This scheme has completed. The budget had been set aside to cover any outstanding spend on consultants, that may have arisen beyond the defects and snagging period, however this is no longer required (and the budget can be returned back to the Basic Need capital scheme).

3.2.2 Capital Maintenance in Schools (£405k increase in 2018/19 budget)

The Suitability / Modernisation issues in Schools scheme, with a remaining budget of £386k has completed, as has the Universal Free School Meals scheme, with a remaining budget of £19k. These budgets, totalling £405k, are requested to be reallocated to the Capital Maintenance in Schools scheme due to the main improvement works falling under this scheme.

3.2.3 Disabled Facilities Grant (DFG) – (increase of £233k in 2018/19 to reflect the additional funding received)

Members are asked to approve an increase of £233k in 2018/19 to the Disabled Facilities Grant scheme. This was confirmed in a letter to LA Chief Executives in early December 2018 to help boost the delivery of more home adaptations for disabled people to live independently and safely within their homes.

3.2.4 Carbon Management Programme – increase of £115k in 2019/20 to reflect the repayment of SALIX funding from existing schemes.

This scheme is 50% funded by SALIX funding, provided by DEFRA, and 50% from the LBB Invest to Save Fund. All remaining projects have completed and outstanding grants in the form of savings made via energy consumption and billing have now been received. The budget will be used in partnership with the Street Lighting scheme to replace the LED lighting within the Borough.

3.3 **Scheme Rephasings**

3.3.1 As part of the 3rd quarter monitoring exercise, a total of £14.2m has been re-phased from 2018/19 into 2019/20 to reflect revised estimates of when expenditure is likely to be incurred. The largest elements of these are £3.5m relating to the Site G scheme, £2.6m relating to the Basic Need scheme, £2.3m relating to the Highways Investment scheme, £1.9m relating to the Housing Payment in Lieu (unallocated) Fund and £1m for the IT Transformation scheme.

3.3.2 In July 2015, the Executive agreed that the Capital Programme budget should reflect the total of Section 106 receipts available to fund expenditure. The unallocated balance totals £2,673k, of which £788k relates to Education, and £1,885k to Housing and has been rephased into the following year.

3.3.3 Other schemes rephased into next financial year include the PCT LD Reprovision programme (£574k) and the DFG grant scheme (£500k). This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

3.3.4 In view of the variations that have arisen in recent years, further slippage of £5.0m has been assumed for the remainder of 2018/19 for financing purposes to cover unforeseen delays to capital schemes.

3.4 **Capital Strategy update and Annual Capital Review – new scheme proposals**

Capital Strategy update

3.4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 introduced the setting and revising of a capital strategy. The Prudential Code laid out:

- Governance Procedure – the setting and revising of the capital strategy and prudential indicators will be done by the same body. For this Council it is the Executive and full Council.

- Determining a Capital Strategy – the Capital Strategy should demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives.
 - Prudence & Affordability – each local authority should ensure that all of its capital, investment (and any borrowing) are prudent and sustainable.
- 3.4.2 As required, this Council's strategy includes capital expenditure, investments and treasury management and the Council's Capital Strategy is linked to the Treasury Management Strategy which reports and monitors the Council's Prudential Indicators. In addition the Director of Finance reports on affordability and risks in the annual budget setting reports.
- 3.4.3 An annual review of the Capital Programme is undertaken as outlined in paragraph 3.5. The Council's Capital Programme is intended to maintain and improve the quality of life in the borough and help meet its overall priorities as set out in "Building a Better Bromley", and with a four year plan, assists the longer-term planning for capital expenditure and the use of resources to finance it.
- 3.4.4 In recent years, the Council has steadily scaled down new capital expenditure plans and has transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £45.7m (including unapplied capital receipts) as at 31st March 2018. The Council's asset disposal programme has diminished, and as set out in section 3.6, it is currently projected that these balances will be around £35.2m by 2026.
- 3.4.5 It is therefore likely that any significant future capital schemes not funded by grants/contributions, future disposals or from revenue, may have to be funded from external borrowing. Prior to any consideration of external borrowing, the Council will review its assets to ensure all opportunities to generate capital receipts as alternative funding has been fully explored.
- 3.4.6 The Council's policy for borrowing and the investment of balances are set out in the Treasury Management Strategy Statement which will be considered by Executive and Resources PDS Committee on 7th February 2019, prior to submission for Council approval on 25th February 2019.
- 3.4.7 In addition to Treasury Management investments, the Council also has an alternative investment strategy for the acquisition of investment properties. To ensure that these investments are made prudently, and that the income generated remains sustainable, the Council has to date funded the property from its own resources rather than utilise any external borrowing.
- 3.4.8 This combination of lower risk Treasury Management investments and a separate longer-term investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy.

3.5 **Annual Capital Review – new scheme proposals**

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

3.6 Capital Receipts

3.6.1 Details of the receipts forecast in the years 2018/19 to 2021/22 are included in Appendix F to this report to be considered under part 2 proceedings of the meeting. The latest estimate for 2018/19 has increased to £14.8m from £7.4m reported in November (excluding “other” capital receipts). The estimate for 2019/20 has decreased to £5.7m in comparison to what was reported in November. This mainly relates to the sale of the Old Town Hall and South Street car park for £8.4 in December 2018, previously forecast for 2019/20. A total of £1m per annum is assumed for receipts yet to be identified in later years, and £10m in 2020/21, linked to the Depot Improvements scheme, which was approved by the Executive in July 2018. These projections, as detailed in Appendix F, reflect prudent assumptions for capital receipts, and do not include estimated disposal receipts from the review being undertaken by Cushman and Wakefield.

3.7 Financing of the Capital Programme

3.7.1 A capital financing statement is attached at Appendix D 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 £18.9m by the end of 2020/21 and increase back to £35.2m 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 31/03/2018 £m	Estimate Balance 31/03/2021 £m	Estimate Balance 31/03/2026 £m
General Fund	20.0	18.9	18.9
Capital Receipts	25.7	0.0	16.3
	45.7	18.9	35.2

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

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Total Capital Expenditure	40,296	32,113	86,885	28,510	7,358	195,162
Financed by:						
Usable Receipts	7,217	5,367	43,495	24,166	3,788	84,033
Revenue Contributions	8,339	3,518	4,258	100	100	16,315
Government Grants	15,614	12,939	19,906	1,825	1,270	51,554
Other Contributions	9,126	10,289	6,508	2,419	2,200	30,542
Internal Borrowing	0	0	12,718	0	0	12,718
General Fund	0	0	0	0	0	0
Total	40,296	32,113	86,885	28,510	7,358	195,162

3.8 Section 106 Receipts

3.8.1 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the

granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £9,951k as at 31st December 2018 as shown in the table below, and will be used to finance capital expenditure from 2018/19 onwards:

Specified Capital Works	Balance	Receipts	Expenditure	Balance
	31/03/2018	2018/19	2018/19	31/12/2018
	£'000	£'000	£'000	£'000
Housing	3,104	1,321	67	4,358
Education	3,311	1,191	1,274	3,228
Local Economy	0	2,158	0	2,158
Community Facilities	86	39	0	125
Highways	82	0	0	82
Total	6,583	4,709	1,341	9,951

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

3.9 Investment Fund and Growth Fund

3.9.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund and Growth Fund earmarked reserves 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.

3.9.2 Appendix E provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £114.5m have been approved (£85.5m on the Investment Fund, and £28.9m on the Growth Fund), and the uncommitted balances as at end of December 2018 stand at £19.3m for the Investment Fund and £10.2m for the Growth Fund.

3.10 Feasibility Works – Property Disposals

3.10.1 At its meeting on 24th May 2017, 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.

3.10.2 Members requested that an update from the Strategic Property Service be included in quarterly capital monitoring report, this is provided in Appendix G.

