



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 14 March 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 27 MARCH 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 21<sup>st</sup> March 2019.

**4 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 13TH FEBRUARY 2019**  
(Pages 3 - 12)

**5 BUDGET MONITORING 2018/19**  
(Pages 13 - 68)

**6 CONTINGENCY DRAWDOWN: HOMELESSNESS AND TEMPORARY ACCOMMODATION PRESSURES**  
(Pages 69 - 74)

**7 CONSTITUTION IMPROVEMENT WORKING GROUP - MINOR CONSTITUTIONAL CHANGES**  
(Pages 75 - 84)

**8 CONTRACT AWARD: INSURANCE POLICIES (PART 1)**  
(Pages 85 - 92)

**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.

**Items of Business**

**Schedule 12A Description**

**11 EXEMPT MINUTES OF THE MEETING HELD ON 13TH FEBRUARY 2019**  
(Pages 93 - 94)

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

**12 CONTRACT AWARD: INSURANCE POLICIES (PART 2)**  
(Pages 95 - 106)

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

## EXECUTIVE

Minutes of the meeting held on 13 February 2019 starting at 7.00 pm

### Present:

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

### Also Present:

Councillor Simon Fawthrop and Councillor Angela Wilkins

#### **112 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **113 DECLARATIONS OF INTEREST**

There were no declarations of interest.

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

No questions had been received.

#### **115 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 16TH JANUARY 2019** Report CSD19011

Councillor Angela Wilkins queried whether resolution (5) regarding the schools budget in minute 102 (Draft 2019/20 Budget and Update Council's Financial Strategy 2020/21 to 2022/23) was correct, in that it was beyond the Executive's powers, but the Director of Corporate Services advised that it should be read in the context of the overall budget setting process.

**RESOLVED that the minutes of the meeting held on 16<sup>th</sup> January 2019 (excluding exempt information) be confirmed.**

#### **116 2019/20 COUNCIL TAX** Report FSD19019

The report identified the final issues affecting the 2019/20 revenue budget and presented 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 would be reported to the Council meeting on 25<sup>th</sup> February 2019. The approach reflected in the report was for

*Executive*  
*13 February 2019*

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). Amended recommendations and comments from all PDS Committee were tabled at the meeting.

The Portfolio Holder for Resources, Commissioning and Contract Management drew Members' attention to the interest receivable from the Council's investments, which would reach £15.4m and was a key part of the revenue stream, and also to the importance of lobbying Government for adequate funding.

The Portfolio Holder for Environment and Community Services drew attention to comments at the Environment and Community Services PDS Committee on the road maintenance budget. He considered that, in the light of the Government's recent allocation of additional funding, it was reasonable to take the proposed £177k saving for 2019/20, but not as a permanent reduction to the road maintenance revenue budget. The Leader concurred. The Portfolio Holder also confirmed that the PDS Committee had supported changes relating to parking issues, and he would be issuing a decision shortly.

Councillor Angela Wilkins stated that she was concerned that there had not been adequate scrutiny of the Education budget by the Education, Children and Families Select Committee, following the discussions at the Schools Forum and the Education, Children and Families Budget and Performance Monitoring Sub-Committee, and she suggested that there were discrepancies relating to the High Needs element of the Schools Budget and the disapplication request which had now been refused by the Department for Education (DfE). She also commented that Ellie Reeves MP had not been included in lobbying efforts on behalf of the Council.

The Children, Education and Families Portfolio Holder emphasised that the process had been explained at various meetings and with the schools. He was clear that no discrepancies existed. The Portfolio Holder said that everything had been explained to Councillor Wilkins at a one-to-one briefing with officers and made clear in a letter published by the Portfolio Holder, but that he was happy to explain it to her again. He stated that there were budget negotiations throughout the year with the Schools Forum, and that the Council was concerned that there was a shortfall of £3m in the High Needs funding from the DfE. A disapplication request was submitted but, as expected, it was denied.

The Council felt it was important that it had been submitted in terms of lobbying for the funding required. The Council was no longer able to move funds around to deal with this, so it was using £2m from its own reserves to help address the shortfall.

He stated that it was regrettable that a letter sent from Head Teachers to parents had not mentioned the extra funding from the council, the ring-fenced grant money or the lobbying process. He stated that he would continue to

work with all the Borough's MPs to lobby Government, but that he would always use the most expedient path to deliver outcomes for the Borough's children as that was far more important than party politics. The Portfolio Holder further responded that he had contacted Ellie Reeves MP in the past but was yet to receive a direct response.

**RESOLVED that Council be recommended to -**

- (1) (a) Approve the schools budget of £76.722 million which matches the estimated level of Dedicated Schools Grant (DSG) after academy recoupment (a reduction of £922k – see (b) below);
- (b) Approve the draft revenue budgets (as in Appendix 2 to the report) for 2019/20 to include the following updated changes:
- (i) DfE have refused a disapplication request by the Council resulting in increased costs of £1m (£922k reduction in DSG income due to Academy recoupment and £78k to an increase in expenditure for maintained schools). This is offset by a reduction of £788k held in the Central Contingency for additional 2019/20 High Needs (SEN) Funding. The shortfall of £212k will be met from the Government's additional 2018/19 High Needs Funding which will be reflected in the next Budget Monitoring 2018/19 report to Executive.
  - (ii) Parking Income £308k – subject to the final agreement of the Portfolio Holder for Environment & Community Services.
  - (iii) Other minor variations totalling £65k mainly relating to Business Rate Levy funding and updated collection fund surplus.
- (c) Agree 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 16<sup>th</sup> January 2019;
- (d) Approve the following provisions for levies for inclusion in the budget for 2019/20:

	£'000
London Pensions Fund Authority	452
London Boroughs Grant Committee	249
Environment Agency (flood defence etc.)	249
Lee Valley Regional Park	312
<b>Total</b>	<b>1,262</b>

- (e) Approve a revised Central Contingency sum of £10,943k to reflect the changes in (b) and (d);
  - (f) Note that the 2019/20 Central Contingency sum includes significant costs not yet allocated and there will therefore be further changes to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget;
  - (g) Approve the revised draft 2019/20 revenue budgets to reflect the changes detailed above;
  - (h) Set a 4.99% increase in Bromley’s council tax for 2019/20 compared with 2018/19 (2.99% general increase plus 2% Adult Social Care Precept) and note that, based upon their consultation exercise, the GLA are currently assuming a 8.9% increase in the GLA precept;
  - (i) Note the latest position on the GLA precept, as above, which will be finalised in the overall Council Tax figure to be reported to full Council (see section 12 of the report);
  - (j) Approve the approach to reserves outlined by the Director of Finance (see Appendix 4 to the report);
  - (k) Executive agree that the Director of Finance be authorised to report any further changes directly to Council on 25<sup>th</sup> February 2019.
- (2) Council Tax 2019/20 – Statutory Calculations and Resolutions (as amended by the Localism Act 2011)

Subject to 2.1 (a) to (k) above, if the formal Council Tax Resolution as detailed below is approved, the total Band D Council Tax will be as follows:

	2018/19 £	2019/20 £	Increase £	Increase % (note #)
<b>Bromley (general)</b>	1,094.18	1,128.80	34.62	2.99
<b>Bromley (ASC precept)</b>	64.30	87.46	23.16	2.00
<b>Bromley (total)</b>	1,158.48	1,216.26	57.78	4.99
<b>GLA *</b>	294.23	320.51	26.28	8.93
<b>Total</b>	1,452.71	1,536.77	84.06	5.79

\* The GLA Precept may need to be amended once the actual GLA budget is set.

- (#) in line with the 2019/20 Council Tax Referendum Principles, the % increase applied is based on an authority’s “relevant basic amount of Council Tax” (£1,158.48 for Bromley) – see paragraph 6 below. Any further changes arising from these Principles will be reported directly to Council on 25<sup>th</sup> February 2019.

**(3) Council be recommended to formally resolve as follows:**

- 1. It be noted that the Council Tax Base for 2019/20 is 131,428 'Band D' equivalent properties.**
- 2. Calculate that the Council Tax requirement for the Council's own purposes for 2019/2020 is £159,851k.**
- 3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):**
  - (a) £531,584k being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.**
  - (b) £371,733k being the aggregate of the amounts which the Council estimates or the items set out in Section 31A(3) of the Act.**
  - (c) £159,851k being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.**
  - (d) £1,216.26 being the amount at 3(c) above, divided by (1) above, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.**
- (4) To note that the Greater London Authority (GLA) has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below (NB. the GLA precept figure may need to be amended once the actual GLA budget is set).**
- (5) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.**

<b>Valuation Bands</b>	<b>London Borough of Bromley £</b>	<b>Greater London Authority £</b>	<b>Aggregate of Council Tax Requirements £</b>
<b>A</b>	<b>810.84</b>	<b>213.67</b>	<b>1,024.51</b>
<b>B</b>	<b>945.98</b>	<b>249.29</b>	<b>1,195.27</b>
<b>C</b>	<b>1,081.12</b>	<b>284.90</b>	<b>1,366.02</b>
<b>D</b>	<b>1,216.26</b>	<b>320.51</b>	<b>1,536.77</b>
<b>E</b>	<b>1,486.54</b>	<b>391.73</b>	<b>1,878.27</b>

<b>F</b>	<b>1,756.82</b>	<b>462.96</b>	<b>2,219.78</b>
<b>G</b>	<b>2,027.10</b>	<b>534.18</b>	<b>2,561.28</b>
<b>H</b>	<b>2,432.52</b>	<b>641.02</b>	<b>3,073.54</b>

- (6) That the Council hereby determines that its relevant basic amount of council tax for the financial year 2019/20, which reflects a 4.99% increase (including Adult Social Care Precept of 2%), is not excessive. The Referendums Relating to Council Tax Increases (Principles) (England) Report 2019/20 sets out the principles which the Secretary of State has determined will apply to local authorities in England in 2019/20. Any further changes arising from these Principles will be reported directly to Council on 25<sup>th</sup> February 2019. The Council is required to determine whether its relevant basic amount of Council Tax is excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

**117 CAPITAL PROGRAMME MONITORING Q3 2018/19 AND CAPITAL STRATEGY 2019 TO 2023**  
Report FSD19020

The Executive considered a report on the Council's capital strategy summarising the position on capital expenditure and receipts following the third quarter of 2018/19 and presenting new capital schemes in the annual capital review process. The main focus of the annual bidding process had been on the continuation of existing schemes and on externally funded schemes. A supplementary report had also been considered on an additional allocation from the Department for Education (DfE) of £1,208k of Special Provision Fund capital grant for special needs and disabilities.

The Portfolio Holder for Resources, Commissioning and Contract Management drew attention to the Section 106 balances held by the Council, and emphasised the need to use this money well and within the time deadlines.

The Executive noted the report and agreed a revised capital programme, including the amendments recommended in the report, and recommended that Council approve the new scheme proposals, including the additional Special Provision Fund allocation.

**RESOLVED that**

**(1) The report be noted, including a total re-phasing of £14.2m from 2018/19 into future years, and a revised Capital Programme be agreed.**

**(2) The following amendments to the Capital Programme be agreed:**

**(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 paragraph 3.2.1 of the report;

(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 paragraph 3.2.2 of the report;

(iii) addition of £233k DFG funding to the Capital programme as detailed in paragraph 3.2.3 of the report;

(iv) Increase of £115k to the Carbon Management Programme as detailed in paragraph 3.2.4 of the report.

(3) Council be recommended to:

(i) agree the inclusion of the new scheme proposals listed in Appendix C to the report in the Capital Programme (see section 3.5 of the report.)

(ii) approve the inclusion of £1,208k of Special Provision Fund capital grant in the capital programme under the Basic Need scheme.

**118 OPERATIONAL BUILDING MAINTENANCE BUDGETS AND  
PLANNED PROGRAMME 2019/20**  
Report DRR19/011

The Executive received a report setting out the proposed maintenance budgets and planned maintenance programme for 2019/20. The Portfolio Holder for Resources, Commissioning and Contract Management highlighted an additional fund of £200k which would be used for essential maintenance of toilet facilities at the Civic Centre, enhancing opportunities for parts of the building to be let out for events and improving the working environment for staff. The Leader added that now that the future strategy for the Civic Centre was settled it was right that the small maintenance backlog should be addressed.

**RESOLVED that**

**(1) Subject to the Council agreeing the budget, overall expenditure of £2.135m be approved for the Building Maintenance budget in 2019/2020.**

**(2) The planned programme in Appendix A to the report be approved.**

**(3) Authority be delegated 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.**

**119 OPPORTUNITY SITE G: APPROVAL FOR IN PRINCIPLE USE OF COMPULSORY PURCHASE POWERS**  
Report DRR19/006

At its meeting on 8th February 2017 the Executive had selected 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. On 17th July 2017 the Executive had approved the detailed terms of the development agreement and lease for the development and on the 11<sup>th</sup> December 2017 full Council had 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 had been in negotiations with land owners to acquire properties that were required to deliver the Scheme.

It was now recommended that the Executive agreed, in principle, to the use of the Council’s compulsory purchase powers to facilitate the delivery of the Scheme. This provided certainty and allowed preliminary processes required for the making of a Compulsory Purchase Order (CPO) to be carried out at the same time as negotiations with landowners were ongoing, saving time and supporting the negotiating process. Executive authority would still need to be sought in the future to make a compulsory purchase order to acquire any property interest that was required for the Scheme that could not be secured via negotiated settlement.

The Portfolio Holder for Renewal, Recreation and Housing confirmed that the site was important for the Council’s housing plans, and that six properties had already been successfully acquired.

**RESOLVED that**

**(1) it is agreed 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 the 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) Officers be authorised to begin preparatory work to use the Council’s compulsory purchase powers, including 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.**

**(3) It is noted 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 the Executive in due**

course setting out the justification for the making of a compulsory purchase order.

**120            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.

**121            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**

**122            EXEMPT MINUTES OF THE MEETING HELD ON 16TH  
JANUARY 2019**

The exempt minutes of the meeting held on 16<sup>th</sup> January 2019 were confirmed.

**123            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**

The Executive approved the release of funding and award of a contract for the next cohort of the Step Up to Social Work Programme.

**124            CAPITAL PROGRAMME MONITORING - APPENDIX F**

The Executive noted Appendix F to the Capital Monitoring report.

The Meeting ended at 7.39 pm

Chairman

*Executive*  
*13 February 2019*

Report No.  
FSD19039

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 27 March 2019

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

**Title:** BUDGET MONITORING 2018/19

**Contact Officer:** David Bradshaw, Head of Finance  
Tel: 020 8313 4807 E-mail: david.bradshaw@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

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

2.1 **Executive are requested to:**

- (a) consider the latest financial position;
- (b) note that a projected net overspend on services of £648k is forecast based on information as at December 2018;
- (c) consider the comments from Chief Officers detailed in Appendix 2;
- (d) note a projected variation of £221k credit from investment income as detailed in sections 3.5 and 3.6;
- (e) note a projected variation of £826k in the Central contingency, as detailed in section 3.2;
- (f) note a projected increase to the General Fund balance of £1,068k as detailed in section 3.3;

- (g) agree to the release of £376k from the 2018/19 Central Contingency relating to additional savings and income from the Amey contract as detailed in para. 3.2.2;**
- (h) agree to the release of £200k for the staff merit award from the 2018/19 Central Contingency as detailed in para. 3.2.3;**
- (i) agree to the release of £200k for Civic Centre improvements from the 2018/19 Central Contingency to an earmarked reserve as detailed in para. 3.2.4;**
- (j) agree to the release of £500k for the Transformation programme from the 2018/19 Central Contingency to an earmarked reserve as detailed in para. 3.2.5;**
- (k) note the return to contingency of £227k of additional grant to the 2018/19 Central Contingency as detailed in para. 3.2.6;**
- (l) note the return to contingency of £500k of grant to the 2018/19 Central Contingency and the recommended use of this grant as detailed in para. 3.2.7;**
- (m) agree to set aside £187k of the Adult Social Care grant for the implementation of Pre Paid cards in 2019/20 as detailed in para. 3.2.8;**
- (n) note the release of £744k Adult Social Care grant income from the 2018/19 Central Contingency as detailed in para. 3.2.9;**
- (o) agree to the release of £1,190k for Social Care Investment to ease NHS Winter pressures from the 2018/19 Central Contingency as detailed in para. 3.2.10;**
- (p) recommend to Council that £7.5m be set aside in the Housing Investment Fund earmarked reserve from underspends in the 2018/19 Central Contingency for the Council's Housing transformation strategy as detailed in para. 3.2.12;**
- (q) note that reports elsewhere on the agenda request the drawdown of £2,489k relating to Housing from the central contingency as set out in para. 3.2.13;**
- (r) note the Dedicated Schools Grant balance, the increased funding and the use of that funding in 2019/20 as detailed in section 3.7;**
- (s) agree to allocate £75k from the Growth Fund to cover the costs of the West Wickham BID project as set out in para. 3.9;**
- (t) agree that a sum of £900k be set aside within an earmarked reserve as detailed in section 3.11;**
- (u) note the full year cost pressures of £6.5m as detailed in section 3.4;**
- (v) identify any issues that should be referred to individual Portfolio Holders for further action.**

## Impact on Vulnerable Adults and Children

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

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

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

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

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

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

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

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

### 3. COMMENTARY

#### 3.1 Summary of Projected Variations

3.1.1 The Resources Portfolio Plan included a target that each service department will spend within its own budget. Current projections show an overall net overspend of £648k within portfolio budgets and a £3,175k credit variation on investment income, central items and prior year adjustments.