3.11 Post-Completion Reports

3.11.1 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS Committees:

- Langley Park Boys School (BFS)
- The Highway Primary
- Suitability / Modernisation Issues in School
- Universal Free School Meals
- The Woodland Improvement Programme
- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 telephone switch
- Windows Server 2003 Replacement Programme

4. POLICY IMPLICATIONS

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

5. FINANCIAL IMPLICATIONS

- 5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix D is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections assume approval of the revised capital programme recommended in this report, together with an estimated £3.5m per annum for new capital schemes and service developments from 2021/22 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 28/11/18) Treasury Management – Annual Investment Strategy 2019/20 (Executive and Resources PDS Committee 07/02/19) The Prudential Code for Capital Finance in Local Authorities (2017 edition) CIPFA publication List of potential capital receipts from strategic property as at 28.01.2019 List of Feasibility monies for property disposal from strategic property as at 28.01.2019

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APPENDIX A - VARIATION SUMMARY

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME

Variations on individual schemes	Date of Portfolio meeting	Revised 2018/19 £'000	Revised 2019/20 £'000	Revised 2020/21 £'000	Revised 2021/22 £'000	Revised 2022/23 £'000	TOTAL 2018/19 to 2021/22 £'000	Comments / reason for variation
Current Approved Capital Programme								
Programme approved by Executive 28/11/2018	Exec 28/11/18	48,685	64,961	22,281	3,510	0	139,437	
Local Highways Maintenance (Potholes)	Exec 28/11/18	1,117	0	0	0	0	1,117	
IT Transformation	Exec 28/11/18	1,238	3,066	729	348	0	5,381	
Removal of Existing IT Schemes	Exec 28/11/18	Cr 420	Cr 1,505	0	0	0	Cr 1,925	
Reinstatement of Betts Park Canal Bank Stabilisation Project	Exec 28/11/18	8	0	0	0	0	8	
Approved Programme prior to 3rd Quarter's Monitoring		50,628	66,522	23,010	3,858	0	144,018	
Variations in the estimated cost of approved schemes								
(i) Variations requiring the approval of the Executive/Council								
Langley Park Boys School (Building Schools for the Future)		Cr 3					Cr 3	See paragraph 3.2.1
The Highway Primary - partial rebuild		0	Cr 113				Cr 113	See paragraph 3.2.1
Basic Need		3	113				116	See paragraph 3.2.1
Suitability / Modernisation issues in Schools			Cr 386				Cr 386	See paragraph 3.2.2
Capital Maintenance in Schools		405	0				405	See paragraph 3.2.2
Universal Free School Meals		0	Cr 19				Cr 19	See paragraph 3.2.2
DFG Additional Funds 2018/19		233					233	See paragraph 3.2.3
Carbon Management Programme (Invest 2 Save)			115				115	See paragraph 3.2.4
		638	Cr 290	0	0	0	348	
(ii) Variations not requiring approval								
Net rephasing from 2018/19 into future years		Cr 14,153	14,153	0	0	0	0	See section 3.3 and Appendix B
		Cr 14,153	14,153	0	0	0	0	
TOTAL AMENDMENT TO CAPITAL PROGRAMME		Cr 13,515	13,863	0	0	0	348	
Add: Proposed new schemes		0	0	0	0	2,240	2,240	See section 3.5 and Appendix C
		0	0	0	0	2,240	2,240	
TOTAL REVISED CAPITAL PROGRAMME		37,113	80,385	23,010	3,858	2,240	146,606	
Less: Further slippage projection		Cr 5,000	3,000	2,000			0	
Add: Estimate for further new schemes			3,500	3,500	3,500	3,500	14,000	
TOTAL TO BE FINANCED		32,113	86,885	28,510	7,358	5,740	160,606	

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes				
Healthy Pupil Capital Fund	Cr 29	29	0	Approved by Executive in July 2018. ESFA have allocated the Council £29k from Healthy Pupils Capital Fund. Currently in consultation with public health regarding delivery. Budget to be rephased to 2019/20 as unlikely to be committed and spent this financial year.
Security Works	Cr 35	35	0	Currently awaiting notification of works from schools. £100k was rephased to 2019/20 at Nov 2018 Exec - now requesting a further £35k of budget to be rephased to 2019/20.
Children and Family Centres	Cr 50	50	0	Works are managed by Operational Property (now Amey). £50k Budget for any unforeseen premises issues and planned improvements. Problem with the roof which is likely to cost in excess of £50k. A request will be made for additional funds once costing for the roof and other refurb works have been finalised. Current priority for the budget has been agreed for works to be carried out on outside play areas. Rephase budget to 2019/20.
Basic Need	Cr 2,600	2,600	0	A full detailed report on the various projects within the Basic Need Programme was reported to Executive on 19 Jul 17. £4.5m was rephased to 2019/20 in July 2018, with a further £6m in November 2018, due to procurement delays and works progressing slower than programmed. A further £2.6m is requested to be rephased to 2019/20 to bring the budget in line with most recent projected cash flow provided by consultants.
30 Hours Funded Childcare IT Solution Scheme	Cr 43	43	0	Scheme put on hold - revised costs for Phase I came back higher than budgeted. Most likely to buy off-the-shelf product. Rephase £43k into 2019/20.
Social Care Case Management System	20	Cr 20	0	Approved by Exec 12th Sept 2018 - Programme manager appointed. Procurement process to begin once a suitable framework has been agreed. Spend for 2018/19 is likely to be minimal.
PCT Learning Disability / Reprovision Programme - Walpole Road	Cr 574	574	0	£300k has been removed from budget and re-allocated to the Social Care Case Management System IT scheme. Astley Day Centre; full budget may well be utilised to fix issues with drains, fire access, roofing. Rephase full budget of £574k to 2019/20.
Mobile Technology to Support Children's Social Workers	Cr 15	15	0	Evaluation of the laptop pilot in CSC will enable officers to plan and spend the remainder of this grant. £15k to be rephased to 2019/20.
Housing Payment In Lieu Fund - Unallocated	Cr 1,885	1,885	0	How the funds are allocated will be finalised through the Bromley Housing Development Group and will likely be utilised in 2019/20.
Star Lane Traveller Site	Cr 132	132	0	The work is to replace much of the water supply to meet minimum regulatory standards. The project was assigned to Amey to implement and project manage. The final specification for works has been completed. Awaiting quote from Thames Water - anticipate to spend £60k this financial year with the remainder in Q1 of 19/20.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes				
Carbon Management Programme	Cr 5	5	0	All repayments have now been made - total funding of £500k available. Capital Programme budget to be increased by £115k to reflect this. No spend forecast this FY - remaining budget to be rephased to 2019/20. Officers are currently reviewing potential projects which includes LED lighting and controls in Stockwell Blocks and the Central Library.
Beckenham Town Centre Improvements	Cr 200	200	0	Final design and implementation costs funded by TfL. Scheme is on budget and anticipated to complete by March 2019 with retention and final account, likely circa £200k, to be settled in 2019/20. This amount will be rephased to 2019/20.
Central Depot Wall Scheme	Cr 130	130	0	Approved by Executive in March 2018. £576K rephased to 2019/20 at Nov 2018 Executive. Structural Engineer (consultant) appointed and design and tender to be completed by financial year end and on-site by Q1 2019/20. Project is likely to take 3 to 4 months to complete.
Depot Improvement Works	Cr 140	140	0	Approved by Exec on 11th July 2018. Currently in process of recruiting PM and project board for the scheme. It is anticipated that once project resource is in place that works on site will commence Q1 2019/20.
Crystal Palace Park - Alternative Management Options	Cr 340	340	0	Following report presented to Executive on 28 November 2018, the Crystal Palace Park Rockhill site has now been identified as an affordable housing scheme and will be subject to a further report to future Executive meeting. No further spend anticipated this financial year. Remaining budget to be rephased to 2019/20.
Highways Investment	Cr 2,300	2,300	0	Approved Exec 18/10/16, Council 09/12/16, £11.8m for investment in planned highway maintenance funded from capital receipts. All carriageway schemes are due for completion by November 2018, although footway schemes may continue until March 2019. The first phase of the project has been completed, the second phase is near completion, and third phase has commenced. £2.3m to be rephased to 2019/20.
Street Lighting (Invest 2 Save Initiative)	Cr 200	200	0	Funded by Invest to Save Fund (Exec 28/11/12) - Report presented to Exec 15/10/14 to amend the project in replacing fewer lamp columns and convert more lanterns. The remaining connection works are due to be completed this financial year. Delays have been encountered in agreeing the final account for works completed as the contract has ended. £200k to be rephased to 2019/20.
Scadbury Park Moated Manor	Cr 155	155	0	Approved by Exec Feb 2018 - £60k revenue and £95k Historic England. Budget to be rephased to 2019/20.
Biggin Hill Memorial Museum	150	Cr 150		Approved 02/12/15. Executive approval on 20/06/17, for project to proceed with delivery. The build programme is on schedule and the payment schedule has now been agreed which has allowed the budget to be accurately profiled. The Exhibition and Fit out programme has been postponed to avoid the tender being out over Christmas which has pushed costs in to the next financial year. Scheme anticipated to complete wk end 21st January 2019 with final account to be agreed by end of Feb 2019 - rephasing of £150k from 2019/20 back into 2018/19 requested.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
Rephasing of schemes				
London Private Sector Renewal Schemes	Cr 11	11	0	Currently 1 case being processed. Budget to be increased with any income received. £11k to be rephased to 2019/20.
Renovation Grants - Disabled Facilities	Cr 500	500	0	18/19 starting budget, after roll-forward, was £1,521k. An additional £233k has also been funded by Disabled Facilities Grant in December 2018. Additional schemes to provide physical improvements to client's home environments and to assist with creating safer and healthier homes, reduce admissions to hospital and keep clients in their own home for longer have been prepared and will be considered at integration meetings. A private OT agency have been employed to deal with a backlog of assessments and have referred an additional 50 cases for grant aid. New procurement system is being trialled to increase output. As a result, anticipate to spend £1.2m this financial year, with £500k to be rephased to 19/20 budget.
Site G	Cr 3,467	3,467	0	Report was submitted to Council 11/12/17 formalising the Development Agreement with the preferred development partner and the Compulsory Purchase Strategy for the site. Demolition & starting on site anticipated in 2020 with completion of 410 units in 2024. 2 properties purchased in 2018 for approx £800k. Rephasing of £3.5m submitted to Feb 2019 Exec.
Civic Centre Development Strategy	Cr 55	55	0	£65k of the budget earmarked for feasibility costs this financial year. £55k to be rephased into 2019/20. Currently going through tendering to recruit consultancy services from the ESPO Property, Building and Infrastructure Advice and Management Services Framework to carry out a feasibility study for proposed works to the Civic Centre and Central Depot.
Emergency Works on Surplus Sites	Cr 100	100	0	(Block Capital) Essential to maximise capital receipts. To prepare surplus sites for disposal and to cover any emergency works. £100k to be rephased to 2019/20.
Banbury House Demolition / Site Preparation	Cr 111	111	0	Executive 10/01/18 approved £166k from capital receipts, for demolition and site clearance. Final feasibility for use of site for housing needs or disposal. £111k to be rephased to 2019/20 as only fees payable this FY.
IT Transformation	Cr 1,000	1,000	0	New Scheme - approved by Exec 28 Nov 2018. Order being placed for network hardware including UPS. Total spend for 2018/19 anticipated approx £238k with remaining £1m to be rephased to 2019/20.
SharePoint Productivity Platform upgrade/replacement	Cr 130	130	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. This scheme will now be delivered in-line with the IT Transformation scheme to ensure there is no duplication. Anticipate spend of £20k this year with £130k to be rephased to FY19/20.
Review of Corporate Customer Services I.T Systems	Cr 48	48	0	Work is underway and progressing to complete the required system upgrades. Executive 10/01/18 approved reduction of £37k to fund CRM Upgrade scheme. Final testing taking place and should be completed before end of financial year. £48k to be rephased to 2019/20.