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

	2018/19 Original Budget £'000	2018/19 Latest Budget £'000	2018/19 Projected Outturn £'000	2018/19 Variation £'000
<b>Portfolio</b>				
Adult Care & Health	67,346	66,849	66,836	Cr 13
Education, Children & Families (inc. Schools Budget)	40,189	40,432	43,429	2,997
Environment & Community	30,546	29,822	29,133	Cr 689
Public Protection & Enforcement	2,424	2,478	2,259	Cr 219
Renewal, Recreation & Housing	13,970	16,508	16,572	64
Resources, Commissioning & Contracts Management	46,797	47,686	46,194	Cr 1,492
<b>Total Controllable Budgets</b>	<b>201,272</b>	<b>203,775</b>	<b>204,423</b>	<b>648</b>
Capital Charges and Insurance	12,056	12,056	12,056	0
Non General Fund Recharges	Cr 759	Cr 759	Cr 759	0
<b>Total Portfolio Budgets</b>	<b>212,569</b>	<b>215,072</b>	<b>215,720</b>	<b>648</b>
Income from Investment Properties	Cr 9,973	Cr 9,773	Cr 9,494	279
Interest on General Fund Balances	Cr 3,491	Cr 3,491	Cr 3,991	Cr 500
<b>Total Investment Income</b>	<b>Cr 13,464</b>	<b>Cr 13,264</b>	<b>Cr 13,485</b>	<b>Cr 221</b>
Contingency Provision	14,278	1,542	716	Cr 826
Funding for Housing Inv. Fund ( <i>Subject to Approval</i> )	0	7,500	7,500	0
Other Central Items	Cr 9,430	Cr 5,230	Cr 5,476	Cr 246
General Government Grants & Retained Business Rates	Cr 45,494	Cr 45,702	Cr 47,202	Cr 1,500
Collection Fund Surplus	Cr 7,852	Cr 7,852	Cr 7,852	0
<b>Total Central Items</b>	<b>Cr 48,498</b>	<b>Cr 49,742</b>	<b>Cr 52,314</b>	<b>Cr 2,572</b>
<b>Total Variation on Services and Central Items</b>	<b>150,607</b>	<b>152,066</b>	<b>149,921</b>	<b>Cr 2,145</b>
Prior Year Adjustments	0	0	Cr 382	Cr 382
<b>Total Variation</b>	<b>150,607</b>	<b>152,066</b>	<b>149,539</b>	<b>Cr 2,527</b>

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

3.1.4 Chief Officer comments are included in Appendix 2.

#### 3.2 Central Contingency Sum

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

3.2.2 On 20 July 2016, Executive approved the award of the TFM contract to AMEY. The report highlighted that Cushman and Wakefield (C & W), would seek to grow the Council's net investment income by £1m within three years, on an incentivised basis. This was intended to be achieved through a combination of additional income and cost reductions, by taking a

proactive approach to managing the property portfolio, including renegotiations on service charges, business rates and rent reviews. The central contingency includes a sum of £500k of additional income & savings expected to be generated from the incentivised work that C & W would undertake. Members are requested to note an adjustment has been made to the central contingency to reflect the £376k savings achieved to date in 2018/19, mainly from one – off refunds on past years business rates across a range of Council properties.

- 3.2.3 As part of the introduction of Localised Pay, Members agreed a merited reward for exceptional performers and a provision of £200k was included in the Central Contingency. A request is made to drawdown the £200k to fund the expenditure for the rewards in 2018/19.
- 3.2.4 Works to the welfare areas with the Palace complex including East and West Wings have been identified and prioritised with Amey due to commence a Programme shortly. The work will predominantly focus on refreshing WC and Kitchenette facilities. A request is made to drawdown the £200k to fund the expenditure for the Civic Centre improvement works.
- 3.2.5 As reported to Executive on 16th January 2019, as part of the 'Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23', (see section 8.16.1 of that report) Chief Officers will undertake a significant transformation review across all services. The review will focus on higher spend services first, to be completed during 2019/20 for implementation by 2020/21. Members are requested to set aside an earmarked reserve of £500k, funded from underspends, which will be utilised to access any additional resource requirement and use of specialised advice (e.g. legal) in order to complete this work. The Interim Chief Executive will approve the release of these monies in consultation with the Portfolio Holder for Resources, Commissioning and Contract Management.
- 3.2.6 Additional in year grant funding of £227k has been returned to the central contingency, from the Revenue and Benefits division. This includes grant funding from the GLA and DWP.
- 3.2.7 The Executive approved the drawdown of £500k of Adult Social Care Grant (iBCF) on the 28<sup>th</sup> November 2018 to offset increased costs that were identified in Adult Social Care. Since then following the announcement of other grants and some management action this grant is no longer required to be drawn down. Therefore it is recommended that the £500k be returned to contingency. The Central Contingency now totals £873k.
- 3.2.8 It is recommended that £187k of this sum be set aside to cover the additional costs directly arising from the introduction of pre-paid cards to support the Council's commitment to promote direct payments as the uptake of direct payments is low in relation to comparative Councils. It is proposed that pre-paid cards will become the default method of receiving direct payments and that existing recipients will be asked to transfer to a pre-paid card. All new direct payments clients would be expected to operate a prepaid card account unless they specifically asked not to. Its use will be closely monitored to determine the level of efficiencies delivered and its benefits.

The costs cover the implementation and use of the system over the next four years (with an estimated contract cost ranging from £26k in year one to £59k in year four as more clients come on board) with an estimated 1,180 clients by year four using prepaid cards as a method of receiving direct payments and other forms of funding from the Council.

Prepaid cards will benefit service delivery in the following areas:

- Direct payments for adults and children.
- 16+ Aftercare
- People with no recourse to public funds supported by Children's services
- People with no recourse to public funds supported by Adults services

- 3.2.9 Alongside the 2018/19 Local Government Finance Settlement, the Ministry of Housing, Communities and Local Government announced the Adult Social Care Support Grant for local authorities. Bromley's allocation is £744k, which helps partly mitigate the impact of the fall out of the 2017/18 Adult Social Care Grant (£1,196k) that had already been included in the 2018/19 budget.
- 3.2.10 On 2nd October 2018 the Government announced further funding for Adult Social Care of £240m nationally to ease NHS winter pressures. The extra funding, estimated to be in the region of £1,190k for Bromley, aims to help local authorities reduce pressures on the NHS by getting patients home quicker and freeing up hospital beds. It is recommended that this funding be allocated. As a result of this additional funding, the £500k of IBCF funding that was previously drawn down to offset in year costs within Adult Social Care will be returned to Central Contingency and carried forward to 2019/20.
- 3.2.11 The Central Contingency allows for proper financial planning and ensures that the Council is prepared for changes in financial circumstances. A prudent approach was adopted in considering the 2018/19 Central Contingency Sum to reflect any inherent risks, the potential impact of new burdens, population increases or actions taken by other public bodies which could affect the Council. If the monies are not required during the year then the general policy has been to use these monies for growth, investment and economic development to generate additional income, promote 'invest to save' and provide a more sustainable financial position. The use of these monies in the past have contributed towards the Council achieving income of £15.4m per annum from 2019/20 from property and treasury management income which has protected key services and reduced the 'budget gap' in future years.
- 3.2.12 The most significant growth/cost pressure facing the Council relates to the cost of homelessness and there will be investment choices identified through the Council's Transformation programme to reduce homelessness costs. With a combination of additional income, underspends and unspent monies within the 2018/19 Central Contingency Sum it is proposed that a sum of £7.5m is set aside as an earmarked reserve to contribute towards the significant future housing investment required. The utilisation of this funding would be reported to a future meeting of the Executive as part of the Transformation proposals.
- 3.2.13 There are reports elsewhere on the agenda requesting the drawdown of the following items from contingency:
- (i) Increase in costs of homelessness - £1,739k
  - (ii) Homelessness Reduction Act - £750k

The figures contained in this report assume that these requests will be agreed.

- 3.2.14 Based on the latest financial position, there is a forecast net variation of £826k following a review of the remaining contingency provisions and an estimate of likely further drawdown requirements for the remainder of the year. This assumes that proposals detailed within this report are approved. The position will continue to be closely monitored and the utilisation of any further variations in the Central Contingency will be considered in future budget monitoring reports.

### 3.3 General Fund Balances

3.3.1 The level of general reserves is currently projected to increase by £1,068k to £21,068k at 31<sup>st</sup> March 2019 as detailed below:

	2018/19 Projected Outturn £'000
<b>General Fund Balance as at 1st April 2018</b>	<b>Cr 20,000</b>
Net Variations on Services & Central Items (para 3.1)	Cr 2,527
	Cr 22,527
Adjustment to Balances:	
Carry Forwards (funded from underspends in 2017/18)	1,459
<b>General Fund Balance as at 31st March 2019</b>	<b>Cr 21,068</b>

### 3.4 Impact on Future Years

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

	2018/19 Budget £'000	2019/20 Impact £'000	
<b>Adult Care &amp; Health Portfolio</b>			
Assessment & Care Management - Care Placements	21,930	614	<i>net of management action</i>
Learning Disabilities - Care Placements, Transport & Care Management	33,706	1,322	<i>net of management action</i>
Mental Health - Care Placements	6,169	161	
Better Care Funding	0 Cr	33	
		2,064	
<b>Education, Children &amp; Families Portfolio</b>			
Adult Education	Cr 525	130	
Children's Social Care	34,414	3,801	<i>net of management action</i>
		3,931	
<b>Environment &amp; Community Portfolio</b>			
Parking			
		0	
<b>Renewal, Recreation &amp; Housing Portfolio</b>			
Housing Needs - Temporary Accommodation	6,241	521	<i>net of contingency drawdown</i>
Supporting People	1,013 Cr	94	
		427	
<b>Resources, Commissioning &amp; Contracts Management Portfolio</b>			
Legal Services - Legal/Counsel Fees & Court Costs	389	70	
		70	
<b>TOTAL</b>		<b>6,492</b>	

3.4.2 A significant part of the above has been reflected in the 2019/20 as part of the budget setting process. Other additional costs identified will need to be mitigated by the services during the course of the 2019/20 financial year. The main increases in the full year effect compared to the last monitoring report are in the area of childrens social care.

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

3.4.4 Further details are included in Appendix 5.

## **Investment Income**

### **3.5 Income from Investment Properties**

3.5.1 A deficit of £279k is projected for investment income which takes into consideration the following issues:

- (i) There is a deficit of income from Investment Fund properties of £286k, against an income budget of £5.761m. This shortfall partly relates to the vacated Argos shop on Market Square (£154k), the Russel and Bromley site, which has now been let at a reduced rent (£86k) and 95 High Street (£90k). Other net changes in leases have resulted in an overachievement of income of £44k.
- (ii) The Glades Shopping Centre rental income is currently projected to produce a surplus of £53k above budget for 2018/19, based on the latest Quarter 3 statement. Accounts are supplied by Alaska UK quarterly in arrears. It is difficult to provide a precise forecast as LBB income is determined by the rental income from the shops and the level of contribution to any minor works. The budget for the Glades is £2.01m and the minimum rent share is £1.88m.
- (iii) The Walnuts management company (Montagu Evans) work with LBB to close their accounting periods in arrears. Recent work on closing the 2016 accounts has led to a revised forecast of a £60k shortfall of rental income for 2018/19, due to offsetting the cost of large scale works to the Walnuts car park, from the income rent share.
- (iv) There is also a net overachievement of income currently projected on other Investment properties of Cr £14k. The forecast takes into account the apparent trend towards higher income from Biggin Hill Airport (Cr £74k), offset by a deficit of rent from various vacant properties (£60k).

### **3.6 Interest on Balances**

3.6.1 Despite the increase in the Bank of England base rate from 0.25% to 0.50% in November 2017 and then to 0.75% in August 2018, there has been relatively little impact on interest income from lending to banks and other counterparties. This is partly due to banks having the continued ability to borrow from the Bank of England at very low rates through its Term Funding Scheme, the strengthening of 'balance sheets' reducing the need to borrow, as well as the fact that expected increases in the base rate had already been 'priced in'.

3.6.2 In addition, the utilisation of the Investment Fund and Growth Fund as well as the Highways Investment scheme, have reduced the resources available for treasury management investment. However, the treasury management strategy was revised in December 2017 to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. As a result, additional income of £600k was included in the 2018/19 budget.

3.6.3 At present, a surplus of £500k is projected for 2018/19 mainly as a result of the good rates obtained on fixed term investments made since the budget was set which have an average interest rate of 1.2%.

3.6.4 The Council's performance on treasury management is in the top 10% among local authorities. The Treasury Management Annual Investment Strategy for 2018/19 was reported to Council on 26th February 2018 and the Treasury Management - Annual Investment Strategy 2019/20 And Quarter 3 Performance 2018/19 was reported to Executive, Resources and Contracts Policy Development and Scrutiny Committee on 7<sup>th</sup> February 2019.

### **3.7 The Schools Budget**

- 3.7.1 Expenditure on schools is funded through the Dedicated Schools Grant (DSG) provided for by the Department for Education (DfE). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. Any overspend or underspend must be carried forward to the following year's Schools Budget.
- 3.7.2 There is a total projected underspend of £281k on DSG funded services which will be added to the £1,180k carried forward from 2017/18. The carry forward figure has been adjusted by the Early Year adjustment which has reduced the amount we receive in 2018/19 by £166k. This gives us an estimated DSG balance of £1,295k at the end of the financial year.
- 3.7.3 This figure includes the additional £788k extra funding in 2018/19 that Government announced on the 17th December 2018 for the High Needs Block. It has been agreed that £212k of this funding will be utilised in 2019/20 to cover High Needs Block costs. This will in effect come from the £1,295k that is estimated to be carried forward into 2019/20. Without the £788k funding LBB would only be carrying forward £507k into 2019/20.

### **3.8 Prior Year Adjustments**

- 3.8.1 Financial provisions were made in prior years accounts for Learning Disability and Mental Health services, and an element of these are no longer required and have therefore been released in 2018/19 resulting in a credit of £300k.
- 3.8.2 On the 12<sup>th</sup> September 2018 a report came to the Executive in regard to a new Social Care Management System. The decision was made to progress with a replacement of the current system and therefore cease any further developments of the current social care IT system. Costs have been incurred in the development of the old system and charged to Capital prior to the decision by the Executive.
- 3.8.3 In terms of capital costs being incurred and in line with standard accounting practice, costs that do not result in a capital scheme being progressed are required to be charged to revenue budgets. A total of £746k has been charged for the Children Social Care IT system which has ceased and therefore capital costs arising from this project need to be written back to Revenue. £500k was funded by a RCCO (revenue contribution to capital outlay) which will offset this charge. Therefore a total net charge of £246k will be written back to revenue. This results in a corresponding reduction in eligible capital programme expenditure.

### **3.9 Set aside of funding from the Growth Fund**

- 3.9.1 The RRH Portfolio Holder, following the RRH PDS meeting on 6 March, recommended that the Executive approve the allocation of up to £75k from the Growth Fund to cover the costs of the proposed West Wickham BID project. Although there are no direct financial savings to the Council, should the BID be established following a successful secret ballot, it would provide a mechanism for West Wickham town centre to receive additional funds of around £620k from the levy, over a five year period.

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

- 3.10.1 Full details of the current position on the Investment Fund and the Growth Fund are included in the Capital Programme Monitoring Q3 2018/19 & Capital Strategy 2019 to 2023 reported to the 13th February 2019 Executive. The uncommitted balances reported previously were £19.3m on the Investment Fund and £10.2m on the Growth Fund before allowing for the request in para 3.9.1 above.

### **3.11 Health and Social Care Initiatives Reserve**

- 3.11.1 As in previous years the BCCG have identified funding to pump prime and deliver the investment required by health working with the Council to deliver integrated services across the whole health and care system. The primary purpose for such contributions relates to transformation funding which provides a benefit to health care with a positive impact on social care. The BCCG will be making a further £900k contribution which will be set aside as an earmarked reserve. The social care impact will be the determinant for the release of such funds. Any proposal for the use of the monies require the approval of Executive or even full Council, depending on the amount requested.
- 3.11.2 Executive are requested to agree that a sum of £900k be set aside within the earmarked reserve. This fund will ensure the support of key initiatives relating to health and social care.