CAPITAL PROGRAMME MONITORING - FEB 2019 - SUMMARY OF VARIATIONS FROM APPROVED PROGRAMME - SCHEME REPHASING

Variations on individual schemes	2018/19 £'000	2019/20 £'000	TOTAL £'000	Comments/reason for variation
<u>Rephasing of schemes</u>				
Upgrade of MS Dynamics CRM System	Cr 68	68	0	Executive 10/01/18 approved £443k from capital receipts and £37k from Review of Customer Services IT Systems scheme. Scheme has been completed and will close once BT have submitted final invoice.
TOTAL REPHASING ADJUSTMENTS	Cr 14,153	14,153	0	

APPENDIX C - NEW SCHEMES

CAPITAL PROGRAMME REVIEW 2018 - RECOMMENDED TO EXECUTIVE 13/02/19

Capital Scheme/Project	Priority	TOTAL £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Revenue effect		Comments
							Running	Financing	
							£'000	£'000	
Transport for London (Highways and Traffic Schemes)	HIGH	2,200				2,200	0	0	Further Highways and Traffic schemes to be fully funded by TfL on the basis of the bid in the Borough Spending Plan (BSP). The Capital Programme currently includes estimates for 2018/19 to 2021/22 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.
Feasibility studies - block provisions	HIGH	40				40	0	0	Provision for 18/19 - 21/22 already in Capital Programme to fund feasibility works in respect of potential new schemes.
GRAND TOTAL NEW CAPITAL BIDS		2,240	0	0	0	2,240	0	0	

COST TO THE COUNCIL (LBB RESOURCES)	19/20	20/21	21/22	22/23	TOTAL
	£'000	£'000	£'000	£'000	£'000
Grand total new bids above	0	0	0	2,240	2,240
External funding for new bids					
Transport for London (Highway Schemes)	0	0	0	Cr 2,200	Cr 2,200
Funding from Council's resources	0	0	0	40	40

100% TFL funding

CAPITAL FINANCING STATEMENT - EXECUTIVE 13/02/19 - ALL RECEIPTS

(NB. Assumes all capital receipts - see below)

	2017-18		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Estimate £'000	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Summary Financing Statement										
Capital Grants	18,721	15,614	12,939	19,906	1,825	1,270	0	0	0	0
Other external contributions	10,688	9,126	10,289	6,508	2,419	2,200	2,200	2,200	2,200	2,200
Usable Capital Receipts	15,634	7,217	5,367	43,495	24,166	3,788	3,440	3,400	3,400	3,400
Internal Borrowing	0	0	0	12,718	0	0	0	0	0	0
Revenue Contributions	3,044	8,339	3,518	4,258	100	100	100	100	100	100
General Fund	0	0	0	0	0	0	0	0	0	0
Borrowing (external)	0	0	0	0	0	0	0	0	0	0
Total expenditure	48,087	40,296	32,113	86,885	28,510	7,358	5,740	5,700	5,700	5,700
Usable Capital Receipts										
Balance brought forward	24,108	24,108	25,695	35,215	0	0	0	0	3,268	9,774
New usable receipts	8,643	8,804	14,887	8,280	25,800	5,193	11,298	8,489	9,906	9,906
	32,751	32,912	40,582	43,495	25,800	5,193	11,298	8,489	13,174	19,680
Capital Financing	Cr 15,634	Cr 7,217	Cr 5,367	Cr 43,495	Cr 24,166	Cr 3,788	Cr 3,440	Cr 3,400	Cr 3,400	Cr 3,400
Repayment of Internal Borrowing	0	0	0	0	Cr 1,634	Cr 1,405	Cr 7,858	Cr 1,821	0	0
Balance carried forward	17,117	25,695	35,215	0	0	0	0	3,268	9,774	16,280
Internal Borrowing										
Balance brought forward	0	0	0	0	Cr 12,718	Cr 11,084	Cr 9,679	Cr 1,821	0	0
Capital Financing	0	0	0	Cr 12,718	0	0	0	0	0	0
Repaid from new Capital Receipts	0	0	0	0	1,634	1,405	7,858	1,821	0	0
Balance carried forward	0	0	0	Cr 12,718	Cr 11,084	Cr 9,679	Cr 1,821	0	0	0
General Fund										
Balance brought forward	20,000	20,000	20,000	18,915	18,915	18,915	18,915	18,915	18,915	18,915
Less: Capital Financing	0	0	0	0	0	0	0	0	0	0
Less: Use for Revenue Budget	Cr 271		Cr 1,085	0	0	0	0	0	0	0
Balance carried forward	19,729	20,000	18,915	18,915	18,915	18,915	18,915	18,915	18,915	18,915
TOTAL AVAILABLE RESERVES	36,846	45,695	54,130	18,915	18,915	18,915	18,915	22,183	28,689	35,195

Assumptions:

New capital schemes - £3.5m p.a. from 2021/22 for future new schemes.

Capital receipts - includes figures reported by Property Division as at 25/01/19 - as shown in Appendix F

Current approved programme - as recommended to Executive 13/02/19

Internal Borrowing to fund until Capital Receipts pay Back - Site G, Depot Improv,

APPENDIX E - INVESTMENT FUND GROWTH FUND

INVESTMENT FUND & GROWTH FUND - 13 February 2019

Investment Fund	£'000
Revenue Funding:	
Approved by Executive 7th September 2011	10,000
Approved by Council 27th February 2013	16,320
Approved by Council 1st July 2013	20,978
Approved by Executive 10th June 2014	13,792
Approved by Executive 15th October 2014	90
Approved by Executive 26th November 2014 (Transfer to Growth Fund)	Cr 10,000
New Home Bonus (2014/15)	5,040
Approved by Executive 11th February 2015 (New Homes Bonus)	4,400
Approved by Executive 10th June 2015	10,165
Approved by Executive 2nd December 2015 (New Homes Bonus)	141
Approved by Executive 10th Feb 2016 (New Homes Bonus)	7,482
Approved by Executive 6th December 2017	3,500
Approved by Executive 21st May 2018	2,609
	84,517
Capital Funding*:	
Approved by Executive 11th February 2015 (general capital receipts)	15,000
Approved by Executive 10th February 2016 (sale of Egerton Lodge)	1,216
Approved by Executive 7th November 2017 (Disposal of 72-76 High Street)	4,100
	20,316
Total Funding Approved:	104,833
Property Purchase	
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 23rd 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
Other Schemes	
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
Uncommitted Balance on Investment Fund	19,320
*Executive have approved the use of specific and general capital receipts to supplement the Investment Fund	