### **3.12 Financial Context**

- 3.12.1 The 2018/19 Council Tax report identified the latest financial projections and a future year budget gap due to the impact of inflation, service and cost pressures and ongoing significant reductions in government funding. Details were reported in the 2018/19 Council Tax report to Executive in February 2018.
- 3.12.2 As reported, as part of the Council's financial strategy, a prudent approach has been adopted in considering the central contingency sum to reflect any inherent risks, the potential impact of new burdens, population increases or actions taken by other public bodies which could affect the Council. The approach has also been one of 'front loading' savings to ensure difficult decisions are taken early in the budgetary cycle. This has enabled a longer term approach to generate further income from the additional resources available as well as to mitigate against significant risks and provide a more sustainable financial position in the longer term.
- 3.12.3 The 2019/20 Council Tax report identified a budget gap of £31.7m per annum by 2022/23. The financial forecast and budget will be affected by inflation, changes in government funding and new burdens and realistically any future year overspends will need to be funded from alternative savings. It is therefore important to ensure that action is taken, where possible, to contain costs within budget which reduces the risk of the Council's budget gap increasing further thereby increasing the savings required in future years.

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

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

## **5. POLICY IMPLICATIONS**

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

Ensure financial independence and sustainability through:

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

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

## 6. FINANCIAL IMPLICATIONS

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

<b>Non-Applicable Sections:</b>	Personnel, Legal, Procurement
Background Documents: (Access via Contact Officer)	Provisional Final Accounts 2017/18 – Executive 21 <sup>st</sup> May 2018; 2018/19 Council Tax – Executive 7th February 2018; Draft 2018/19 Budget and Update on Council’s Financial Strategy 2019/20 to 2021/22 – Executive 10 <sup>th</sup> January 2018; Capital Programme Monitoring Report – elsewhere on agenda; Treasury Management Annual Investment Strategy 2018/19 – Council 26 <sup>th</sup> February 2018; Treasury Management Quarter 2 Performance 2018/19 and Mid-Year Review – Executive, Resources and Contracts PDS Committee 22 <sup>nd</sup> November 2018; Financial Management Budget Monitoring files across all portfolios.

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## GENERAL FUND - PROVISIONAL OUTTURN FOR 2018/19

Portfolio	2018/19	Budget	2018/19	2018/19			Variation
	Original Budget	Variations allocated in year #	Latest Approved Budget	Projected Outturn	Variation		previously reported Exec 28/11/18
	£'000	£'000	£'000	£'000	£'000		£'000
Adult Care & Health	67,346	Cr 497	66,849	66,836	Cr 13		333
Education, Children & Families (incl. Schools' Budget)	40,189	243	40,432	43,429	2,997		2,030
Environment & Community	30,546	Cr 724	29,822	29,133	Cr 689	Cr 141	
Public Protection & Enforcement	2,424	54	2,478	2,259	Cr 219	Cr 118	
Renewal, Recreation & Housing	13,970	2,538	16,508	16,572	64	Cr 51	
Resources, Commissioning & Contracts Management	46,797	889	47,686	46,194	Cr 1,492	Cr 547	
<b>Total Controllable Budgets</b>	<b>201,272</b>	<b>2,503</b>	<b>203,775</b>	<b>204,423</b>	<b>648</b>		<b>1,506</b>
Capital, Insurance & Pensions Costs (see note 2)	12,056	0	12,056	12,056	0		0
Non General Fund Recharges	Cr 759	0	Cr 759	Cr 759	0		0
<b>Total Portfolios (see note 1)</b>	<b>212,569</b>	<b>2,503</b>	<b>215,072</b>	<b>215,720</b>	<b>648</b>		<b>1,506</b>
<b>Central Items:</b>							
Income from Investment Properties	Cr 9,973	200	Cr 9,773	Cr 9,494	279		252
Interest on General Fund Balances	Cr 3,491	0	Cr 3,491	Cr 3,991	Cr 500	Cr 350	
<b>Total Investment Income</b>	<b>Cr 13,464</b>	<b>200</b>	<b>Cr 13,264</b>	<b>Cr 13,485</b>	<b>Cr 221</b>	<b>Cr 98</b>	
<b>Contingency Provision (see Appendix 4)</b>	14,278	Cr 12,736	1,542	716	Cr 826	Cr 1,454	
<b>Other central items</b>							
Reversal of net Capital Charges (see note 2)	Cr 10,646	0	Cr 10,646	Cr 10,646	0		0
Utilisation/Set Aside of Prior Year Collection Fund Surplus	2,210	0	2,210	2,210	0		0
New Homes Bonus Support for Revenue	Cr 2,256	0	Cr 2,256	Cr 2,256	0		0
Contribution to Technology Fund - IT Strategy	0	3,500	3,500	3,254	Cr 246		0
Contribution to Housing Investment Fund	0	7,500	7,500	7,500	0		0
Contribution to Civic Centre Improvement Works	0	200	200	200	0		0
Contribution to Transformation Fund	0	500	500	500	0		0
Levies	1,262	0	1,262	1,262	0		0
<b>Total other central items</b>	Cr 9,430	11,700	2,270	2,024	Cr 246		0
<b>Prior Year Adjustments</b>							
Mental Health Provision	0	0	0	Cr 628	Cr 628	Cr 328	
Write back of IT costs back to revenue	0	0	0	746	746		0
RCCO charge back to revenue	0	0	0	Cr 500	Cr 500		0
<b>Total Prior Year Adjustments</b>	0	0	0	Cr 382	Cr 382	Cr 328	
<b>Total all central items</b>	<b>Cr 8,616</b>	<b>Cr 836</b>	<b>Cr 9,452</b>	<b>Cr 11,127</b>	<b>Cr 1,675</b>	<b>Cr 1,880</b>	
<b>Bromley's Requirement before balances</b>							
Carry Forwards from 2017/18 (see note 3)	203,953	1,667	205,620	204,593	Cr 1,027	Cr 374	
Carry Forward from 2017/18 (R&M)	0	Cr 1,296	Cr 1,296	0	1,296	1,296	
<b>Adjustment to Balances</b>	0	Cr 163	Cr 163	0	163	163	
	0	0	0	1,068	1,068	Cr 1,085	
Business Rates Retention Scheme (Retained Income, Top-up and S31 Grants)	203,953	208	204,161	205,661	1,500		0
New Homes Bonus	Cr 41,960	0	Cr 41,960	Cr 43,460	Cr 1,500		0
New Homes Bonus Topslice	Cr 3,534	0	Cr 3,534	Cr 3,534	0		0
Collection Fund Surplus	0	Cr 208	Cr 208	Cr 208	0		0
<b>Bromley's Requirement</b>	Cr 7,852	0	Cr 7,852	Cr 7,852	0		0
	150,607	0	150,607	150,607	0		0
GLA Precept	38,251	0	38,251	38,251	0		0
<b>Council Tax Requirement</b>	188,858	0	188,858	188,858	0		0

# Budget Variations allocated to portfolios in year consists of: £'000  
1) Carry forwards from 2017/18 1,459 (see note 3)  
2) Allocations from the central contingency provision 1,044 (see Appendix 4)  
2,503

1) **NOTES**

Portfolio Final Approved Budgets analysed over Departments as follows:

	2018/19	Budget	2018/19	2018/19			Variation
	Original Budget	Variations allocated in year #	Latest Approved Budget	Projected Outturn	Variation		previously reported Exec 28/11/18
	£'000	£'000	£'000	£'000	£'000		£'000
Education Care & Health Services	129,664	2,051	131,715	134,893	3,178		2,307
Environment & Community Services	57,257	Cr 789	56,468	55,200	Cr 1,268	Cr 289	
Chief Executive's Department	25,648	1,241	26,889	25,627	Cr 1,262	Cr 512	

212,569	2,503	215,072	215,720	648	1,506
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2) Reversal of net Capital Charges

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

3) Carry Forwards from 2017/18

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

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

### **(Environment & Community Portfolio)**

The Environment Portfolio has a net underspend of £675k for 2018/19. This is mainly from Waste Services (£331k), Highways (£125k), Traffic (£105k) and other net variances across the Portfolio totalling Cr £114k.

The variances in Waste Services are mostly from the green garden waste service due to an increase in the number of customers and lower use of the sixth vehicle. A request will be made to the Executive to approve a carry forward sum of £120k that was previously set aside for developing a direct debit system for green garden waste, to enable the work to be carried out during 2019/20.

The additional income in Highways and Traffic is mainly due a spike in the volume of Section 74 Notices and applications for road closure. It is not expected that the utility companies will continue to submit this volume of applications in future years.

Income from parking charges continues to decline and the reduction in parking contraventions has been partly offset by additional bus lane contraventions.

### **(Public Protection and Enforcement Portfolio)**

There is a net underspend of £219k projected for the Public Protection and Enforcement Portfolio for 2018/19, of which £166k is related to staffing, mainly due to a delay in recruitment. A request will be submitted to the Executive to carry forward £139k to 2019/20 and 2020/21 to fund the remaining agreed term for the three additional temporary Food Safety Officers and fixed term Interim PPS Assistant Director.

### **(Renewal, Recreation and Housing Portfolio)**

The Renewal, Recreation & Housing Portfolio (ECS dept) has a net underspend of £169k for 2018/19. £80k of this relates to underspends on projects funded from the New Homes Bonus monies, which will need to be carried forward subject to formal approval by the Executive and the GLA. The remaining underspend of £89k is mainly due to staff vacancies.

## **Analysis of Risks**

### **– Environment & Community Portfolio**

The new environment contracts have been awarded recently which will take effect from 1 April 2019. In particular, the Street Environment Contracts have experienced an overall increase in service costs based on an as-is service delivery model. The procurement of the new waste disposal contract has been successful in mitigating the increase in growth pressure through the use of alternative disposal solutions.

Any growth in the number of properties will incur additional expenditure, as extra collections are required and additional waste is generated. Another potential risk area is recycling paper income. Wet weather could affect the quality of the paper and therefore may lead to issues arising with the processing of it as 'paper' and a loss of income.

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

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

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

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

Action is ongoing to reduce risk of Government Designation for Special Measures due to Planning performance.

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

For major appeals, which can arise unpredictably, there is often a need for specialist external consultants advice which creates additional costs.

#### **– Public Protection & Enforcement Portfolio**

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

The provision of a sustainable mortuary service at an affordable cost in the long term is problematic due to variables in demand and a very limited market with little competition.

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

Caseloads in children's services continue at a higher level than has previously been the case. Normal caseloads have historically been c48 new cases per annum. In 2017/18, 74 sets of proceedings were issued which is on a downward trend from 2016/17 when there were 98 sets of new childcare cases. It is difficult to provide an accurate forecast of the case numbers for 2018/19, however it is expected it will probably be under 70 cases. A minimum court fee of £2,025 is payable on each case which means that with an estimated additional which even with an additional 12 cases will still represent a substantial sum. The only way to avoid this would be not to issue proceedings, which is not a realistic option. In addition there are fees for instructions of experts (£150 per application) and for placement orders where the care plan is adoption (£455 per family). There has also been a growth of cases where translation services are required (currently representing c20% of cases) and costs are being incurred for translation of documents and additional hearings.

Childcare cases typically take between 3-9 months to conclude therefore there is an ongoing cost pressure from cases which were issued in 2017/18 which were not concluded in that year which has been exacerbated by the continuing high level of new instructions. There has been a high turnover of staff in the team which has had a major impact on using in-house staff for advocacy, to gradually reduce spend on Counsel.

#### **Comments from the Executive Director of Education, Care and Health Services**

The Adult, Care and Health Services Portfolio has a projected underspend of £13k for the year. This is a demand led service that has scrutiny of spend and quality built into the process such as PRG and other case discussion forums for each service area.

The main areas of pressure are in Assessment and Care Management, Learning Disabilities and Mental Health, and relate to the growing number of service users supported, which is above the numbers and baseline of the budget that was agreed in this financial year. As a demand led service, we are statutorily bound to provide support and care to residents based on their assessed needs. In addition, we are providing more support to carers to ensure they adequately support their loved ones to reduce escalation to statutory care services.

The pressure reflects the growing number of young people with statutory statements of need who are being transferred from children's services. We are also seeing a number of providers managing challenging behaviour of older people with dementia and requesting additional staffing to care for them in a safe and humane way. These cases are automatically referred to the CCG for joint funding decisions which will continue as stated above.

The overspend in Assessment and Care Management also include the unrealised savings of £150k that was predicated on the transfer of re-ablement to BHC.

Bromley health and social care had a very busy summer with higher than ever recorded attendances at the PRUH, in turn we have seen a spike in both residential and nursing care placements (25 above budget) having to be made.

There remain pressures within the domiciliary care area, as we see increasing numbers of people supported to live at home compounded with an increasing reliance on assessments and care management packages to support older people to live independently. Underspends in other areas within the department and the utilization of the Better Care Fund with our health colleagues helped in mitigating these pressures overall. We are seeing high demand from very complex cases where frailty and conditions relating to disability and ageing are compounded by the need for double handed care, sometimes 1 to 1 care provision to stabilise challenging behaviour.

The risks in the Care Services Portfolio are:-

- i) Impact of the national living wage across Care Services and the impact on contracts
- ii) Increased complexity of clients coming through the system
- iii) Increasing number of clients coming through the system

### **Housing**

The end of year position in housing services is estimated to be a £41k credit, although this assumes that £2,489k will be drawn down from the contingency to mitigate the ongoing homelessness pressures being experienced in Bromley. This includes additional provisions for bad debts arising mainly from the roll out of welfare reform, increases in the levels of homelessness and increases in the cost of the provision. Underspends in other areas help mitigate the pressures overall.

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

- i) Increased homelessness and the associated costs
- ii) Introduction of the Homeless Reduction Act
- iii) Increased rent arrears arising from roll out of Welfare reform

### **- Education, Children and Families Portfolio**

The Children, Education and Families Portfolio has an overspend of £2,997,000 for the year.

The Education Division has an underspend of £54,000. Pressures in Adult Education, in house nurseries and the Education Welfare Service are currently being partly mitigated by Workforce Development and Governor Services, Early Years and SEN and Inclusion.

There is a current projected underspend in DSG of £281k. This will be added to the £1,180k carried forward from 2017/18. The carry forward figure has been adjusted by the Early Year adjustment which has reduced the amount we received in 2017/18 by £166k. This gives us an estimated DSG balance of £1,295k at the end of the financial year. This includes the additional £788k extra funding that Government announced on the 17th December 2018 for the High Needs Block. It has been agreed that £212k of this funding will be utilised in 2019/20 to cover High Needs Block costs. This will in effect come from the £1,295k that is estimated to be carried forward into 2019/20. Without the £788k funding LBB would only be carrying forward £507k into 2019/20

There continues to be ongoing pressures in the DSG, especially in the High Needs Block, for 2019/20 onwards. The introduction of the National Funding Formula (NFF) means there are severe restrictions in how the grant is spent and in what areas. High Needs are experiencing increases in demands. The Council has contributed £1m in 2018/19 and £1m was top sliced from Schools DSG funding to support the High Needs Block. For 2019/20 the Council Contribution rises to £1.9m and the schools contribution reduces to zero. There is likely to be further increase pressures in this area that further funding streams will need to address.

In Children's Social Care the overspend of £3,051k due to the increased number of children in care. The table below (table 1) sets out the position in respect of the number of CLA in Bromley, National and Statistical Neighbours. Post Ofsted, we saw a nominal increase per 10,000 as set out below. However, we are still below our statistical and national neighbours (an area that Ofsted has asked us to explain). Regardless, we have 59 more children (246) (in year/projected) above an agreed (financial baseline) of 187 children in independent fostering, in-house fostering and residential care (see table 2).

Table 1

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

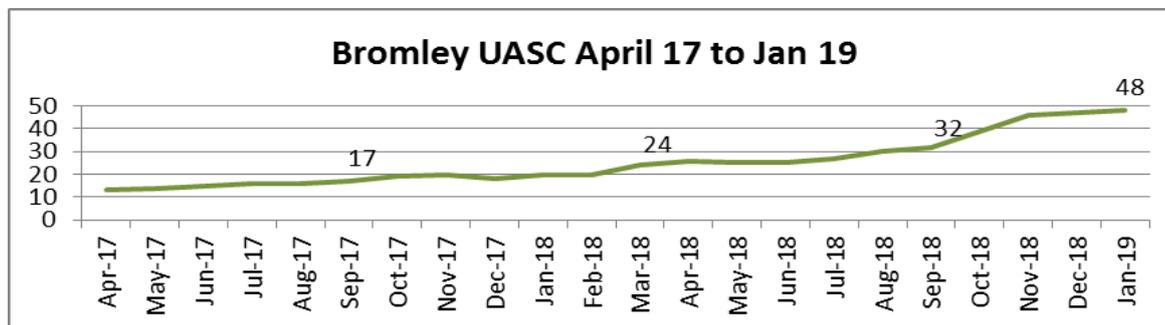
Table 2

Code	2018/19 Approved Budget		2018/19 Forecast			2018/19 Variation	
	£	Full Year Equiv.	£	Full Year Equiv.	£	Full Year Equiv.	
<b>RESIDENTIAL (all types)</b>	<b>5,596,870</b>	28.21	<b>7,492,145</b>	46.61	<b>1,895,275</b>	18.40	
<b>FOSTERING</b>							
Fostering IFA	2,617,790	60.56	3,889,747	87.66	1,271,957	27.10	
Fostering In house	2,873,890	98.53	2,687,417	112.15	(186,473)	13.62	
<b>Total Fostering Placements</b>	<b>5,491,680</b>	159.09	<b>6,577,164</b>	199.81	<b>1,085,484</b>	40.72	
<b>TOTAL RESIDENTIAL/ FOSTERING PLACEMENTS</b>	<b>11,088,550</b>	<b>187.30</b>	<b>14,069,309</b>	<b>246.42</b>	<b>2,980,759</b>	<b>59.12</b>	

We have continued to see an increase in the number of Looked After Children but are confident that the right children are being cared for and this is borne out by the Courts. LA applications to Court for orders and the care plans are being validated by the court which indicates that our thresholds are correct and that these children need to be safeguarded away from their parents. The number of care proceedings has dropped slightly is currently at 81 sets of proceedings – this number is for families and may involve a number of children in each family. We also have 43 families currently under the PLO and a number of these families could also be issued for care proceedings if issues of safeguarding cannot be mitigated. These children are likely to be subject to CP plans and these plans are not having the impact anticipated. The LA applications to court for orders and the care plans are being validated by the court which indicates that our thresholds are correct and that these children need to be safeguarded away from their parents. There is a cost implication for these children who will be cared for through fostering either in house of IFA and/or residential settings.

The continuing impact of the Social Work Act to support our children to the age of 25 is not yet fully showing itself but we can see the impact following the statutory letters sent out to 115 young people and the flow of young people contacting the authority for support. Some of this support is merely 'touch base' and others because they have found themselves in financial difficulty and threatened with tenancy breakdowns – at the current time we are receiving 2 or 3 contacts per week. We know that once Universal Credit is fully implemented this will likely increase the work required to support these young people. This in turn will have an impact on staffing and the likely need for growth in respect of YPA's.

Bromley as part of the Pan London agreement had 48 UASC minors in January 2019. Our current cohort of Looked After is 338 and 48 of these are UASC. Currently there are only 6 boroughs who remain on the rota below their 0.7% – 53 children and Bromley is one of these. Two other boroughs are nearing their capacity and this will have a further impact on the Looked After population in Bromley. We are currently awaiting the most up to date figures regarding those young people who would turn 18 at the beginning of January but the government figures are 2 months behind and therefore at the current time is not taking account of those borough's declaring their 18+ cohort.



Of the 48 young people 19 of them are 16 years and below and 29 are 17 years and below – 5 have turned 18 in January and will now be eligible for leaving care services and a further 4 will turn 18 between February and April.

We currently have 51 care leavers eligible for services and 63 will be in this cohort within 6 months. This is currently 24% of the current workload for the service and is having an impact on social work time.

Due to the cultural match and complexity of these young people a number of them are in IFA placements which are more expensive. We are currently setting up a specialist fostering service to support these young people and provide more in house carers for emergencies which will reduce cost but ensure that young people receive wrap around services from us. At the present time we have 20 placements with IFA at a cost £450k

The increase is having an impact on staffing and at the current time we have 1 social work post and 3 YPA's. A growth bid was agreed for 2019/20 which acknowledged the increases in UASC's coming through the system.

We have already created as an interim measure a 4<sup>th</sup> team manager post which is being paid for from vacancies – this is not sustainable. In addition this has an impact on the financial capacity to make the necessary and somewhat complicated home office claims.

Alongside this are hidden costs of social work time, IRO's and services required to support these very vulnerable young people.

In addition this has a knock on effect to the capacity within the Virtual School.

Although the Council are given grant (£91 per day for a 16+, £114 per day for an U16) this does not cover the costs of the placements and the on costs. An additional 30 children (based on 23 last reported in May and the maximum allocation of 53) placed in independent foster care could cost as much as £1,350k gross per annum in a full year in placements alone. There would also be costs of additional social workers and other back office costs of £400k. This would be offset by grant of £930k leaving a net position of £820k.

This is the worst case scenario and assumes that all of the children are placed in more expensive settings so the final amount will be subject to the actual setting they are placed in. Growth has also been agreed and put into the budget to mitigate against this.

#### Residential Placements:

This continues to be a challenge for the authority and across other Local Authorities with regard to suitable quality placements for children with complex needs and especially those who meet the secure threshold. This is being addressed through the building of two further educational secure units but these will not come on stream for a couple of years. Therefore the issues of lack of suitable safe placements persists.

At the current time we have 2 young people in secure and when they step down to residential this is likely to continue to be a high cost responsibility in terms of having to put 2:1 and then 1:1 staffing around them. The costs for this type of residential continue to remain around £8,900 per week - we should be predicting that a repeat of last year is likely to occur and therefore this should be calculated for 2 young people at any one time for a period of 6 months each in the region of £442, 000 per year and an expected uplift from providers during the year 18/19

In addition we are discussing with the West London Alliance whether Bromley should join this hub and how this would support us going forward in terms of suitable placements and have more strength in negotiating terms with IFA's

A meeting regarding this is taking place the week of 18<sup>th</sup> February 2019

The Virtual School is being challenged in respect of the numbers of adopters in Bromley who under the Social Work Act are now able to request support from the Virtual School – this is at present around 2 or 3 enquiries per week together with school requests. This is predicted to grow as Bromley is likely to have a richness in adoptive families where children have been placed by other adoption agencies. The Government when including this in the SW Act considered that this would not have an impact on the work of the VS however this is dependent on the particular Borough and its demographics.

Agency staff continues to be cost burden although we have maintained around 85% of permanent social worker staff coming from the low figure of 42% in 17/18.

We have developed our 23 one hundred day students and anticipate that a number of these students will be offered placements to offset the agency figures. In addition we will repeat the same exercise as of last year in recruiting up to 30 ASYE in September to replace the agency workers. We continue to convert as many workers as possible and as such a recruitment campaign will recommence in February with a 'conversion' event and advertising campaign on the back of our Ofsted outcome. This area will continue to be a challenge as we are competing with other LA who are raising their salaries and costs to attract the small pool of skilled experienced workers. Our caseload promise and training continues to attract some workers to Bromley. The recruitment and retention board meets monthly to consider how best to address this.

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

- i) Recruitment and retention of permanent staff/ ability to recruit skilled staff for the posts vacant.
- ii) Limited supply and increasing costs of residential placements – including the specialist placements for very complex young people.
- iii) Increase in the Looked After Population – particularly in our Looked After Unaccompanied Minors
- iv) Increased complexity of children (SEND).
- v) Impact of Social Work Act 2017 implementation.
- vi) Income from partners reducing.

vii) Shortage of local school places.

viii) Increasing High Needs Block expenditure not matched by a commensurate increase in Government Grant

ix) Continuing impact of 2014 Children and Families Act extending the age range to 25 for Education, Health and Care Plans.

Adult Care and Health Portfolio Budget Monitoring Summary

2017/18 Actuals	Division Service Areas	2018/19 Original Budget	2018/19 Latest Approved	2018/19 Projected Outturn	Variation	Notes	Variation Last Reported	Full Year Effect
£'000		£'000	£'000	£'000	£'000		£'000	£'000
<b>EDUCATION CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Adult Social Care</b>								
23,836	Assessment and Care Management	23,462	22,759	23,817	1,058	1	831	954
0	Planned A&CM savings from management action	0	0	Cr 62	Cr 62		Cr 171	Cr 340
406	Direct Services	144	144	144	0		0	0
0	Quality Assurance & Safeguarding	0	121	121	0		0	0
32,070	Learning Disabilities	33,551	33,706	34,303	597	2	668	1,542
0	Planned LD savings from management action	0	0	Cr 19	Cr 19		Cr 123	Cr 220
6,018	Mental Health	6,273	6,169	6,311	142	3	160	161
0	IBCF Expenditure	0	0	0	0	4	Cr 500	0
Cr 1,009	Better Care Funding - Protection of Social Care	0	0	Cr 519	Cr 519	5	Cr 369	Cr 33
Cr 935	Better Care Fund / Improved Better Care Fund	0	0	0	0		0	0
0	Winter Pressures Grant	0	0	Cr 1,190	Cr 1,190	6	0	0
<b>60,386</b>		<b>63,430</b>	<b>62,899</b>	<b>62,906</b>	<b>7</b>		<b>496</b>	<b>2,064</b>
<b>Programmes</b>								
1,639	Programmes Team	1,986	2,356	2,347	Cr 9	7	Cr 133	0
3,152	Information & Early Intervention	2,505	2,505	2,332	Cr 173		Cr 123	Cr 33
Cr 3,152	- Net Expenditure	Cr 2,420	Cr 2,505	Cr 2,332	173		123	33
21,680	Better Care Fund	21,183	21,949	21,949	0		0	0
Cr 21,819	- Expenditure	Cr 21,275	Cr 22,041	Cr 22,041	0		0	0
4,184	Improved Better Care Fund	4,490	7,675	7,675	0		0	0
Cr 4,184	- Expenditure	Cr 5,363	Cr 8,548	Cr 8,548	0		0	0
28	NHS Support for Social Care	0	1,500	1,500	0		0	0
Cr 28	- Expenditure	0	Cr 1,500	Cr 1,500	0		0	0
<b>1,500</b>		<b>1,106</b>	<b>1,391</b>	<b>1,382</b>	<b>Cr 9</b>		<b>Cr 133</b>	<b>0</b>
<b>Strategy, Performance &amp; Engagement</b>								
300	Learning & Development	372	362	357	Cr 5	8	0	0
1,961	Strategy, Performance & Engagement	2,383	2,142	2,136	Cr 6		Cr 30	0
<b>2,261</b>		<b>2,755</b>	<b>2,504</b>	<b>2,493</b>	<b>Cr 11</b>		<b>Cr 30</b>	<b>0</b>
<b>Public Health</b>								
15,103	Public Health	14,763	14,763	14,763	0		0	0
Cr 15,096	Public Health - Grant Income	Cr 14,708	Cr 14,708	Cr 14,708	0		0	0
<b>7</b>		<b>55</b>	<b>55</b>	<b>55</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>64,154</b>	<b>TOTAL CONTROLLABLE ADULT CARE &amp; HEALTH</b>	<b>67,346</b>	<b>66,849</b>	<b>66,836</b>	<b>Cr 13</b>		<b>333</b>	<b>2,064</b>
1,419	<b>TOTAL NON CONTROLLABLE</b>	221	400	369	Cr 31	9	Cr 5	0
2,364	<b>TOTAL EXCLUDED RECHARGES</b>	2,546	2,116	2,116	0		0	0
<b>67,937</b>	<b>TOTAL ADULT CARE &amp; HEALTH PORTFOLIO</b>	<b>70,113</b>	<b>69,365</b>	<b>69,321</b>	<b>Cr 44</b>		<b>328</b>	<b>2,064</b>

Reconciliation of Latest Approved Budget

£'000

2018/19 Original Budget

78,500

Transfer of Housing to Renewal, Recreation & Housing Portfolio

Cr 8,387

2018/19 Revised Original Budget

70,113

Carry forwards requests

Better Care Fund - Good Gym		
- expenditure		8
- income	Cr	8
Better Care Fund		
- expenditure		28
- income	Cr	28
Improved Better Care Fund		
- expenditure		3,172
- income	Cr	3,172
Public Health Grant		
- expenditure		1,018
- income	Cr	1,018

Other:

2018/19 Improved Better Care Fund allocation - adjusted amount:		
- expenditure		13
- income	Cr	13
Short term assistance to day centres		152
Budget Transfer - Rent of Queen Mary's Hospital (CLDT)		80
Budget Transfer - Rent of Queen Mary's Hospital (CLDT) - adjustment	Cr	27
Transfer of Contracts Administrator post		20
Fire Risk Assessment and Cyclical Maintenance		27
IBCF Expenditure		500
Drawdown of Health Funding		
- expenditure		1,500
- income	Cr	1,500
Strategic and Business Support Services restructure		10
Customer Relations Officer post		12
Transfer of resources from ECHS to Liberata contract budget	Cr	28
Winter Pressures Grant drawdown		
- expenditure		1,190
- income	Cr	1,190
Return IBCF funding to contingency	Cr	500
Adult Social Care Support Grant drawdown	Cr	744
Virement from Programmes and Strategy Divisions to Childrens Social Care	Cr	250

Latest Approved Budget for 2018/19

69,365

## **REASONS FOR VARIATIONS**

### **1. Assessment and Care Management - Dr £996k Net of Management Action**

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

	<u>Current</u>	<u>Variation</u>
	£'000	
<u>Physical Support / Sensory Support / Memory &amp; Cognition</u>		
<b>Services for 65 +</b>		
- Placements		31
- FYE Management Action	Cr	62
- Domiciliary Care / Direct Payments	Cr	72
	<u>Cr</u>	<u>103</u>
<b>Services for 18 - 64</b>		
- Placements		325
- FYE Management Action		0
- Domiciliary Care / Direct Payments		<u>155</u>
		<u>480</u>
<b>Other</b>		
- Day Care	Cr	600
- Transport	Cr	93
- Staffing		100
- Community Equipment		230
- D2A		982
		<u>996</u>

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

#### Services for 65+ - Cr £103k

Numbers in residential and nursing care continue to be above the budget provision, currently by 25 placements above the budget of 414, with an overspend being projected of £31k for the year. This is an increase of 8 places since the last report in September. Although the numbers are much higher than the budget numbers, the variation is relatively small at £31k as income in relation to court of protection cases continues to partly offset this increase in costs.

In addition to the above, there is the full year effect of management action from 2017/18 relating to additional income from the CCG for joint funding of placements that has been factored in of £62k. This has been remained the same since the last monitoring, with £51k of this now achieved, and £11k still projected to be achieved.

The overall position on the domiciliary care and direct payments budgets is an underspend of £72k, which is a change from the underspend position of £63k projected in September, a change of Cr £9k. This underspend consists of:

1) There is an overspend of £150k relating to a saving that had already been included in the 2018/19 budget with the expected transfer of the Reablement Service to Bromley Health Care in 2017/18. This did not happen as envisaged, however the saving had already been included in the budget, so currently remains as an overspend.

2) Domiciliary care is currently projected to underspend by £5k, moving from an underspend of £19k last time. Domiciliary care hours have remained fairly constant since the introduction of the D2A service, implying that the expected effect of D2A in reducing domiciliary care packages has not happened. Direct payments are projected to underspend by £217k, an increase in the underspend of £23k from the September projection, partly due to the recovery of unused direct payments from service users.

#### Services for 18-64+ - Dr £480k

Placements for 18-64 age group are projected to overspend by £325k this year based on current service user numbers, an increase of £68k since the September position. The main pressure area relates to clients with a primary support reason (PSR) of memory and cognition where the actual number of 16 is 8 above the budget provision. This has however decreased by 2 since September, with overall placement costs reducing by £40k.

In addition as per the over 65's, there is the full year effect of management action from 2017/18 relating to additional income from the CCG for joint funding of placements that has been factored in of £108k. This has been removed since the last monitoring as it is now not expected to be achieved this year, although officers continue to work to ensure joint funding is appropriately received.

The overall position on the domiciliary care and direct payments budgets is an overspend of £155k, a reduction of £102k since September. Domiciliary care is currently projected to overspend by £11k, a reduction of £62k from last time, and direct payments by £144k, a reduction of £40k since September. The main reduction relates to the recovery of unused direct payments from service users.

#### Day Care Services - Cr £600k

Day Care services continue to show reduced use of the service with low numbers compared to the budget provision. In addition contracts that we had with some providers for the provision of transport to their centres have ended, with the main Greenwich Services Plus (GSP) transport contract taking on these clients. This has resulted in a current projected underspend of £600k.

#### Transport - Cr £93k

The reduced use of Day Care services has impacted on the service provided by Greenwich Services Plus (GSP), with an underspend now projected of £93k for the year.

#### Staffing - Dr £100k

Within Assessment & Care Management, additional agency staff have had to be brought in to deal with a backlog of reviewing both current service users and those who are coming through the "front door". This has resulted in additional costs of circa £100k.

#### Community Equipment - Dr £230k

The Community Equipment budget is projected to overspend by £400k this year. As detailed in the report to Executive in July 2017, Bromley's contribution is capped at £600k, so any overspend needs to be financed by the CCG, with a request to draw funds from the Better Care Fund. With the announcement of the Winter Pressures Funding Grant this year, £230k has been allocated to offset this overspend, which is included in the amount shown at note 6 below.

#### Discharge to Assess (D2A) - Dr £982k

At its meeting on 27th June the Executive agreed to extend the Discharge to Assess (D2A) pilot for another year. The packages of care provided under the D2A scheme are projected to cost £982k this year. Any savings arising from this would show under the appropriate care package heading (ie placements or domiciliary care/direct payments), so would already be taken account of in the projections shown above.