APPENDIX E - INVESTMENT FUND GROWTH FUND

<u>Growth Fund:</u>	<u>£'000</u>
<u>Funding:</u>	
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
<u>Schemes Approved and Committed</u>	
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 17th October 2018 (Bromley Town Centre - Mirrored Canopies & Shops)	Cr 415
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
Approved by Executive 28th November 2018 (Housing Development Feasibility)	Cr 100
Total further spending approvals	Cr 22,187
<u>Schemes Approved, but not committed</u>	
Approved by Executive 26th November 2014 (for Biggin Hill and Cray Valley)	Cr 6,790
Uncommitted Balance on Growth Fund	10,177

APPENDIX G - FEASIBILITY WORKS

CAPITAL PROGRAMME MONITORING - FEB 2019

Location	Estimated Feasibility / Viability Cost (£'000)	Description	Feb 2019 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.	Programme in development and consultants now instructed. Reporting to Executive in Sept 2019.
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 business interests at Market Square, so as to improve footfall and therefore improve the asset value and return on income derived from the Councils ownership of The Glades.	Work progressing with landlord and advisors to future proof Glades operation in the event of further downturn in retail supply.
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 Councils ownership of The Walnuts.	Requirement for Orpington masterplan to include Walnuts now being progressed with intention to take to Executive in May 2019. Potential to utilise HM govt high street fund - bid being developed.
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.	Old Town Hall / South St car park site disposed of - works progressing with viability of Office Accomodation strategy with intention to report to Executive in August 2019.
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 after the outcome of the Depot review.	Programme of capital works being developed with newly appointed waste contractor.
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 valuation to be commissioned in respect of potential land acquisition options.
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, due to delays by developer securing subtenant.
Lease standardisation	6	To fund legal work to create standard T&C's to the property portfolio	Under review.
TOTAL	250		

Report No.
DRR19/011

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 13 February 2019

Decision Type: Non-Urgent Executive Key

Title: OPERATIONAL BUILDING MAINTENANCE BUDGETS AND
PLANNED PROGRAMME 2019/20

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

Chief Officer: Colin Brand, Director of Regeneration

Ward: (All Wards);

1. Reason for report

The report sets out the proposed maintenance budgets and planned programme for 2019/20

2. **RECOMMENDATION(S)**

2.1 **Members are asked:**

2.1.1 **subject to the Council agreeing the budget, to approve an overall expenditure of £2.135m for the Building Maintenance budget in 2019/2020.**

2.1.2 **to approve the planned programme in Appendix A.**

2.1.3 **to delegate authority to the Director of Regeneration to vary the programmes to accommodate any change in the approved budget or where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.**

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: £2.135m
 2. Ongoing costs: Recurring Cost £2.135m
 3. Budget head/performance centre: Repairs and Maintenance Budget
 4. Total current budget for this head: £2.135m
 5. Source of funding: 2019/20 revenue budget
-

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: Not applicable
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The Total Facilities Management Contract commenced on 1 October 2016 and Amey Community Ltd has responsibility for delivering building maintenance.
- 3.2 This report outlines the proposed allocations against the various budget heads for 2019/20 as proposed by Amey in consultation with the Council's Client Team
- 3.3 In addition to its consultation and communication with the Client, Amey Community Ltd is continuing to hold Focus Groups with each department. This ensures that the local knowledge used in the compilation of the programme is maintained and representatives are notified of any planned programmed works being undertaken in the buildings connected with their services.

Proposed Maintenance Budgets for 2019/20

- 3.4 The proposed maintenance budget for 2019/20 is £2.135m. This programme is broken down into the following budget heads:
- Reactive Maintenance
 - Cyclical Maintenance
 - Asbestos Management
 - Water Treatment Works
 - Planned Programme
 - Fire Risk Assessments
- 3.5 The maintenance budget heads are described in more detail below

REACTIVE MAINTENANCE

- 3.6 Funding for reactive maintenance is allocated to individual service cost centres based on previous year's expenditure. This budget is used to fund works of an unplanned or emergency nature enabling the Council to keep operational buildings open and to provide services to the people of Bromley. The pressure on this budget increases as fewer planned maintenance projects are undertaken and the buildings become more dilapidated. The proposed budget for 2019/20 is £895.62k.

CYCLICAL MAINTENANCE

- 3.7 Cyclical Maintenance represents a periodic programme of weekly, monthly, semi-annual, annual, quinquennial and so on routines, which are based on statutory requirements and recommended maintenance routines for major plant. It ensures compliance with statutory regulations and ensures that major plant is maintained properly. It also identifies plant at risk of failure. The proposed budget for 2019/20 is £379.13k.

ASBESTOS MAINTENANCE

- 3.8 This budget enables the Council to meet its statutory obligations for the management of asbestos in its buildings, which includes annual condition monitoring, maintenance, testing and removal. The proposed budget for 2019/20 is £81.39k.

- 3.9 The costs of asbestos inspection and removal prior to the commencement of building projects, including those in the planned programme are now a cost against the individual project. Each project within the planned programme has a contingency added for asbestos costs.

WATER TREATMENT WORKS

- 3.10 This budget enables the Council to meet its statutory obligations with regard to the control of Legionella and water hygiene. The proposed budget for 2019/20 is £220.76k.

PLANNED PROGRAMME

- 3.11 The planned programme funds planned works on operational premises and on investment properties for which the Council has repairing obligations under the terms of the lease or tenancy agreement. The planned programme safeguards the long-term life of the Council's property portfolio and is used for high cost items of work that cannot be funded from other budgets. It includes only the very highest priority schemes. It is also used to deal with any in year emergencies. The proposed budget for 2019/20 is £496k
- 3.12 The proposed programme is shown in Appendix A.
- 3.13 This year it is proposed to include a general contingency to deal with any in year emergency projects. If there are no in year emergencies then the budget can be used for other high priority works not included in the programme, but which also need to be undertaken.

FIRE RISK ASSESSMENTS

- 3.14 The Regulatory Reform (Fire Safety) Order 2005 requires those in charge of commercial buildings to carry out detailed fire risk assessments regularly. There is no fixed period for carrying out assessments, but they should be carried out whenever there are significant changes, which could affect the fire risk, including changes to the building, staff, occupancy, activities, legislation etc. Identifying when significant changes occur is an almost impossible task for building owners, particularly if, as in Bromley's case, there are so many different departments and organisations responsible for their management, so the Council has adopted best practice and is carrying out the Fire Risk Assessments annually. The proposed budget for 2019/20 is £62.22k.

WITHDRAWN BUDGETS

- 3.15 The Disability Access, Redecorations and Minor Improvement budgets were withdrawn several years ago.
- 3.16 The Council has a responsibility under the Equality Act, to ensure that, where a public service is offered, it is available to all members of the public. Individuals cannot be discriminated against because of their physical disabilities. In many instances compliance can be provided by a change in the way that service is provided. However in some cases physical adaptations to the building are required to ensure accessibility. Disability Access works to operational buildings were carried out a number of years. If any further adaptations are required in the course of the year in order to comply with the Act, then funding will have to be vired from one of the other budget heads.
- 3.17 The suspension of the programme of internal and external redecoration at operational buildings is resulting in a deterioration of building elements and appearance.
- 3.18 Individual departments are now expected to fund any requested improvements works from their own budgets.

VARIATIONS TO PROGRAMMES

3.19 In previous years, the responsible Director been authorised to vary the programmes during the course of the year where such action is considered necessary to either protect the Council's assets or make the most effective use of resources. It is proposed that this authority continues and it is recommended that the Director of Regeneration has authority to vary the programmes.

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 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.

6 FINANCIAL IMPLICATIONS

6.1 The building maintenance budget (excluding education properties) is managed by Amey Ltd in partnership with the Council. The draft 2019/20 budget has an amount of £2.135m set aside for repairs and maintenance.

6.2 The table below shows the draft budget for 2019/20 and the proposed apportionment of the budget across the different budget heads:

Service	2019/20 Draft Budget £
Reactive/Unplanned	895,620
Cyclical Maintenance	379,130
Asbestos Management	81,390
Water Treatment Works	220,760
Planned Programme	496,000
Fire Risk Assessments	62,220
Total Building Maintenance Budget	2,135,120

7. LEGAL IMPLICATIONS

7.1 There is, as is outlined in this report, a range of specific duties which requires the Council 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. The funding is allocated against the different budget heads in a way that will ensure that the Council fulfils these obligations. The budget reductions mean that there will be year on year deterioration to the buildings.