### **2. Learning Disabilities - Dr £578k Net of Management Action**

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

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

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

Currently an overspend of £578k is anticipated after allowing for management action in relation to planned savings. This compares to £545k reported for September 2018.

While this is a relatively small increase in the current year, the impact on the full year effect is more significant, increasing from an overspend of £1,007k in September 2018 to the current overspend position of £1,322k (both net of management action).

There are many reasons for both the overall overspend and the increase since the last report but the single largest factor is the high number of new and increased care packages over and above those included in the budget / previous forecast. This has in part been mitigated by other factors, including the achievement of savings and the removal of assumptions and / or delay in some previously assumed new / increased packages.

Progress on achieving planned savings is being monitored closely as this is a key element in managing the budget position. The dedicated 'invest to save' team tasked with delivering the savings ceased at the end of September. However there is a number of savings where delivery is still anticipated and the associated 'tail-end' work is embedded within the core care management team. This current set of projections assumes that further savings of Cr £19k will be achieved this year (Cr £220k in a full year). If these savings aren't achieved, the impact in a full year would be significant and would give rise to budget pressures in 2019/20.

There is a projected overspend on LD Care Management of £59k. This has arisen mainly from the use of agency staff and additional staff brought in to undertake review work.

### **3. Mental Health - Dr £142k**

Similar to Learning Disabilities above, the 2018/19 Mental Health budget included funding for the full year effect of the 2017/18 overspend based on the position at the time the budget was prepared. This included an assumed level of savings from management action.

An overspend of £142k is currently anticipated in 2018/19 which is a reduction from the previously reported figure of £160k. The full year effect has reduced from an overspend of £323k to £161k which is a significantly improved position.

The reduction is partly due to increased "move through" the system which is more in line with the expected trend for Mental Health placements. While new care packages continue to be agreed, there is also evidence of clients moving on, either to independent living or with less intensive care packages.

In addition, one high cost client was previously misclassified with Mental Health as their primary support reason. This has now been adjusted and this has also contributed to the reduction in overspend on Mental Health (although the change will be cost neutral across the whole of Adult Social Care).

Budget pressures relating to the Emergency Duty Team have partly offset the reduced projected spend on care packages.

#### **4. IBCF - Nil**

Additional budget from the IBCF (£500k) had been drawn down in the previous monitoring report to offset in-year costs in adult social care but this is being returned to the contingency this cycle as a result of the Winter Pressures Grant allocation (see note 6).

#### **5. Better Care Fund - Protection of Social Care - Cr £519k**

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

These services are currently projected to underspend by £519k in 2018/19 and this has been used to offset other budget pressures within social care in line with the intentions of the funding.

#### **6. Winter Pressures Grant - Cr £1,190k**

In October 2018 the Department of Health and Social Care announced the allocation of Winter Pressures Grant funding to local authorities. The grant must be used in addition to planned spending and to support the local health and social care system to manage demand pressures on the NHS between November 2018 and March 2019 and help promote people's independence. Bromley's grant allocation is £1,190,460.

#### **7. Programmes Division - Cr £9k**

##### Programmes Team - Cr £9k

An underspend of £9k is currently anticipated on Programmes Team budgets and this relates principally to staffing budgets and contracts. There has been a high level of staff turnover and interim staff. The additional cost associated with interim staff has been offset by other posts remaining vacant.

##### Information and Early Intervention - Dr & Cr £173k

This budget area encompasses any adult social care-related service or support for which there is no test of eligibility and no requirement for review. It includes: information and advice, screening and signposting, prevention and low-level support, and independent advocacy.

An underspend of £173k is anticipated across the whole service. The main element of this is reduced expenditure funded by the Primary and Secondary Intervention Services Innovation Fund. The underspend on the Fund is shared with Bromley CCG and the Better Care Fund and the element reported here is the net amount for LB Bromley. There are savings in other areas, principally due to minor inflationary savings across a number of contracts and lower than anticipated volumes on the new single advocacy contract. This contract is still relatively new and projected spend may fluctuate until a volume pattern becomes clearer.

The whole Information and Early Intervention Service is one of a range of services protected by the Better Care Fund and, as such, the underspend on this service has been used to offset other pressures within adult social care in line with the intentions of the funding. This is reflected in note 5 above.

##### Better Care Fund - nil variation

Other than variations on the protection of social care element, any underspends on Better Care Fund budgets will be carried forward for spending in future years under the pooled budget arrangement with Bromley CCG.

##### Improved Better Care Fund - nil variation

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

Spend is underway on a number of schemes but some funding remains unallocated. As outlined in the report to the Executive on 10th October 2017, underspends can be carried forward to support expenditure in future years. In order to balance adult social care growth pressures in 2019/20 a carry forward of £1.566m IBCF funding has been assumed in the 2019/20 budget. In addition there will be further IBCF carry forwards, partly as a result of the initial allocations in 2017/18 being agreed relatively late in the financial year.

#### **8. Strategy, Performance & Engagement Division - Cr £11k**

An underspend of £11k is anticipated on the Strategy, Performance & Engagement Division. This principally relates to underspends on staffing and central departmental running expenses budgets, as well as higher than budgeted income from schools.

#### **9. Non-Controllable - Rent - Cr £31k**

There is an £31k variation relating to Day Centre rent income.

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

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

Since the last report to the Executive, 6 waivers for Adult placements have been agreed for between £50k and £100k and 1 for more than £100k.

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

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, there have been 2 virements: 1) contributions from ECHS divisions to create a Customer Relations Officer as part of the Strategy, Performance and Engagement restructure (£21k) 2) Virement of budgets in relation to agreed changes to the Liberata contract for the provision of Payments and Income services to ECHS. 3) Virement to CSC relating from the Prorammes and Strategy Divisions to offset pressures in CSC of £250k

## Education, Children and Families Portfolio Budget Monitoring Summary

2017/18 Actuals £'000	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>EDUCATION CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Education Division</b>								
Cr 360	Adult Education Centres	Cr 525	Cr 525	Cr 397	128	1	152	130
418	Schools and Early Years Commissioning & QA	524	524	488	Cr 36	2	21	0
5,583	SEN and Inclusion	5,820	6,515	6,393	Cr 122	3	Cr 116	0
95	Strategic Place Planning	96	96	96	0		0	0
6	Workforce Development & Governor Services	5	5	Cr 39	Cr 44	4	Cr 54	0
Cr 167	Education Services Grant	0	0	0	0		0	0
185	Access & Inclusion	165	158	185	27	5	31	0
Cr 1,312	Schools Budgets	Cr 1,348	Cr 1,348	Cr 1,348	0	6	0	0
102	Other Strategic Functions	1,038	334	327	Cr 7		0	0
<b>4,550</b>		<b>5,775</b>	<b>5,759</b>	<b>5,705</b>	<b>Cr 54</b>		<b>34</b>	<b>130</b>
<b>Children's Social Care</b>								
1,248	Bromley Youth Support Programme	1,479	1,475	1,463	Cr 12	7	57	0
686	Early Intervention and Family Support	1,093	1,067	946	Cr 121		Cr 90	0
4,912	CLA and Care Leavers	5,066	5,471	5,493	22		Cr 84	Cr 153
13,592	Fostering, Adoption and Resources	13,638	14,126	18,376	4,250		3,085	5,115
0	Management action - Additional CCG Income	0	0	Cr 800	Cr 800		Cr 500	Cr 500
2,833	Referral and Assessment Service	2,909	3,462	3,283	Cr 179		Cr 182	Cr 179
2,176	Safeguarding and Care Planning East	2,159	3,019	2,768	Cr 251		Cr 229	Cr 82
3,874	Safeguarding and Care Planning West	3,810	4,313	4,266	Cr 47	13	0	
4,290	Safeguarding and Quality Improvement	4,260	1,740	1,929	189	126	939	
	Planned savings from management action	0	0	0	0	Cr 200	Cr 1,339	
<b>33,611</b>		<b>34,414</b>	<b>34,673</b>	<b>37,724</b>	<b>3,051</b>		<b>1,996</b>	<b>3,801</b>
<b>38,161</b>	<b>TOTAL CONTROLLABLE FOR EDUCATION, CHILDREN &amp; FAMILIES</b>	<b>40,189</b>	<b>40,432</b>	<b>43,429</b>	<b>2,997</b>		<b>2,030</b>	<b>3,931</b>
3,257	<b>Total Non-Controllable</b>	2,006	2,088	2,073	Cr 15			0
7,309	<b>Total Excluded Recharges</b>	8,126	8,118	8,118	0		0	0
<b>48,727</b>	<b>TOTAL EDUCATION, CHILDREN &amp; FAMILIES PORTFOLIO</b>	<b>50,321</b>	<b>50,638</b>	<b>53,620</b>	<b>2,982</b>		<b>2,030</b>	<b>3,931</b>
<b>Memorandum Item</b>								
<b>Sold Services</b>								
29	Education Psychology Service (RSG Funded)	Cr 107	Cr 107	Cr 75	32	8		0
7	Education Welfare Service (RSG Funded)	Cr 32	Cr 32	10	42			0
3	Workforce Development (DSG/RSG Funded)	Cr 4	Cr 4	Cr 50	Cr 46			0
43	Community Vision Nursery (RSG Funded)	49	49	81	32			0
75	Blenheim Nursery (RSG Funded)	76	76	101	25			0
<b>157</b>	<b>Total Sold Services</b>	<b>Cr 18</b>	<b>Cr 18</b>	<b>67</b>	<b>85</b>		<b>0</b>	<b>0</b>

## Reconciliation of Latest Approved Budget

£'000

## Original Budget 2018/19

50,321

## Contingency:

SEN Implementation Grant 2018/19

- expenditure

189

- income

Cr 189

SEND Preparation for Employment Grant 2018/19

- expenditure

63

- income

Cr 63

SEN Pathfinder Grant 2018/19

- expenditure

28

- income

Cr 28

## Carry forwards:

SEN Implementation Grant 2016/17

- expenditure

20

- income

Cr 20

SEN Pathfinder Grant 2016/17

- expenditure

16

- income

Cr 16

Early Years Grant

- expenditure

15

- income

Cr 15

School Improvement Grant

- expenditure

47

- income

Cr 47

High Needs Strategic Planning Fund

- expenditure

13

- income

Cr 13

Delivery Support Fund

- expenditure

69

- income

Cr 69

Tackling Troubled Families

- expenditure

498

- income

Cr 498

## Other:

Fire Risk Assessment and Cyclical Maintenance		82
Customer Relations Officer post	Cr	8
Strategic and Business Support Services restructure	Cr	7
Education Psychologist Recharge		0
Virement from Programmes and Strategy Divisions to Childrens Social Care		250
		<u>50,638</u>

Latest Approved Budget for 2018/19

## **REASONS FOR VARIATIONS**

### **1. Adult Education - Dr £128k**

The Adult Education service is currently projecting to overspend by £128k. The main pressure areas for the service is £161k for staffing costs to provide required courses and preparation for the OFSTED inspection. There is also an under collection of income of £30k as compared to the baseline budget.

There is an underspend on the running costs (£63k) that is offsetting the on-going pressures.

### **2. Schools and Early Years Commissioning & QA - Cr £36k**

The in-house nurseries now have the restructured staffing structure in place. This financial year will be part year under the existing structure and part year under the new structure. This has had the effect of expecting the nurseries to overspend by £13k for the year.

These cost pressures are being offset by the current staffing underspends of £20k that are mainly due to vacant posts.

There also is an underspend on running costs of £29k.

### **3. SEN and Inclusion - Cr £122k**

The staffing in this area is currently forecasting an underspend by £53k. This is due to changes to how posts are being funded - removing some from grant funding and including others.

The Education Psychologists are currently in the process of recruiting to the vacant posts in their team. This is causing the statutory service they are required to provide to be underspent by £40k and the Trading Service they offer to the Schools to be overspent by £30k due to the use of expensive agency staff used to provide the service. This is a net underspend of £10k.

SEN Transport is currently forecast to underspend by £59k due to additional collection of income from other LA's. This figure may change during the year as route rationalisation occurs.

### **4. Workforce Development & Governor Services - Cr £44k**

The projected underspend is due to a detailed review of the service that has identified a number of running costs that are not going to be used during this financial year.

### **5. Access & Inclusion - Dr £27k**

The Education Welfare Service Trading Account is currently expected to under collect on it's income by £39k due to the loss of a number of school contracts. The provision of the service will need to be reviewed.

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

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

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

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

There is a current projected underspend in DSG of £281k. This will be added to the £1,180k carried forward from 2017/18. The carry forward figure has been adjusted by the Early Year adjustment which has reduced the amount we received in 2017/18 by £166k. This gives us an estimated DSG balance of £1,295k at the end of the financial year. This includes the additional £788k extra funding that Government announced on the 17th December 2018 for the High Needs Block. It has been agreed that £212k of this funding will be utilised in 2019/20 to cover High Needs Block costs. This will in effect come from the £1,295k that is estimated to be carried forward into 2019/20. Without the £788k funding LBB would only be carrying forward £507k into 2019/20

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

Bulge class are currently expected to underspend by £128k for this financial year. Additionally we are currently expecting to spend £225k on modular classroom rentals during the year. Both of these figures may change once the requirements for the new academic year have been established from the October school census.

Free Early Years Education is currently forecast to underspend this financial year. Any over or underspend on this area will only have a marginal effect on the DSG variances as DfE calculate our final allocation (released in July) based on the Early Years annual census that is performed every January. The returns from the nurseries are checked by members of the Early Years team before passing the figures to DfE in March. DfE then review the figures before publish our final allocations, where they will make any adjustments to our prior year allocation. It is expected that the currently underspend will produce a clawback of funds in July at approximately the same level as the current forecast underspend. The clawback cannot be estimated until the Early Years census data is submitted to DfE in March.

There is an underspend of £38k in the Pupil Support Services area. This is due to vacant posts and the under use of agency and consultancy costs to provide the service.

There is a pressure of £6k on the DSG due to the increase in a rate bills in a maintained school. This was not factored into the original funding.

The Home and Hospital service has a pressure of £94k due to the splitting out of the Nightingale school from the service. The Home and Hospital service is in the process of being reviewed.

There is an underspend of £135k in the Pupil Support Services area. This is due to vacant posts and the under use of agency and consultancy costs to provide the service.

The Behaviour Support service is currently expected to overspend by £70k based on expected costs for the year.

The Education Welfare service is currently forecasting an overspend of £36k due to higher staffing costs than expected

Due to a late adjustment of the recoupment at one of the schools in Bromley, there is any additional £83k worth of recoupment that the Council had not budgeted for and is therefore causing a pressure on the DSG.

It was agreed at the start of the year to use £188k of the brought forward balance to support the Central Schools Services Block in-year. There are also two Recoupment adjustments that have been identified during the year that will also effect the Brought Forward amount by a credit of £57k. This gives an overall Use of the Reserve of £131k for the year.

There has been a number of in year DSG adjustments that have not yet been factored in to the budget figures. This changes come to a total of £98k and all impact on the High Needs Block.

In December 2018 the Government announced that they would be giving extra money to support the council's High Needs DSG Block due to the pressures on the High Needs Block nationwide. This grant is being retained to cover expenditure in both this year and future years.

SEN placements are projected to overspend by a total of £500k. The overspend is being caused by the Maintained Day (£339k), Independent Day (£655k) and Alternative Programmes (£286k). These overspends are then offset by underspends on Independent Boarding Schools (£131k), Maintained Boarding Schools (£338k) and Matrix funding (£114k). Additional, there is currently forecast to be an underspend on schools ARP's of £197k.

The SEN placement budget pressure is coming from increased pupil numbers, this is in spite of the increases in in-borough Special Education places at Bromley schools.

SEN Support for clients in Further Education Colleges is expected to underspend by £366k this year. This is due to the cost of placing clients with Independent providers and having more in borough placements.

The DSG funded element of SEN Transport is projected to overspend by £121k due to the new routes that were established in the last year. The level of spend in this area has been lower in previous years. Due to the current funding regulations LBB are not permitted to increase this budget from the previous years allocation.

The SIPS, Early Support Programme and Outreach & Inclusion Services are all currently projected to underspend. Most of the underspend relates to lower than expected staffing costs, but there is also a small amount that relates to running costs that are not expected to be incurred during the year. The total of all of these underspends is a £117k. These are then being offset by the overspend in the Hearing Units and the Complex Needs team (totalling £63k) to give a net underspend of £54k.

There is also a total small balance of overspends of £4k.