7.2 Amey Community Ltd is now responsible for procuring and delivering the maintenance programmes and the Client Team will monitor their activities and delivery in accordance with the terms of the contract.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]

Appendix A: Planned Programme 2019/20

Operational Premises	Works	Project Cost	Comments
Norman Park Pavilion No 4	Replacement of Roof Covering	£45,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential and it is the landlord's responsibility to carry out these repairs.
Blenheim Family Centre	Separation of Water Main	£22,000	The water main feeds Blenheim Family Centre and Blenheim Primary School. The proposed work will attend to leaks and separate the mains, so that the Family Centre and school each have their own supply. The total cost for the work is £44k and it is proposed to charge 50% to the operational programme and 50% to the education programme.
Blenheim Family Centre	Replacement of Roof Coverings	£50,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential to the reception area.
Central Library	Replacement of Revolving Entrance Door	£40,000	The revolving door is no longer functional and is beyond repair. Replacement is essential.
Astley Centre	Replacement of Roof Coverings	£45,000	Roof coverings are defective in places and substantial repairs are required to protect the building against water ingress.
Astley Centre	Replacement of Exit Doors and Ramps	£40,000	The fire risk assessment has identified non compliant ramps and doorways. The design and configuration of the doorways necessitates complete replacement.
Community House	Replacement of Roof Coverings	£66,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential to the main staircase and adjacent areas and it is the landlord's responsibility to carry out these repairs.
Burnt Ash Children and Family Centre	Replacement of Roof Coverings	£35,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential to the reception area.
Midfield Centre	Defective Windows, 1st floor	£15,000	This building is unoccupied and likely to remain so in the foreseeable future however the condition of the windows is deteriorating and as they are located above the footpath leading to an adjacent building, it is necessary as a H&S precaution to board the windows up.
Total carried Forward		£358,000	

Operational Premises	Works	Project Cost	Comments
Total brought forward		£358,000	
4 Cudham Lane	Replacement of Roof Coverings	£25,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential and it is the landlord's responsibility to carry out these repairs
West Wickham Leisure	Replacement of Mechanical Plant	£31,000	Mechanical and electrical plant is breaking down and repairs are required to ensure that the leisure centre is able to function and remain open in the short term (2 years) period.
Saxon Day Centre	Replacement of Roof Coverings	£20,000	Roof coverings have reached the end of their life and the roof has been subject to water ingress in recent years. Replacement is essential to the toilet block area.
War Memorials	Annual ad-hoc works	£12,000	This is a general provision to deal with ad hoc repairs that arise each year at the 8 war memorials and for which there is no current budget.
General Contingency	Emergency works	£50,000	This is a general contingency to deal with any in year emergency projects.
TOTAL PLANNED		£496,000	

Report No.
DRR19/006

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE FOR PRE-DECISION SCRUTINY BY THE
RENEWAL RECREATION AND HOUSING POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE ON 22
JANUARY 2019

Date: Tues 22 January 2019
Wed 13 February 2019

Decision Type: Non-Urgent Executive Key

Title: OPPORTUNITY SITE G – APPROVAL FOR IN PRINCIPLE USE
OF COMPULSORY PURCHASE POWERS

Contact Officer: Kevin Munnely, Head of Renewal
Tel: 020 8313 4582 E-mail: kevin.munnely@bromley.gov.uk

Chief Officer: Executive Director of Environment & Community Services

Ward: Bromley Town;

1.0 Reason for report

- 1.1 The Executive approved on 8th February 2017 the selection of Countryside Properties (UK) Ltd (“Countryside”) as the preferred development partner for the first phase of development of Opportunity Site G following a competitive procurement process(‘the Scheme’). The Executive on 17th July 2017 approved the detailed terms of the development agreement and lease for the development and on the 11th December 2017 Full Council approved the allocation of £24.3m for the purpose of acquiring properties within the red line area of Phase 1 of Opportunity Site G. To date, the Council has been in negotiations with land owners to aquire properties that are required to deliver the Scheme.
- 1.2 It is now recommended that the Executive agrees, in principle, to the use of the Council’s compulsory purchase powers to facilitate the delivery of the Scheme. This provides certainty and allows preliminary processes required for the making of a Compulsory Purchase Order (CPO) to be carried out at the same time as negotiations with landowners are ongoing, saving both time and supporting the negotiating process. Executive authority will still need to be sought in the future to make a compulsory purchase order to acquire any property interest that is required for the Scheme that cannot be secured via negotiated settlement.

2.0 RECOMMENDATION(S)

- 2.1 The PDS Committee is requested to scrutinise the proposed decision by the Executive and the Executive is recommended to:
- 2.2 Agree in principle to use compulsory purchase powers pursuant to section 226 of the Town and Country Planning Act 1990 (as amended)to acquire the land and new rights within the area described in the report and shown on the plan attached to this report, the Council being of the

view that compulsory acquisition of the land may be necessary in order to secure the delivery of the Scheme;

- 2.3. Authorise Officers to begin preparatory work to use its compulsory purchase powers, including, subject to the 'in-principle' decision being made, serving requisitions on land owners and appointing land referencing agents to thoroughly investigate all land interests, the preparation of a Statement of Reasons and all other necessary documentation.
- 2.4. Note that, subject to officers using all reasonable endeavours to assemble the land by agreement / private treaty, a further detailed report and a Statement of Reasons will come forward to Members of the Executive in due course setting out the justification for the making of a compulsory purchase order.

Impact on Vulnerable Adults and Children

1. Summary of Impact: An Equalities Impact Assessment will be undertaken which will include the assessment of the impact of the CPO on vulnerable adults and children and any necessary mitigation strategy considered. The result of any assessment would be presented to the Executive when seeking authorisation to make a CPO.
-

Corporate Policy

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

Financial

1. Cost of proposal: Overall cost of the scheme is estimated to be £24.3m
 2. Ongoing costs: Non-Recurring Cost:
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £24.3m
 5. Source of funding: Growth Fund, S016 PIL, capital receipts, internal borrowing, and external borrowing where required
-

Personnel

1. Number of staff (current and additional): 5
 2. If from existing staff resources, number of staff hours:
-

Legal

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

Procurement

1. The Greater London Authority's London Development Panel (OJEU Notice 2012/S 69-113942) was used to select the preferred development partner. Solicitors, Bevan Brittan were appointed following a competitive quotation exercise through the EM Lawshare Framework to act as legal advisors for the CPO.
-

Customer Impact

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

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes

Summary of Ward Councillor's comments: Ward Councillors have met with representatives of Countryside Properties and it has been agreed there will be regular meetings held throughout the process.

3. COMMENTARY

- 3.1 The Executive on 17th July 2017 approved the detailed terms of the development agreement and lease for the Scheme and on 11th December 2017, Full Council approved an allocation of £24.3m to the capital programme for the purpose of acquiring properties within the red line area of Phase 1 of Opportunity Site G, henceforth referred to as the “Order Land” in this report and attached as Appendix 1. The Council’s development team which includes development advisors Montagu Evans, continue to liaise directly with property owners within the development site to exercise the Council’s Duty of Care to residents directly impacted by the proposed redevelopment. Progress continues to be made on site acquisitions and relocations with a total of six residential properties in Ethelbert Close purchased to date.
- 3.2 In accordance with the terms of the development agreement Countryside Properties submitted the planning application for the Scheme and which is currently under consideration by the Council’s Development Management team. It is envisaged that use of the Council’s powers to acquire land by a Compulsory Purchase Order (CPO) may be required in order to assemble all of the land interests and rights required to develop the Scheme in a timely manner. Therefore Executive authority is sought for an ‘In Principle’ decision to begin preparatory and planning work to use its compulsory purchase powers for all the land interests not yet in the ownership or control of the Council needed to facilitate the Scheme.
- 3.3 Subject to approval, it should be noted that the seeking of authority to pass a resolution to make and serve the detailed CPO will be made in a separate future decision by the Executive only once the following conditions have been reached:
- i. That Countryside has obtained planning permission for the development of Churchill Quarter.
 - ii. Comprehensive discussions have been carried out with all affected landowners with a view to acquiring the land or rights required by agreement.
 - iii. A Statement of Reasons setting out the justification for the CPO has been prepared and the Council is satisfied it meets all the statutory tests and complies with the Guidance (defined below).

Land which is the subject of the CPO

- 3.4 The land which would be potentially included in the CPO (“the Order Land”) is as follows:
- An area of approximately 1.26h hectares, comprised of:
 - 40 2-storey maisonettes on Ethelbert Close
 - Three commercial units at Bromley High Street
 - Bromley Town Church
 - Churchill Way

Part of the Order Land is owned by the Council, particularly being the six units which have been acquired by negotiation. It is considered prudent to include the entire area of land required for the Scheme within the CPO, so that any private express or implied rights, covenants or other

interests that may have been granted, entered into or acquired over the Order Land can be determined.

- 3.5 The other interests to be acquired include those of leaseholders, freeholders, and any private express or implied rights that may have been granted over the Order Land. These interests will be formally identified following completion of the land referencing process. Further ancillary parcels of land adjoining or neighbouring the Order Land might need to be included in the Order if discovered by due diligence to be required for the Scheme.

Development Programme

- 3.6 In terms of the lease conditions the Council cannot make a stopping up order or compulsory purchase order until Countryside has obtained planning permission. The following development programme has been prepared based on the date of Countryside's submission of the planning application for the Scheme in May 2018 and illustrates the estimated length of each stage in the process.

- Exchange Development Agreement Sep 17
- Public Planning Consultation on Countryside Scheme Nov 17
- Executive Approval of Scheme Mar 2018
- Countryside's Submission of the Planning Application May 2018
- Prepare Compulsory Purchase Order documentation Feb 2019
- Secure Planning Consent Feb 2019
- Make Compulsory Purchase Order Summer 2019*
- Compulsory Purchase Inquiry Winter 2019
- CPO Implemented Autumn 2020
- Commence Development Autumn 2021
- Completion Longstop date Spring 2025

*An indicative timeline and breakdown of the Compulsory Purchase process is attached as Appendix 2.

Proposal and Options

- 3.7 The proposal is to recommend that the Council agrees, in principle, to use its compulsory purchase powers to facilitate the Scheme. This provides robustness to the case for the making of the CPO and allows preliminary processes required for the making of a CPO to be carried out at the same time as negotiations with landowners are ongoing both saving time and supporting the negotiating process.
- 3.8 Members should note that agreeing in principle to use compulsory purchase powers in relation to the red line area will not undermine due process of pursuing negotiation and fair acquisition terms for existing land owners. In fact, the approach of seeking a resolution in principle to use CPO powers whilst continuing to try to negotiate acquisitions by private treaty agreement is in line with guidance published by the Department for Communities and Local Government in October 2015 entitled "Compulsory Purchase and the Crichel Down Rules" (the Guidance), which provides best practice advice for assembling land for schemes of this nature. It is considered that a resolution in principle to use compulsory purchase powers would facilitate negotiations because landowners would know that the Council genuinely means to progress the Scheme and if terms to acquire all land interests and new rights by agreement could not be achieved in a reasonable timescale, compulsory purchase powers will be used. This would encourage landowners to negotiate in a meaningful way.

- 3.9 Any decision to proceed with the making of a CPO would be contingent on a compelling case having been assembled in support of the need to make a CPO for the Scheme and the specific land or rights to be acquired, and for all the financial, legal and planning conditions having been satisfied. A full report to the Executive would provide these details when recommending that the CPO is made and implemented.

Use of CPO Powers

- 3.10 The use of compulsory purchase powers requires a compelling case in the public interest to be made. Therefore, this report will explain the context and justification for recommending that the Executive agree to an 'in principle' to use such powers in this case.
- 3.11 In order to compulsorily acquire land the Council must have a relevant statutory power that authorises such acquisition. In addition the Council must use the most specific and appropriate power available to it. In the case of a CPO in connection with the Scheme the Council's planning powers under section 226 of the Town and Country Planning Act 1990 (the Act) are the most appropriate, as the Scheme would make a major positive contribution to the economic, social and environmental well-being of the area. At the time of making the CPO it would need to be ensured that the proposal meets with the requirements of this statutory power.
- 3.12 Detailed advice to acquiring authorities on the use of compulsory purchase powers is set out in the Guidance. The Guidance provides helpful information on the matters which the Secretary of State will take into account when considering whether or not to confirm a CPO, so should be fully considered by Members now in relation to the 'in principle' use of its compulsory purchase powers and later with reference to the making and implementing of the CPO that may be considered in future. These matters as they relate to the Scheme are considered below.
- 3.13 The Guidance states that in considering whether or not to confirm a CPO, the Secretary of State will have regard to the extent to which the purpose for which the land is being acquired fits with the adopted Local Plan for the area or, where no such up to date Local Plan exists, with the draft Local Plan and National Planning Policy Framework. Following the adoption of the Council's Local Plan in January 2019, the Scheme lies within Site 10 which is a key housing allocation in the Local Plan and will be crucial for the delivery of housing in the Borough during the Plan period.
- 3.14 The Guidance states that the Council must demonstrate a 'compelling case in the public interest', and that the public benefits that will arise from the purpose for which the land is to be acquired (i.e the Scheme) outweigh the impact on those affected. The Council must demonstrate both the need for the Scheme in principle and in general and the need to acquire each and every parcel of land included in the CPO. On the basis of the legal advice and the Guidance, officers are of the view that such a compelling case can be demonstrated from the desirability of implementing the scheme – in particular from the following substantial wider benefits resulting from it:
- i. up to 410 high quality new homes with a range of tenure and sizes including 35% affordable housing units;
 - ii. transformation of part of the High Street to include improving the townscape and access to the Church House Gardens and Bromley Park;
 - iii. net gain of public open space of 341.5 sq m (from 73,805.7 sq m to 74,147.2 sq m);
 - iv. generate over 40 FTE new jobs in the new business floorspace which will meet the needs of small, new start-up and creative businesses within the town centre;
 - v. reprovide an increased quantum of community floorspace from that currently exists within the Order Scheme 1400 sq m as opposed to 750 sq m;

- vi. generate during the construction phase of the development approximately 60 full time jobs; and the regeneration of part of Bromley town centre through optimising the use of an under-utilised brownfield site and enhancing the local economy

3.15 Part of the justification for obtaining confirmation of a CPO would involve demonstrating that compulsory powers are necessary because the land required cannot be acquired by agreement. Compulsory purchase is seen as a last resort and the acquiring authority must be able to show that it has made genuine attempts to acquire the land by negotiation. The Council has made significant efforts to acquire all interest by voluntary agreement and this can be thoroughly evidenced. The Guidance expects that the Council will be required to continue those efforts and detailed evidence of those further efforts should be available prior to the making of a CPO.

3.16 The Council must also demonstrate that there are no other impediments to proceeding with the Scheme, for example the need for planning permission, other consents or physical constraints. The planning application in relation to Churchill Quarter is still pending determination, due in February 2019. The Order Land is the subject of allocations in the Bromley Town Centre Area Action Plan(2010) and the emerging Local Plan(2019), and accordingly it benefits from policy support for the Scheme’s proposed redevelopment.

3.17 The Council would have to demonstrate that it has, or at least will obtain, the resources necessary not only to pay compensation for the land but also to implement the Scheme: paragraph 14 of the Guidance. The reason for this requirement is to avoid a situation in which private land has been acquired compulsorily for a purpose which, in the event, cannot be achieved for lack of funds. On 11 December 2017 Council approved the allocation of £24.3m to the capital programme for the Council’s outlay in terms of purchasing the Compulsory Purchase Order Land. The full cost of acquisition will be funded from the premium Countryside will pay the Council for the site as part of the development agreement which sets out the assurances that Countryside have the financial capacity to implement the scheme.

Guidance summary

3.18 The Guidance sets out key tests which need to be satisfied before a Compulsory Purchase Order can be confirmed. These tests include:

Guidance requirement	Council’s initial response
A compelling case in the public interest to acquire the Land which may interfere with owners human rights	The purposes for which the CPO would be made justify interfering with the human rights of those with an interest in the land affected; particularly the Order Land is suitable for and will facilitate the carrying out of development, redevelopment or improvement and will make a positive contribution to the promotion of the economic, social and environmental well-being of the locality. The Council has taken reasonable steps to acquire all of the land and rights required for the Scheme by agreement. Further justification is found in this report above and will follow the “in principle” resolution.
A comprehensive justification of why the Order is required	
There are no planning or other impediments to prevent the scheme from happening within a reasonable timescale	Planning permission has not been granted for the proposed Scheme, but the Scheme does benefit from strong policy support and there is no obvious reason why permission will not be granted. There are no other material planning or other impediments.
The financial viability of the scheme is such that it can be delivered within a reasonable timescale. This can include resources to acquire land as	Full Council approved the allocation of £24.3m to the capital programme for the Council’s outlay in terms of purchasing the Order Land. The full cost of acquisition will be funded from the premium Countryside will pay the Council for the site as part of

well as develop the scheme.	the development agreement which provides assurances that Countryside have the financial capacity to implement the scheme.
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Consultations

- 3.19 The planning applications in relation to the redevelopment of Churchill Quarter have been subject to statutory consultation throughout the planning application process, with responses received from a number of individuals, groups and bodies including the Greater London Authority, Transport for London, Historic England, numerous resident groups and various stakeholders. In addition Countryside have undertaken a significant programme of community engagement in relation to their planning application.
- 3.20 A CPO made following this resolution in principle would be subject to statutory consultation procedures which will include adverts in newspapers and site notices. This will give additional opportunity for any persons affected by a CPO, to become aware of the CPO and have the opportunity to make objections.