	Variations £'000	High Needs £'000	Schools £'000	Early Years £'000	Central £'000
Bulge Classes	-128	0	-128	0	0
Classroom Hire	225	0	225	0	0
Primary Support Team	-38	0	0	0	-38
School Rates	6	0	6	0	0
Home & Hospital	94	94	0	0	0
Pupil Support Services	-135	-135	0	0	0
Behaviour Support	-70	-70	0	0	0
Education Welfare Officers	36	0	0	0	36
Late Adjustment to DSG Recoupment	83	0	83	0	0
Use of Reserves	131	0	-57	0	188
In Year DSG Adjustments	98	98	0	0	0
Additional High Needs Block Allocation	-788	-788	0	0	0
Other Small Balances	4	-7	0	-1	12
SEN:					
- Placements	500	500	0	0	0
- Support in FE colleges	-366	-366	0	0	0
- Transport	121	121	0	0	0
- SIPS	-27	0	0	-27	0
- Darrick Wood Hearing Unit	44	44	0	0	0
- Complex Needs Team	19	19	0	0	0
- Outreach & Inclusion Service	-77	-77	0	0	0
- Early Support Programme	-13	-13	0	0	0
<b>Total</b>	<b>-281</b>	<b>-580</b>	<b>129</b>	<b>-28</b>	<b>198</b>

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

## **7. Children's Social Care - Dr £3.051k**

The current budget variation for the Children's Social Care Division is projected to be an overspend of £3,051k, a significant increase from the overspend reported for September, which was £1,996k. Despite additional funding being secured in the 2018/19 budget, continued increases in the number of children being looked after together with the cost of placements has continued to put considerable strain on the budget. Officers met to discuss ways to mitigate this, and management action of £200k was agreed last cycle. This has now been removed as it is unlikely that these savings will be achieved by the end of the financial year.

#### Bromley Youth Support Programme -Cr £12k

The BYSP budget is projected to underspend by £12k this year, analysed as follows:

- Youth Service - Cr £38k

Staffing is projected to be underspent by £31k, premises costs £18k and transport costs by £9k and contributions to other local authorities by £41k. This is offset by projected overspends on supplies and services of £26k and income of £35k.

- Business Partnership's - Dr £46k

Staffing is projected to be underspent by £65k and supplies & services and transport by £34k. This is offset by a projected underachievement of income from schools of £86k and contributions from other departments of £44k and other income of £15k.

- Youth Offending Team - Cr £20k

Staffing is projected to be underspent by £50k this is offset by a projected overspend of £16k on premises & transport costs and £14k on the Appropriate Adult scheme

#### Early Intervention & Family Support - Cr £121k

There is a projected net underspend in this area due to salaries (Cr £24k), premises improvement costs (Cr £50k), cleaning (Dr £13k), telephones (Cr £7k), services commissioning costs (Cr £33k) and income (Cr £20k)

#### CLA and Care Leavers - Dr £22k

Expenditure relating to the 'Staying Put' grant, where care leavers can remain with their foster carers after the age of 18, continues to show an overspend on the budget. The budget was realigned for 2018/19 within available resources, however an overspend of £121k is currently projected.

Offsetting this is a projected underspend on direct accommodation support to looked after children (net of housing benefit) of £99k.

#### Fostering, Adoption and Resources - £3,450k

The budget for children's placements is currently projected to overspend by £3,450k this year, a significant increase from the position reported in September. This amount is analysed by placement type below.

- Community Home's / Community Home's with Education - Dr £1,705k

- Boarding Schools - Dr £144k

- Secure Accommodation & Youth on Remand - Dr £85k

- Fostering services (IFA's) - Dr £1,272k

- Fostering services (In-house, including SGO's and Kinship) - Dr £417k

- Adoption placements - Dr £200k

- Outreach Services - Dr £482k

- Transport Costs - Cr £55k

Included in the variations above, Bromley CCG have allocated funding of £500k as a contribution towards the continuing care costs of placements. An additional amount of funding of £800k has also been sought from the CCG as a contribution to these placements this has been agreed for 2018/19. Should this latter amount not be agreed in future then this will have an impact on the budget

#### Referral and Assessment Service - Cr £179k

The main projected variance relates to services to people with No Recourse to Public Funds (NRPF), which is currently projecting an underspend of £179k. This budget had been increased in the past as numbers had risen significantly, however currently numbers are much lower, resulting in this underspend.

#### Safeguarding and Care Planning East - Cr £251k

The budget for care proceedings is currently projected to underspend by £251k, particularly in the area of community and residential parenting assessments.

#### Safeguarding and Care Planning West- Cr £47k

Services for Children with Disabilities is projected to overspend by £65k this year. This is made up of an overspend of £248k in relation to Direct Payments and Care Initiatives, offset by an underspend of £28k on transport and £155k on group based short breaks.

A change in the provision of the short/respite breaks service at Hollybank has also realised an ongoing saving of £112k.

#### Safeguarding and Quality Improvement - Dr £189k

The projected variation of £189k overspend in this area relates solely to staffing.

#### Management Action

Officers have discussed ways to mitigate this overspend and had agreed on management action plans totalling £480k at May budget monitoring. This was revised to £200k in September for the remainder of the year as there had been limited success to date. The latest position is that it is not expected that any further savings can be achieved this year, therefore the remainder of the savings have been removed.

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

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

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

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub-Committee bi-annually. Since the last report to the Executive, there has been one waiver in the Education area with an annual value of less than £30k. In Children's Social Care there were 4 waivers agreed for placements of between £50k and £100k and 7 for more than £100k.

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

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, there have been 2 virements 1) a virement has been actioned in Education for £35k and relates to the correction of the budget for a contract and 2) contributions from ECHS divisions to create a Customer Relations Officer as part of the Strategy, Performance and Engagement restructure for £8k. 3) Virement to CSC relating from the Prorammes and Strategy Divisions to offset pressures in CSC of £250k

## Environment &amp; Community Portfolio Budget Monitoring Summary

2017/18 Actuals £'000	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>ENVIRONMENT &amp; COMMUNITY PORTFOLIO</b>							
	<b>Street Scene &amp; Green Spaces</b>							
5,071	Parks and Green Spaces	5,231	5,360	5,343	Cr 17	1	Cr 2	0
243	Street Regulation and Enforcement incl markets	352	352	358	6		10	0
16,930	Waste Services	18,120	17,751	17,420	Cr 331	2	Cr 78	0
4,103	Street Environment	4,414	4,414	4,314	Cr 100	3	0	0
907	Management and Contract Support	1,085	1,245	1,174	Cr 71	4	Cr 38	0
801	Trees	749	749	749	0		0	0
<b>28,055</b>		<b>29,951</b>	<b>29,871</b>	<b>29,358</b>	<b>Cr 513</b>		<b>Cr 108</b>	<b>0</b>
	<b>Transport Operations and Depot</b>							
706	Transport Operations and Depot Management	701	526	526	0		0	0
<b>706</b>		<b>701</b>	<b>526</b>	<b>526</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>Transport &amp; Highways</b>							
286	Traffic & Road Safety	324	324	219	Cr 105	5	8	0
Cr 7,893	Parking	Cr 7,119	Cr 7,419	Cr 7,365	54	6 - 11	0	0
6,589	Highways (including London Permit Scheme)	6,689	6,520	6,395	Cr 125	12	Cr 41	0
<b>Cr 1,018</b>		<b>Cr 106</b>	<b>Cr 575</b>	<b>Cr 751</b>	<b>Cr 176</b>		<b>Cr 33</b>	<b>0</b>
<b>27,743</b>	<b>TOTAL CONTROLLABLE</b>	<b>30,546</b>	<b>29,822</b>	<b>29,133</b>	<b>Cr 689</b>		<b>Cr 141</b>	<b>0</b>
6,601	<b>TOTAL NON-CONTROLLABLE</b>	6,195	6,240	6,254	14	13	27	0
2,323	<b>TOTAL EXCLUDED RECHARGES</b>	2,540	2,460	2,460	0		0	0
<b>36,667</b>	<b>PORTFOLIO TOTAL</b>	<b>39,281</b>	<b>38,522</b>	<b>37,847</b>	<b>Cr 675</b>		<b>Cr 114</b>	<b>0</b>

## Reconciliation of Latest Approved Budget

£'000

## Original Budget 2018/19

39,281

## Carry Forward Requests approved from 2017/18

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

## Central Contingency Adjustments

Waste Disposal	Cr	490
Parking - Bus lane contraventions	Cr	300
PYE savings relating to award of Highways maintenance contract	Cr	169
Highway Pothole Grant 2018/19 - Income	Cr	113
Highway Pothole Grant 2018/19 - Expenditure		113
Additional Income & Saving opportunity (AMEY)	Cr	181

## Other

Inflation adjustment		56
R&M - Fire Risk Assessments & Cyclical Maintenance		45

## Latest Approved Budget for 2018/19

<b>38,522</b>
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## **REASONS FOR VARIATIONS**

### **1. Parks and Green Spaces Cr £17k**

Overall a net underspend of £17k is projected for Parks and Green Spaces mainly due to additional income from floral bedding sponsorship from 2017/18.

### **2. Waste Services Cr £331k**

Overall tonnage is expected to be 168 tonnes below current budget, and 1,480 less than last year, mainly for household tonnage. As a result, contract disposal costs will be £39k below budget.

Additional income of £29k is expected from the sale of recycling materials due to an increase in the market price of textiles and iron.

Across the garden waste collection services, there is a projected underspend of £238k. This is made up of additional income of £110k due to an increase in the number of customers, and an underspend of £150k as the current number of existing customers have not reached the indicative threshold for rerouting of crew schedules for the sixth vehicle. This is partly offset by £22k overspend for the purchase of extra containers.

Based on the tonnage received over the weighbridge from trade customers during April to December, there is a projected reduction in income of £79k from trade waste delivered.

Within trade waste collection there is a net projected shortfall of income of £78k mainly due to a higher customer dropout compared to the level expected.

There is a net underspend of £38k on the refuse collection contract, mainly due to a lower volume than expected on the variable elements including collection of bulk containers and emptying of recycling banks. This has partly offset the £30k cost for purchasing additional trade waste, domestic and recycling containers.

Following agreement of the 2017/18 and the April - September 2018 level of defaults, a total credit of £66k has been received.

Part year vacancies have resulted in an underspend of £34k.

Additional works valued at £90k have needed to be carried out during the mobilisation of the new Environment contract including upgrades on Confirm, the weighbridge system and relocating various teams within the depot.

Other minor variances across the service total Cr £44k.

A request is being made to the Executive to carry forward the £120k set aside for developing a direct debit system for the GW service during next year. Due to the mobilisation of the Environmental contracts, the direct debit system has been delayed and the work required to enable direct debit payments to be taken for the GW service will not start until April 2019.

#### **Summary of overall variations within Waste Services**

	<b>£'000</b>
Waste disposal costs	Cr 39
Additional income from sale of recycling materials	Cr 29
Green Garden waste service	Cr 238
Shortfall in trade waste delivered income	79
Trade waste collected income	78
Underspend on refuse collection contract	Cr 38
Purchase of waste containers	30
Defaults received for the waste contract	Cr 66
Underspend on Staffing	Cr 34
Mobilisation of the Environment contract	90
Other minor variances	Cr 44
C/forward of underspend re. green garden waste system to accept direct debit payments	Cr 120
<b>Total variation for Waste Services</b>	<b><u>Cr 331</u></b>

### **3. Street Environment Cr £100k**

Overall the Street Environment budget is expected to underspend by £100k. A £100k underspend on gully cleansing and soakaway is due to the dry summer and a lower volume of cyclical cleansing than expected, and a reduction in the level of reactive graffiti removal has resulted in an underspend of £50k. This is partly offset by additional works of £50k spent on drainage and infrastructural work.

### **4. Management and Contract Support Cr £71k**

The Management and Contract Support budget is expected to underspend by £71k due to part year vacancies. A request will be made to Executive to carry forward £40k of the underspend on staffing to 2019/20 for additional administrative support during the mobilisation on the new Environment contract.

## **5. Traffic & Road Safety Cr £105k**

This variation is due to additional income received from road closure charges, mainly due to a spike in the number of applications from utilities companies to carry out infrastructure works.

## **Parking**

### **6. Income from Bus Lane Contraventions Cr £234k**

There is a net projected surplus of £204k on the deployable automated cameras in bus lanes for 2018/19 based on the number of contraventions to 31st December 2018. There is also an additional £30k income received from PCNs issued in previous years.

### **7. Off/On Street Car Parking Dr £162k**

Overall there is a net variation of Dr £162k for Off and On Street parking.

A deficit of £220k is forecast for Off & On Street Parking income. This is mainly due to a continued downward trend in parking usage, in particular for the on street bays & multi-storey car parks. This deficit includes the delay with the roll out of additional On Street Parking bays.

Additional income of £28k is expected to be received from cashless parking fees, as the use of this service continues to grow.

During the period April to December 2018, £7k defaults was applied to the contract relating to the management of On & Off Street Parking.

£18k additional income is projected from the suspensions of existing parking restrictions. Other minor variations total to Cr £5k.

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

<b>Summary of variations within Off/On Street Car Parking</b>	<b>OFF ST £'000</b>	<b>ON ST £'000</b>	<b>Total £'000</b>
Off/On Street Car Parking income	72	148	220
Less additional Ring Go fees	Cr 9	Cr 19	Cr 28
Level of Defaults applied to contract Apr to Dec 18	Cr 5	Cr 2	Cr 7
Bay Suspensions		Cr 18	Cr 18
Other minor variations	Cr 7	2 Cr	5
<b>Total variations within Off/On Street Parking</b>	<b>51</b>	<b>111</b>	<b>162</b>

### **8. Permit Parking Cr £37k**

A surplus of £37k is forecast for permit parking income based on activity levels up to December 2018.

### **9. Disabled Parking Cr £6k**

A minor variation is projected for Disabled Permits totalling Cr £6k.

### **10. Car Parking Enforcement Dr £273k**

From the activity levels to December 2018, there is a projected net deficit of around £435k from PCNs issued by APCOA in the current year. This is mainly due to a reduction in contraventions, issues related to the deployment plan and policy changes to the shared use bays in zone A of Bromley Town Centre as well as a growing number of ad hoc enforcement requests from residents using the online form.

Defaults applied to the Enforcement contract totals Cr £88k, which partly offsets the income variation, £40k of which relates to defaults for 2017/18.

There are also underspends for credit card commissioning costs (Cr £18k), electronic appeals costs payable to the Traffic Committee (Cr £22k) and debt collection costs (Cr £14k), as a direct result of the reduction of contraventions .

Additional income of £20k has been received from PCNs issued in previous years.

<b>Summary of variations within Car Parking Enforcement</b>	<b>£'000</b>
PCNs issued by wardens	435
APCOA Enforcement defaults	Cr 88
Credit card commission	Cr 18
Electronic appeals cost	Cr 22
Debt collection costs	Cr 14
Additional income from PCNs issued in previous years	Cr 20
<b>Total variations within Car Parking Enforcement</b>	<b>273</b>

### **11. Parking Shared Service Cr £104k**

Part year vacancies have resulted in an underspend of £104k.

#### **Summary of overall variations within Parking:**

	<b>£'000</b>
Bus Routes Enforcement	Cr 234
Off Street Car Parking	51
On Street Car Parking	111
Permit Parking	Cr 37
Disabled Parking	Cr 6
Car Parking Enforcement	273
Parking Shared Services	Cr 104
<b>Total variation for Parking</b>	<b><u>54</u></b>

### **12. Highways- Including London Permit Scheme Cr £125k**

Within NRSWA income, there is a projected £63k surplus of income, mainly due to an increase in the number Section 74 Notices.

As a result of successful debt recovery processes, £30k of bad debt provision that was previously set aside can be released at year end.

Car allowances are expected to be £10k below budget and other minor variations across the service total Cr 22k.

#### **Summary of Variations within Highways**

	<b>£'000</b>
Surplus NRSWA Income	Cr 63
Release of bad debt provision	Cr 30
Car allowances	Cr 10
Other minor variations	Cr 22
<b>Total variations within Highways:</b>	<b><u>Cr 125</u></b>

### **13. Non-controllable Dr £14k**

There is a projected shortfall in income of £14k within the property rental income budget. Property division are accountable for these variations.

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

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

1) £60k to undertake one-off seasonal service for the gritter fleet on Highway service in April 2019 to October 2019.

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

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

## Public Protection &amp; Enforcement Budget Monitoring Summary

2017/18 Actuals £'000	Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
138	Public Protection Community Safety	151	151	139	Cr 12	1	Cr 12	0
96	Emergency Planning	115	120	93	Cr 27	2	Cr 16	0
447	Mortuary & Coroners Service	485	485	535	50	3	54	0
1,265	Public Protection	1,673	1,722	1,492	Cr 230	4	Cr 144	0
<b>1,946</b>	<b>TOTAL CONTROLLABLE</b>	<b>2,424</b>	<b>2,478</b>	<b>2,259</b>	<b>Cr 219</b>		<b>Cr 118</b>	<b>0</b>
250	<b>TOTAL NON CONTROLLABLE</b>	11	11	11	0		0	0
391	<b>TOTAL EXCLUDED RECHARGES</b>	428	428	428	0		0	0
<b>2,587</b>	<b>PORTFOLIO TOTAL</b>	<b>2,863</b>	<b>2,917</b>	<b>2,698</b>	<b>Cr 219</b>		<b>Cr 118</b>	<b>0</b>

## Reconciliation of Latest Approved Budget

£'000

## Original Budget 2018/19

2,863

## Carry Forward Requests approved from 2017/18

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

## Other

Transfer of Health & Safety post to HR	Cr	13
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## Latest Approved Budget for 2018/19

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**2,917**


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## **REASONS FOR VARIATIONS**

### **1. Community Safety Cr £12k**

There are minor underspend of £12k on supplies and services across the community safety budgets.