CPO Land Referencing

- 3.21 The CPO will include all occupiers and all interests that are included within the red and blue line area identified on the map of the Order Land (Appendix 1) or have, or are believed to have, any interest over that land including adjoining owners. All owners and occupiers, including tenants, will be written to as part of the land referencing process that precedes the making of the CPO, and all relevant names and addresses will be included in the final CPO. In order to collate this information, it is intended that, subject to the recommendations being agreed, that land referencing commences at the earliest possible date. This land referencing will be undertaken by an external agent who specialises in land referencing exercises.

Resource Implications

- 3.22 At this stage, the Council is being asked to only make an “in principle” decision to use its’ powers. A full detailed assessment of the financial implications and costs of making CPO will be prepared and presented to the Executive in a further report should a CPO actually be required.
- 3.23 The work required to prepare for the use of CPO powers, including all work needed to support the making of such an order will be managed and coordinated by Council officers. The Council would continue to employ the services of Montague Evans as development advisors and Bevan Brittan as legal advisors. The Council is looking to appoint a land referencing agent to carry out detailed examination of all the legal interests that affect the land within the Scheme.. Work that is required before making a CPO includes serving the ‘requisition’ notices on land owners to gather information about their land interests on the Council’s behalf, working on the case for CPO and preparing the Statement of Reasons to support the making of the Order and drafting the Order itself.
- 3.24 In basic summary, under a CPO, property or rights are acquired at open market value but disregarding any increase (or decrease) in value attributable to the Scheme for which the land is acquired. Affected parties may also be entitled to other compensation for loss payments and disturbance depending on circumstances. The Council will be responsible for paying all compensation to landowners, whether payable by purchases through voluntary negotiation or through the CPO process.
- 3.25 There is a possibility that blight claims could be made by affected landowners that require the Council to acquire their land in advance of the compulsory purchase process taking effect, but such claims would not be valid prior to the making of any CPO. This risk will be considered

further in any further detailed report that comes forward to Members of the Executive seeking authority to make the CPO.

- 3.26 Looking beyond an 'in principle' agreement, a prerequisite to any resolution of Council to acquire land by CPO, will be considered further together with updated details of the financial risks and exposure to the Council, which will be presented to the Executive for approval should a full CPO resolution be required.

Equalities Impact Assessment

- 3.27 Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

- 3.28 Officers have taken this into account in the assessment of the case for making a CPO and Members must be mindful of this duty when considering the recommendations in this report. As part of the CPO preparation work an Equalities Impact Assessment will be undertaken on the potential impact of the proposal and any necessary mitigation strategy. The result of any assessment would be presented to the Executive when seeking authorisation to make a CPO.

Human Rights and the Case for Compulsory Acquisition

- 3.29 The Human Rights Act 1998 places direct obligations on public bodies such as the Council to demonstrate that the use of compulsory purchase powers is in the public interest and that the use of such powers is proportionate to the ends being pursued.
- 3.30 When the Council decides to make a CPO, the Council will need to be sure that the purpose for which the land is required sufficiently justifies (or can be sufficiently justified in due course) interfering with the human rights of those with an interest in the land affected. It is acknowledged that the compulsory acquisition of the land in the red line area may amount to an interference with the human rights of those with an interest in the land. These include rights under Article 1 of the First Protocol of the European Convention on Human Rights (ECHR) (which provides that every natural or legal person is entitled to peaceful enjoyment of his possessions) and Article 8 of the ECHR (which provides that everyone has the right to respect for his private and family life, his home and his correspondence).
- 3.31 When preparing the case for making a CPO, officers will keep in mind and in due course advise Members about the need to balance the public interest and the individual's rights and that any interference with these rights will be necessary and proportionate. "Proportionate" in this context means that the interference must be no more than is necessary to achieve the identified legitimate aim. As part of the investigations that will be undertaken ahead of making any CPO, there will be an investigation into the effect on landowners and leaseholders of the CPO, and this will be fully taken into account before a final decision is made as to whether or not to put forward a resolution for the making of a CPO.
- 3.32 Members are advised that on the basis of the information that is available to officers at present, that officers are of the view that there is likely to be a compelling case in the public interest for

compulsory acquisition of the various interests within the Order Land if they cannot be acquired by agreement. Therefore, the use of compulsory purchase powers in this case is likely to be proportionate. Without the use of these powers, the much-needed regeneration and redevelopment of the land may not be achievable. Appropriate compensation will be available to those entitled to claim it under the relevant statutory provisions. Members are advised that the land is both suitable for and will facilitate the carrying out of development, redevelopment or improvement and will make a positive contribution to the promotion of the economic, social and environmental well-being of the area.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 As stated in 3.28 above, an Equalities Impact Assessment will be undertaken on the potential impact of the proposal as part of the CPO. This will include the assessment of the impact of the CPO on vulnerable adults and children and any necessary mitigation strategy considered. The result of any assessment would be presented to the Executive when seeking authorisation to make a CPO.

5. POLICY IMPLICATIONS

5.1 It is important to recall the reasons for bringing forward the Area Action Plan for Bromley Town Centre. One of the main objectives is the provision of residential capacity through mixed use developments. As acknowledged in paragraph 5.7.4 of the AAP development of Opportunity Site G would be phased and the redline area comprises of Phase 1 of Opportunity Site G and Site 10 of the Local Plan.

6. FINANCIAL IMPLICATIONS

6.1 This report is requesting that Executive agree in principle, to use it's compulsory purchase powers to facilitate the Site G development scheme. A full report would be brought back to the Executive to agree that the CPO is made and implemented.

6.2 The Executive on 7th November 2017 approved funding of £24.292m for the acquisition of properties required for the Scheme. This included £900k for the CPO Inquiry and professional /management fees. This is summarised in the table below:

Estimated costs	£'000
Market value of property interests	18,833
Disturbance payments inc reinvestment cost	1,493
Claimants' surveyors & legal fees	366
Statutory loss payments	1,276
Acquiring Authority's Stamp Duty Land Tax liability	484
Acquiring Authority's Professional Fees	315
Other rights	475
Contingency	150
Total Property Cost Estimate	23,392
CPO Inquiry and professional/mgt fees	900
TOTAL APPROVED SCHEME COST	24,292
Financed by:	
Contryside contribution	100
Growth Fund	2,900
S106 funding	360
Capital Financing	20,932
TOTAL FINANCING	24,292

- 6.3 To date £1.469m has been spent/committed on the acquisition of properties in Ethelbert Close leaving a balance of £22.822m.
- 6.4 Within the £24.292m was a sum of £1.1m allocated for specialist development consultancy for the CPO related costs, inclusive of all professional fees, legal and development consultancy and internal management costs. This sum includes the £200k previously allocated from the growth fund. To date £114k has been spent/committed, leaving a balance of £986k. Details of the funding for the scheme and the estimated capital receipts were reported to Executive on 7th November 2017.

7. PERSONNEL IMPLICATIONS

- 7.1 None for the purposes of this report.

8. LEGAL IMPLICATIONS

- 8.1. The Council is empowered under section 226(1)(a) of the Town and Country Planning Act 1990 as amended, to acquire any land in its area if it is satisfied that the proposed acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. The Council may utilise its compulsory purchase powers under section 226 of the TCPA

(a) if it thinks the acquisition will facilitate the carrying out of development, or redevelopment or improvement on, or in relation to the land or

(b) which is required for a purpose which is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

In order to make an acquisition under (a), the Council must also consider that the development, redevelopment or improvement will contribute to the promotion or improvement of the economic social or environmental well-being of its area.