### **2. Emergency Planning Cr £27k**

Within the Emergency Planning service, there is a £27k underspend mainly due to part year vacancies.

### **3. Mortuary and Coroners Service Dr £50k**

At the end of 2017/18 a provision was made for the outstanding quarter 4 payment for the Coroners service, based on information provided by LB Croydon who administer the Consortium service. The actual cost for quarter 4 was £104k, resulting in a balance of £55k of the provision which is no longer required.

Based on the latest information from Croydon, the cost for Bromley for 2018/19 is £445k, an overspend of £23k against a budget of £395k. This is mainly due to additional security costs and I.T. upgrades. Officers anticipate a further overspend of £82k due to a number of large inquests. This includes the additional counsel and legal costs for the Butler case as well as other

The existing Mortuary contract has been extended to September 2019, whilst officers continue to negotiate a new Mortuary contract. Until the new contract has been agreed with the provider, the full year effect cost cannot be calculated.

<b>Summary of variations on Mortuary and Coroners Service</b>	<b>£'000</b>
Release of provision no longer required on Coroners	Cr 55
Overspend on Coroners Service (incl. large inquests)	105
<b>Total variations on Mortuary and Coroners Service</b>	<b><u>50</u></b>

### **4. Public Protection Cr £230k**

On 21 May 2018, Members approved a carry forward request of £67k relating to additional resources for the temporary fixed term Food Safety officers and interim PP&E Assistant Director post. Delays with recruiting the final temporary food safety officer has resulted in a further underspend of £72k. In total, £139k will need to be carried forward to 2019/20 and 2020/21 to enable the temporary posts to be funded for the remaining agreed term.

Across Public Protection, there is £19k underspend on car allowance and lease car budgets, which offsets the £18k additional cost for Food Safety 'Pay as you go' inspections.

£18k has been spent on an additional training course on Advanced Certificate in Investigative Practice (ACIP) to ensure that all investigations are of a consistently high standard.

During closing of the accounts for 2017/18, a provision was made for the potential VAT liabilities for Works in default. As some of the cases that relate to a statutory notice are non Vatable, £25k of the provision is no longer required.

There is £10k underspend on the animal health and inspection service provided by City of London.

It is anticipated that there will be additional licensing income of £42k mainly from the Food Hygiene re-rating scheme and Houses in Multiple Occupation.

£48k of both income and expenditure budget was carried forward from the 2017/18 Proceeds of Crime Act prosecution (Asset Recovery Incentivisation Scheme) for works that were planned to be undertaken by Trading Standards on behalf of the Planning section in the current financial year. £28k of the works that were undertaken during 2018/19 were funded from underspends elsewhere in the service, enabling the funding to be carried forward for another year. Therefore £48k of both income and expenditure budget will need to be carried forward again into 2019/20 when the works will now take place.

Other various minor underspends across supplies and services total £31k.

<b>Summary of variations on Public Protection</b>	<b>£'000</b>
Underspend on fixed term Food Safety officers and interim PP&E AD to be c/f	Cr 139
Underspend on lease car and car allowance	Cr 19
Food Safety 'Pay as you go' inspections	18
Additional staff training costs	18
Release of provision no longer required on VAT liabilities	Cr 25
Underspend on Animal Health & inspection service	Cr 10
Surplus of income licenses	Cr 42
Other minor variations	Cr 31
<b>Total variations on Public Protection</b>	<b><u>Cr 230</u></b>

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

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

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

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

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

2017/18 Actuals £'000	Division Service Areas	2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
<b>ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT</b>								
<b>Planning</b>								
Cr 7	Building Control	82	82	Cr 1	Cr 83	1	Cr 83	0
Cr 140	Land Charges	Cr 126	Cr 126	Cr 127	Cr 1	2	Cr 3	0
764	Planning	736	711	873	162	3	126	0
850	Renewal	801	956	730	Cr 226	4	Cr 56	0
<b>1,467</b>		<b>1,493</b>	<b>1,623</b>	<b>1,475</b>	<b>Cr 148</b>		<b>Cr 16</b>	<b>0</b>
<b>Recreation</b>								
1,686	Culture	1,786	1,832	1,842	10	5	46	0
5,784	Libraries	5,030	4,916	4,903	Cr 13	6	Cr 10	0
219	Town Centre Management & Business Support	189	181	173	Cr 8	7	Cr 23	0
<b>7,689</b>		<b>7,005</b>	<b>6,929</b>	<b>6,918</b>	<b>Cr 11</b>		<b>13</b>	<b>0</b>
<b>ECS - Housing</b>								
194	Housing Improvement	203	203	186	Cr 17	8	Cr 12	0
<b>194</b>		<b>203</b>	<b>203</b>	<b>186</b>	<b>Cr 17</b>		<b>Cr 12</b>	<b>0</b>
<b>9,350</b>	<b>Total Controllable ECS DEPT</b>	<b>8,701</b>	<b>8,755</b>	<b>8,579</b>	<b>Cr 176</b>		<b>Cr 15</b>	<b>0</b>
Cr 814	<b>TOTAL NON CONTROLLABLE</b>	2,542	2,521	2,528	7	9	2	0
2,466	<b>TOTAL EXCLUDED RECHARGES</b>	1,857	1,857	1,857	0		0	0
<b>11,002</b>	<b>Total ECS DEPARTMENT</b>	<b>13,100</b>	<b>13,133</b>	<b>12,964</b>	<b>Cr 169</b>		<b>Cr 13</b>	<b>0</b>
<b>EDUCATION, CARE &amp; HEALTH SERVICES DEPARTMENT</b>								
<b>Operational Housing</b>								
913	Supporting People	1,013	1,013	939	Cr 74	10	Cr 74	Cr 94
8,074	Housing Needs	6,241	8,725	8,758	33	11	38	521
0	Enabling Activities	Cr 1	Cr 1	Cr 1	0		0	0
Cr 1,838	Housing Benefits	Cr 1,984	Cr 1,984	Cr 1,703	281	12	0	0
<b>7,149</b>	<b>Total Controllable ECHS DEPT</b>	<b>5,269</b>	<b>7,753</b>	<b>7,993</b>	<b>240</b>		<b>Cr 36</b>	<b>427</b>
789	<b>TOTAL NON CONTROLLABLE</b>	286	286	286	0		0	0
3,209	<b>TOTAL EXCLUDED RECHARGES</b>	3,675	3,673	3,673	0		0	0
<b>11,147</b>	<b>Total ECHS DEPARTMENT</b>	<b>9,230</b>	<b>11,712</b>	<b>11,952</b>	<b>240</b>		<b>Cr 36</b>	<b>427</b>
<b>22,149</b>	<b>PORTFOLIO TOTAL</b>	<b>22,330</b>	<b>24,845</b>	<b>24,916</b>	<b>71</b>		<b>Cr 49</b>	<b>427</b>

## Reconciliation of Latest Approved Budget

£'000

## Original budget 2018/19

13,943

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

8,387

2018/19 Revised Original Budget

22,330

## Carry Forward Requests approved from 2017/18

Implementing Welfare Reform Changes - Grant Expenditure

55

Implementing Welfare Reform Changes - Grant Income

Cr 55

Flexible Homeless Grant - Expenditure

83

Flexible Homeless Grant - Income

Cr 83

Fire Safety Grant - Expenditure

44

Fire Safety Grant - Income

Cr 44

Planning Strategy &amp; Projects - Custom Build Grant - Expenditure

30

Planning Strategy &amp; Projects - Custom Build Grant - Income

Cr 30

Asset Recovery Incentivisation Scheme - Expenditure

85

Asset Recovery Incentivisation Scheme - Income

Cr 85

New Homes Bonus

208

## Central Contingency Adjustments

Beckenham and Penge BID

Cr 44

National Increase in Planning Fee - Expenditure

240

National Increase in Planning Fee - Income

Cr 240

Additional Income &amp; Saving opportunity (AMEY)

Cr 110

Increase in Cost of Homelessness/Impact of Welfare Reforms

1,739

Homelessness Reduction Act

750

## Other

R&amp;M - Fire Risk Assessments &amp; Cyclical Maintenance

Cr 21

Customer Relations Officer post

Cr 4

Strategic and Business Support Services restructure

Cr 3

## Latest Approved Budget for 2018/19

24,845

## **REASONS FOR VARIATIONS**

### **1. Building Control Cr £83k**

For the chargeable service, an income deficit of £168k is projected based on actual income for April to December 2018. This is mostly offset by a projected underspend within the staffing budget of £150k mainly arising from reduced hours working / vacancies. Other minor net overspends total £16k. In accordance with Building Account Regulations, the net deficit of around £34k will be drawn down from the earmarked reserve for the Building Control Charging Account. The net balance will therefore reduce from Cr £203k to Cr £169k.

As a result of part vacant posts and reduced hours, a net underspend of £83k is projected for the non-chargeable service.

### **2. Land Charges Cr £1k**

A deficit of £36k is expected for income within the Charging Account which is partly offset by an underspend of £12k on staffing and running expenses, resulting in a net deficit of £24k projected for 2018/19. If the income continues to drop, officers will have to consider increasing the charges. In accordance with current Regulations, any deficit or surplus will be drawn down from the earmarked reserve for the Land Charges Charging Account (the net balance will therefore increase from Dr £10k deficit to Dr £34k).

There is a projected underspend of £1k on the non-chargeable salary budget.

### **3. Planning Dr £162k**

There is a net £68k underspend on staffing due to part year vacancies.

Income from non-major planning applications is below budget for the first nine months of the year, and a shortfall of around £152k is projected for 2018/19 against a budget of £1,225k. For information, actual income of £768k was received for April to December 2018 compared with £777k in 2017/18.

Additional income of £97k is projected from major planning applications. For information, £397k has been received as at December 17 against a budget of £300k, which is £172k higher than for the same period in 2017/18. As the timing of this income varies, at this stage no further income is projected for the remaining 3 months as planning officers are not expecting any further major applications to come in.

Currently there is a projected income deficit of £35k from pre-application meetings. This is due to a combination of reduced fees and a reduction in the number of schemes submitted. During the period April to December 2018, the number of major pre-application submitted has dropped from 38 to 31 compared with the previous year.

There is a net overspend of £137k for the cost of consultancy work required for planning appeals, mainly relating to developments at Westmoreland Road, St Hugh's Playing field, Bullers Wood School and Maybrey. This included advice from agricultural, ecological, minerals and waste consultants, where there was no in-house expertise with the necessary knowledge and qualifications. If the judgements are found in favour of the Council, then some of the costs incurred for these appeals may be recovered.

Other minor variations total Dr £3k.

#### **Summary of variations within Planning:**

	<b>£'000</b>
Underspend on Staffing	Cr 68
Shortfall income from non-major applications	152
Surplus income from major applications	Cr 97
Deficit of income from pre-application meetings	35
Consultancy cost on major appeals	137
Other minor variations	3
<b>Total variation for Planning</b>	<b><u>162</u></b>

### **4. Renewal Cr £226k**

Overall there is a net variation of Cr £226k projected for Renewal. This is mainly due to an underspend of £196k on staffing as a result of part year vacancies, which is being used to offset a potential £50k cost expected for consultancy and legal fees for public enquires, following the submission of the London Plan.

Town Centre Development Works funded by the New Homes Bonus is likely to underspend by £80k and therefore a carry forward request is being made to the Executive, to enable the outstanding works to be completed in 2019/20. Formal GLA approval will also need to be obtained to agree the new profile of spend.

#### **Summary of variations within Renewal:**

	<b>£'000</b>
Staff vacancies	Cr 196
Consultancy and legal fees for public enquires	50
Underspend on projects funded by NHB (carry forward request)	Cr 80
<b>Total variation for Renewal</b>	<b><u>Cr 226</u></b>

### **5. Culture Dr £10k**

Staffing is expected to underspend by £29k mainly due to part year vacancies. In line with the December 2017 RPIX, 4.2% inflation was applied to the MyTime contract price, 2.2% higher than the 2% inflation built into the 2018/19 budget. This has resulted in a projected overspend of £18k.

£18k has been spent on survey & valuation works relating to the Leisure service lease proposal with Mytime Active and there are other minor net overspends of £3k.

<b>Summary of variations within Culture:</b>	<b>£'000</b>
Staff vacancies	Cr 29
Inflation on Mytime contract	18
Survey & valuation works relating to Leisure service lease proposal	18
Other minor net overspends	3
<b>Total variation for Culture</b>	<b>10</b>

#### **6. Libraries Cr £13k**

There is a £45k underspend on staffing mainly due to flexible retirement / reduced hours. This is partly offset by £32k overspend across supplies and services budgets as a result of final payments made relating to serving the notice period on terminating the internet and phone lines.

#### **7. Town Centre Management & Business Support Cr £8k**

The underspend of £8k mainly relates to a part year staff vacancy within the Town Centre Management team.

#### **8. Housing Improvement Cr £17k**

Part year vacancies have resulted in an underspend of £32k. This is partly offset by £10k projected shortfall within renovation grant agency fee income and other minor variations totalling Dr £5k.

#### **9. Non-controllable Dr £7k**

There is a projected £7k deficit of income within the property rental income budget. Property division are accountable for these variations.

#### **10. Supporting People Cr £74k**

A £74k underspend is currently forecast in the Supporting People area due to contract negotiation savings.

#### **11. Housing Needs Dr £33k**

There is currently an overspend of £1,472k in the Temporary Accommodation area. This is due to higher than expected increase in clients going into nightly paid accommodation together with an increase in the provision for bad debts for rent account income that will not be collected.

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

At the start of the year the number of clients in Temporary Accommodation was 896. By the end of December that number had risen to 990 - an increase of 94 during the year. It is currently expected that this will increase to 1,015 by the end of the financial year, at an average cost of around £6,650 per property per annum. In addition the proportion of 2 bed Temporary Accommodation properties that are required has been increasing, from just under 32% in September to now just under 35%.

These client figures exclude other schemes like More Homes Bromley, Orchard & Shipman, ex-residential care homes, and the Bromley Private Sector Leasing Scheme. Once these client numbers have been included there are currently over 1,600 clients in Temporary Accommodation.

In addition to the increased costs of Temporary Accommodation area, there is additional overspends on staffing of £228k (due to change in legislation) and homelessness prevention work and other associated work of £676k that will also be included as part of the drawdown from the contingency, as highlighted in last years drawdown request.

The Travellers budget is overspending by £70k and this is due to one of the sites experiencing high use of utilities and maintenance costs (overspend of £57k) due to the site not having meters and loss of income (£23k) due to rent arrears. This is being offset by a £10k underspend on staffing due to vacancies earlier in the year.

There has been a reduction of income relating to the Choice Based Letting advertising (£24k) due to Housing Associations not requesting to advertise properties on this platform.

The remaining £11k underspend is various staffing and running costs variations. The staffing structure that is required to meet the new housing legislation is being finalised, and the budget for this is included in the contingency drawdown request.

A report elsewhere on the agenda requests the drawdown of a total of £2,489k from the Central Contingency; £1,739k for homelessness and temporary accommodation, and £750k for the impact of the Homeless Reduction Act, and this has been assumed in the budgets, but is grossed up below to illustrate where the pressures are.

	<b>£'000</b>
<b>Summary of overall variations within Housing:</b>	
Temporary Accommodation	940
Increase in Bad Debt Provision	532
Homelessness Prevention	676
Change in Legislation	342
Travellers Sites	70
Furniture Storage	Cr 73
Choice Based Lettings	24
Other Costs	11
Contingency requested for drawdown	Cr 2,489
<b>Total variation for Housing</b>	<u><u>33</u></u>

## **12. Housing Benefits Dr £281k**

Following a review of the bad debt provision, it has been identified that the provision (based on current figures) would need to be increased by an estimated £281k at year end to cover the increase in unrecoverable benefit overpayments.