- 8.2 In this case the proposal is to seek in-principle approval to make a CPO for the purpose of facilitating the comprehensive redevelopment of the Order Land to enable the delivery of the Scheme, which includes up to 410 residential units and a mix of other uses. The Scheme is overall considered to make a major positive contribution to the economic, social and environmental well-being of the area.
- 8.2. Section 226(3) of the Act confirms that the Council's CPO powers extend to lands adjoining land which is required for the purpose of executing works for facilitating the development or use of the primary land. This is relevant to interests required, such as crane over-sailing rights, which fall outside of the planning application boundary.
- 8.3. The Acquisition of Land Act 1981 governs the procedures which apply to such an acquisition. The Compulsory Purchase Act 1965 governs post-confirmation procedures and the Land Compensation Act 1961 governs the amount and assessment of compensation. The Local Government (Miscellaneous Provisions) Act 1976 governs the granting of new rights. Further implications relating to requirements of the Guidance are as set out in paragraphs 3.9 to 3.16 of this report and would need to be considered by the Executive in detail at the time of making a CPO. The Human Rights and equalities aspects of a CPO are reviewed at paragraphs 3.22 to 3.37 inclusive.
- 8.4 Detailed legal implications would need to be assessed when consideration is given to making a CPO. There will be significant legal implications in delivering a project of this complexity over a number of critical areas. The Council has therefore appointed Solicitors Bevan Brittan under the EM Lawshare Framework to act as the legal advisors for the CPO. Bevan Brittan will provide the level of expertise and guidance on a range of key areas for the programme. Such areas

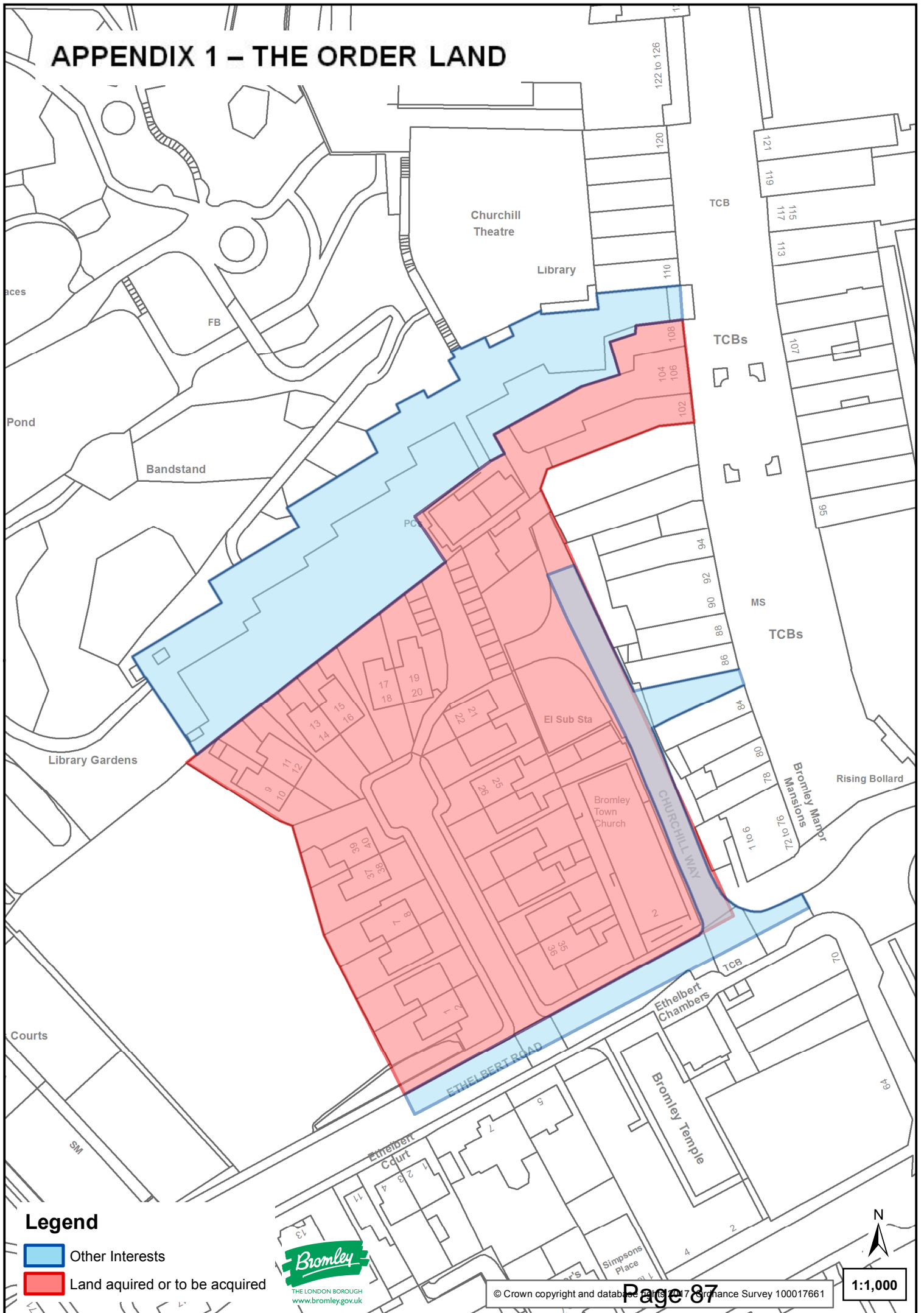
include planning, CPO law and procedure and developer agreements. The Council, does not have sufficient in-house resources to support a large scale programme of this magnitude and hence the appointment of Bevan Brittan will ensure the Council has the benefit of comprehensive legal advice through a single provider for all the elements of the Scheme. The Council's renewal team and legal department are providing a client side role in the delivery of the programme.

9 PROCUREMENT IMPLICATIONS



9.1 None for the purposes of this report.

Non-Applicable Sections:	PERSONNEL IMPLICATIONS, PROCUREMENT IMPLICATIONS
Background Documents: (Access via Contact Officer)	

APPENDIX 1 – THE ORDER LAND



Legend

-  Other Interests
-  Land acquired or to be acquired



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APPENDIX 2 - Compulsory purchase order process – Indicative timeline

Timeline	Action	Details
Month 0	The Council resolves to use its compulsory purchase powers in principle	Trigger for the commencement of the CPO process.
Month 1	In the event of Countryside being granted planning permission for the Churchill Quarter Development and the expiry of the relevant period for legal challenge	The Council will commence the initial steps associated with the CPO process (including appointing land referencing agents)
Month 2/3	The Council serves 'requisition for information' notices	The Council will serve notice on all people they believe own or occupy the land they wish to acquire asking for details of a person's interest in the land and whether there are any other persons with an interest in the land. The requisition for information notice usually specifies a deadline of 21 days for responses although it can often take longer to gather all the information required.
Month 3/4	Report seeking a second resolution to 'make' the CPO powers	The Council will require a detailed report on the proposed use of compulsory purchase powers in order to authorise the use of those powers.

Month 3/4	Following the second resolution, the Council formally makes the CPO	Once it has all the information it needs on land ownership, the acquiring authority makes the CPO and serves notice of it on parties with “qualifying interests”. The Council puts up site notices and publishes in one or more local newspapers. The CPO, CPO plan and Statement of Reasons are made available for inspection.
Month 4	Statutory period for objections	The period for objections will be set out in the notice and is a minimum of 21 days from the date the notice is served, displayed or first published (as the case may be). Objections must be in writing. If there are other orders required, the objection period may be longer.
Month 5/6	Objections received	Where relevant objections are received, the Secretary of State will order a public local inquiry into the CPO. Objections to level of compensation payable will not be considered. Where no objections are received (or objections are resolved), the CPO can be confirmed without the need for an inquiry.
Month 6	Secretary of State issues 'relevant date' letter	The 'relevant date' letter sets the date for the inquiry and sets out the deadline for the acquiring authority to serve its statement of case.
Month 7	Deadline for lodging 'statement of case' for public local inquiry	The deadline for lodging the statement of case will usually be 6 weeks after the date of the 'relevant date' letter. Remaining objectors may also be asked to provide a statement of case prior to the inquiry.
Month 11	Inquiry and site visit	The CPO Inquiry will follow a similar format to S78 Planning appeal and the inquiry should normally be held 22 weeks after the relevant date. The date will depend on likely duration of the inquiry and the availability of an inspector. An inspector will hear evidence from the Council and the remaining objectors. A pre-inquiry meeting may also be held. The inspector will usually visit the site. There are procedures for both accompanied and unaccompanied site visits. I
Month 14	Inspector's report	The inspector to the inquiry issues his/her written report setting out conclusions and recommendations for consideration by the Secretary of State.

Month 17	Secretary of State decision	After considering the inspector's report, the Secretary of State issues a decision to either confirm, modify or reject the CPO. The decision letter, setting out his/her reasons for the decision, is sent to the Council and any remaining objectors and other persons who requested notification.
Month 18	CPO confirmed	The Council publicises the decision in local newspapers as soon as possible after receipt of the decision letter.
Month 20	Judicial review challenge period	The validity of a CPO can be challenged within six weeks of the date of the first newspaper notice.
Month 21	Implementation of CPO	The CPO can be implemented and land acquired following publication. This process usually takes about three months.

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