## **Waiver of Financial Regulations:**

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

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

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



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

2017/18 Actuals £'000		2018/19 Original Budget £'000	2018/19 Latest Approved £'000	2018/19 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>CHIEF EXECUTIVE'S DEPARTMENT</b>							
	<b>FINANCIAL SERVICES DIVISION</b>							
208	Director of Finance & Other	216	216	214	Cr 2		0	0
6,583	Exchequer - Revenue & Benefits	7,137	6,967	6,758	Cr 209	1	Cr 94	0
1,564	Exchequer - Payments & Income	1,623	1,667	1,651	Cr 16	2	Cr 1	0
623	Financial Accounting	520	520	454	Cr 66	3	Cr 56	0
1,464	Management Accounting	1,666	1,666	1,523	Cr 143	4	Cr 63	0
706	Audit	700	700	697	Cr 3	5	Cr 13	0
<b>11,148</b>	<b>Total Financial Services Division</b>	<b>11,862</b>	<b>11,736</b>	<b>11,297</b>	<b>Cr 439</b>		<b>Cr 227</b>	<b>0</b>
	<b>CORPORATE SERVICES DIVISION</b>							
4,545	<b>Information Systems &amp; Telephony</b>	4,746	5,224	4,894	Cr 330	6	Cr 128	0
	<b>Legal Services &amp; Democracy</b>							
305	Electoral	353	918	936	18	7	0	0
1,355	Democratic Services	1,419	1,439	1,399	Cr 40	8	Cr 23	0
1,960	Legal Services	1,687	1,852	1,933	81	9	140	70
131	<b>Management and Other (Corporate Services)</b>	178	130	131	1		1	0
<b>8,296</b>	<b>Total Corporate Services Division</b>	<b>8,383</b>	<b>9,563</b>	<b>9,293</b>	<b>Cr 270</b>		<b>Cr 10</b>	<b>70</b>
	<b>HR AND CUSTOMER SERVICES DIVISION</b>							
1,828	<b>Human Resources</b>	2,056	2,220	2,083	Cr 137	10	0	0
	<b>Customer Services</b>							
Cr 978	Customer Services Centre	Cr 1,022	Cr 1,022	Cr 1,028	6		Cr 3	0
108	Registration of Births, Deaths & Marriages	72	50	50	0		Cr 3	0
<b>2,698</b>	<b>Total HR &amp; Customer Services Division</b>	<b>3,006</b>	<b>3,192</b>	<b>3,061</b>	<b>Cr 131</b>		<b>0</b>	<b>0</b>
	<b>COMMISSIONING AND PROCUREMENT DIVISION</b>							
670	Procurement and Data Management	663	538	504	Cr 34		20	0
820	Commissioning	893	554	585	31		Cr 20	0
101	Debt Management System	0	0	0	0		0	0
<b>1,591</b>	<b>Total Commissioning &amp; Procurement Division</b>	<b>1,556</b>	<b>1,092</b>	<b>1,089</b>	<b>Cr 3</b>	11	<b>0</b>	<b>0</b>
	<b>CHIEF EXECUTIVE'S DIVISION</b>							
125	Comms	128	128	128	0		1	0
684	Management and Other (C. Exec)	726	671	643	Cr 28		Cr 28	0
148	Mayoral	153	153	150	Cr 3		0	0
<b>957</b>	<b>Total Chief Executive's Division</b>	<b>1,007</b>	<b>952</b>	<b>921</b>	<b>Cr 31</b>	12	<b>Cr 27</b>	<b>0</b>
	<b>CENTRAL ITEMS</b>							
3,047	<b>CDC &amp; Non Distributed Costs (Past Deficit etc.)</b>	3,907	3,907	3,519	Cr 388	13	Cr 248	0
11,197	<b>Concessionary Fares</b>	11,390	11,390	11,390	0		0	0
<b>38,934</b>	<b>TOTAL CONTROLLABLE CE DEPT</b>	<b>41,111</b>	<b>41,832</b>	<b>40,570</b>	<b>Cr 1,262</b>		<b>Cr 512</b>	<b>70</b>
Cr 3,037	<b>TOTAL NON CONTROLLABLE</b>	1,015	1,015	1,015	0		0	0
Cr 15,386	<b>TOTAL EXCLUDED RECHARGES</b>	Cr 16,478	Cr 15,958	Cr 15,958	0		0	0
<b>20,511</b>	<b>TOTAL CE DEPARTMENT</b>	<b>25,648</b>	<b>26,889</b>	<b>25,627</b>	<b>Cr 1,262</b>		<b>Cr 512</b>	<b>70</b>
	<b>ENVIRONMENT &amp; COMMUNITY SERVICES DEPARTMENT</b>							
	<b>Total Facilities Management</b>							
2,581	Admin Buildings & Facilities Support	2,670	2,432	2,347	Cr 85	10	12	0
123	Investment & Non-Operational Property	299	291	192	Cr 99		Cr 38	0
1,086	Strategic & Operational Property Services	1,122	1,115	1,114	Cr 1		0	0
295	TFM Client Monitoring Team	365	548	528	Cr 20	11	Cr 18	0
Cr 688	Other Rental Income - Other Portfolios	Cr 778	Cr 626	Cr 651	Cr 25	12	9	0
1,978	Repairs & Maintenance (All LBB)	2,008	2,094	2,094	0		0	0
<b>5,375</b>	<b>TOTAL CONTROLLABLE ECS DEPT</b>	<b>5,686</b>	<b>5,854</b>	<b>5,624</b>	<b>Cr 230</b>		<b>Cr 35</b>	<b>0</b>
Cr 36	<b>TOTAL NON CONTROLLABLE</b>	390	390	390	0		0	0
Cr 3,375	<b>TOTAL EXCLUDED RECHARGES</b>	Cr 3,453	Cr 3,453	Cr 3,453	0		0	0
Cr 1,568	<b>Less: R&amp;M allocated across other Portfolios</b>	Cr 1,388	Cr 1,521	Cr 1,521	0		0	0
688	<b>Less: Rent allocated across other Portfolios</b>	778	626	651	25		Cr 9	0
<b>1,084</b>	<b>TOTAL ECS DEPARTMENT</b>	<b>2,013</b>	<b>1,896</b>	<b>1,691</b>	<b>Cr 205</b>		<b>Cr 44</b>	<b>0</b>
<b>21,595</b>	<b>TOTAL RESOURCES PORTFOLIO</b>	<b>27,661</b>	<b>28,785</b>	<b>27,318</b>	<b>Cr 1,467</b>		<b>Cr 556</b>	<b>70</b>

<b>Reconciliation of Latest Approved Budget</b>		<b>£'000</b>
<b>Original budget 2018/19</b>		<b>27,661</b>
<b>Carry Forward Requests approved from 2017/18</b>		
Contract Register database		50
Debt Management System- Transformation Grant - Expenditure		38
Debt Management System- Transformation Grant - Income	Cr	38
Exchequer- Revenue & Benefits Costs for retendering the Exchequer contract		91
Biggin Hill Airport- Noise Action Plan		24
Information Systems & Telephony GDPR		426
Legal Staffing costs GDPR		52
Merit Awards		36
Exchequer- Revenue & Benefits - Upgrade of Academy System		98
Repairs and Maintenance		163
Democratic Services- IT equipment for new Council Members		20
<b>Central Contingency Adjustments</b>		
R&M - Fire Risk Assessments & Cyclical Maintenance	Cr	47
Yeoman House- Expenditure	Cr	94
Cost of Local Elections		565
Exchequer contract saving re services transferred to parking contractor	Cr	60
Apprenticeship Levy	Cr	130
PYE Savings from Registrar's restructure	Cr	18
Additional savings & income (Amey)	Cr	85
Microsoft Enterprise licenses (as per Nov 2018 Exec)		92
Drawdown of Merit Awards 2018/19		200
Additional in year grant funding returned to central contingency	Cr	227
<b>Other Budget Movements</b>		
Yeoman House rent PYE for ECHS	Cr	53
Moving Admin Officer post to ECHS	Cr	20
Transfer of Health & Safety post from PPE		13
Transfer of resources from ECHS to Liberata contract budget		28
<b>Latest Approved Budget for 2018/19</b>		<b><u>28,785</u></b>

## **REASONS FOR VARIATIONS**

### **FINANCIAL SERVICES DIVISION**

#### **1. Revenue & Benefits Cr £209k**

Within Revenues and Benefits there is a projected underspend of £209k. This is primarily due to vacancies and posts where staff are working reduced hours (116k). It should be noted that one of the vacancies is proving difficult to recruit to. In addition to this variance there are several other factors contributing to the overall position as shown in the table below.

The Incentive scheme payments have had fewer applicants and the budget is expected to underspend by £82k.

Of the variances shown Cr £46k relates to funds previously agreed to be set aside for the retendering of the Exchequer contract, this work will continue into 2019/20 and therefore a request will be submitted to the Executive to carry forward these funds.

£50k has been set aside for additional potential costs relating to pensions that may be required.

Other minor variations across the service total Cr £15k.

<b>Summary of variations within Revenue &amp; Benefits</b>	<b>£000</b>
Staffing vacancies and reduced hours	Cr 116
Expected underspend relating to Incentive scheme payment	Cr 82
Retendering of Exchequer contract - request for carry forward	Cr 46
Provision for expected pension impact of current work	50
Other minor variations	Cr 15
<b>Total variations within Benefits &amp; Admin</b>	<b>Cr 209</b>

#### **2. Payments and Income Cr £16k**

This is due to a reduction in the Liberata contract price, agreed in August 18 and effective from 1st April 18. It relates to a reduction in the volume of invoices processed for property payments since the award of the Amey contract. The saving has been built into the 2019/20 budget.

#### **3. Financial Accounting Cr £66k**

This variance mainly relates to staff vacancies and other minor running expenses.

#### **4. Management Accounting & Systems Cr £143k**

Staffing costs are projected to be £157k below budget due to various part and full year vacancies throughout the year, some of which have now been filled. This is being offset to some extent by the cessation of the previously achieved income relating to the Liberata contract for schools (Dr £42), as well as other minor net underspends of £28k.

#### **5. Audit Cr 3k**

Overall there is a net underspend of £3k for audit, however there are a number of variations making up this figure.

The Public Sector Audit Appointment has reduced 2018/19 fee scales by 23 percent for all opted-in bodies in comparison to last year's fees resulting in an underspend of £28k.

There are higher number of recoveries from Court Cases than anticipated resulting in Cr 23k, which partly offsets the costs of £68k for additional work on investigations, fraud and admin penalties. A £20k provision has also been made for the cost of fraud partnership investigations.

Staffing is expected to underspend by £31k mainly due to a part year vacancy. Other minor variations total Cr 9k.

<b>Summary of variations within Audit</b>	<b>£000</b>
External Audit Fee for 2018/19 (Reduced rate)	Cr 28
Recoveries from Court Cases	Cr 23
Additional work on Investigations (LB Croydon), Fraud (RB Greenwich) & admin penalty work	68
Provision Fraud Partnership Investigations	20
Staffing and employee expenses	Cr 31
Other Minor Variations	Cr 9
<b>Total variations within Audit</b>	<b>Cr 3</b>

### **CORPORATE SERVICES DIVISION**

#### **6. Information Systems & Telephony Cr £330k**

Overall there is a total projected underspend of £330k across the IS & T Service. Part year vacancies of permanent staff has led to a net underspend £71k.

Due to delays in recruiting the temporary GDPR staff, there is an underspend of £160k which will need to be carried forward to 2019/20 to fund the staff up to the agreed 18 months fixed term. In addition £90k of the specific funding for GDPR system work will need to be carried forward to 2019/20 to enable the work to be completed.

There is a £20k underspend on the variable element of the BT contract which includes service desk activities, hardware support levels and service requests raised.

Other minor variations across the service total Dr £11k.

<b>Summary of variations within IS &amp; T</b>	<b>£000</b>
Staff vacancies for permanent staff	Cr 71
Staff vacancies for temporary GDPR staff (c/f request)	Cr 160
GDPR system work (c/f request)	Cr 90
Variable element of BT contract	Cr 20
Other Minor Variations	11
<b>Total variations within IS &amp; T</b>	<b>Cr 330</b>

#### **7. Electoral Dr £18k**

This overspend is mainly due to the extra costs incurred for the by-election held earlier this year.

#### **8. Democratic Services Cr £40k**

Additional spend on IT for new Members (£23k), has been more than offset by a projected underspend on Members allowances of £51k. Other minor variations total Cr £12k.

#### **9. Legal Services Dr £81k**

Legal Services is forecasting an overall adverse variance of £81k, largely relating to the additional legal work in respect of childcare cases. The situation is being monitored closely and the service has been working to reduce the overspend. Legal Services is now projecting an overspend of around £106k on Counsel fees and court costs, offset to some extent by a one-off income of £40k relating to legal work in facilitating the sale of the Old Town Hall. Other minor net variations total Dr £15k.

<b>Summary of variations within Legal Services</b>	<b>£000</b>
Counsel fees/court fees relating to childcare caseload	106
Income from sale of Old Town Hall	Cr 40
Other Minor Variations	15
<b>Total variations within Legal Services</b>	<b>81</b>

### **HR & CUSTOMER SERVICES DIVISION**

#### **10. Human Resources Cr £137k**

£140k was set aside for GDPR compliance work. It is now anticipated that there will be a £70k underspend, as Officers have been able to enhance an existing internal system following market testing of all options, rather than purchase a bespoke system.

Additional income of £39k has been generated from advertisements on the Bromley Website for 2018/19, £28k of which, is from Academies. There is new web recruitment system in place from January 2019 which allowed greater functionality and contracts and schedules are now generated online. This extra income has been built into the 2019/20 budget.

There is also a small underspend relating to the Merited Rewards, and the element of those funds set aside for the departmental representatives to work towards the 'Dream Organisation', which is requested to be carried forward and used in 2019/20, totalling £36k. This is made up of £16k for Departmental Representatives and £20k for the Merited Rewards balance.

Other minor variations total Dr £8k.

<b>Summary of variations within Human Resources</b>	<b>£000</b>
GDPR compliance - utilisation of existing HR system	Cr 70
Advertising income	Cr 39
Merited Rewards including Departmental Representatives (c/f request)	Cr 36
Other Minor Variations	8
<b>Total variations within Human Resources</b>	<b>Cr 137</b>

### **COMMISSIONING AND PROCUREMENT DIVISION**

#### **11. Commissioning & Procurement Cr £3k**

The underspend of £34k on staffing due staff maternity and sick leave has been used to fund legal staff for commissioning, rather than utilising the commissioning fund (£31k).

### **CHIEF EXECUTIVE'S DIVISION**

#### **12. Chief Executive's Division - Cr £31k**

There is a net £31k underspend within the Chief Executive's division. This mainly relates to a projected underspend of the funds set aside for the Biggin Hill Airport Project (Cr £24k). It is expected that these costs will be incurred during early 2019/20, and therefore a request will be made to carry forward this balance. The other net underspend of £7k is due to part vacant posts which have now been filled.

## CENTRAL ITEMS

### 13. Central items Cr £388k

The number and cost of ill-health retirements and costs arising from the early release of pension on redundancy will be lower than budgeted. The outturn position will be dependent upon any further costs arising during the final quarter of the year.

## ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

### 14. Admin Buildings & Facilities Support Cr £85k

The underspend in this area relates to the forecast of MFD contract costs in line with last year (£49k) alongside reduced costs for business rates relating to Yeoman House following the sale of this property (£12k) and other minor variations including an overachievement of income from staff car parking (£24k).

### 15. Investment and Non-Operational Property Cr £99k

There is an adverse variance of Dr £54k relating to business rates due for 54 Market Sq following Argos vacating the property. This is more than offset by the lower cost of business rates and utility costs relating to Exchequer House (Cr £104k) following its vacation and subsequent sale. These budgets have been reduced to realise the anticipated saving in 2019/20. In addition there are various net underspends across the other surplus and sundry properties totalling £49k.

Summary of variations within Investment & Non-Operational Property	£000
Business rates for 54 Market Square	54
Business rates for Exchequer House	Cr 104
Various net underspends across the other surplus & sundry properties	Cr 49
<b>Total variations within Investment &amp; Non-Operational Property</b>	<b>Cr 99</b>

### 16. TFM Client Monitoring Team Cr £20k

The £20k underspend relates to salaries and is due to the utilities manager post being filled late in the financial year by an agency worker at a lower cost.

### 17. Other Rental Income - Other Portfolios - Cr £25k

Additional income from the Bromley Youth Music (£15) and Services for Elderly People (£38k), which is being partially offset by other deficits, primarily the income projected for Parks (£23k) as well as other minor variations (£5k).

Summary of variations within Other Rental Income - Other Portfolios	£000
Bromley Youth Music	Cr 15
Services for Elderly People	Cr 38
Parks income	23
Other Minor Variations	5
<b>Total variations within Other Rental Income - Other Portfolios</b>	<b>Cr 25</b>

### Waiver of Financial Regulations:

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

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

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

- 1) £50,000 virement from the underspend within the Chief Executive's division to Legal Services, to meet part of the cost of work on Childcare cases.
- 2) £10,000 virement from Exchequer - Revenues and Benefits to ISD in order to complete finalisation of the specification and to undertake initial contract evaluation work relating to the retender of the Exchequer contract.
- 3) £29,000 virement from within the Chief Executive division to Registrars in order to carry out necessary refurbishment work to public areas.
- 4) £11,000 virement from within the HR division to Registrars in order to carry out necessary refurbishment work to public areas.
- 5) £29,060 virement within HR division from the Occupational Health contract to HR Consultancy staffing.
- 6) £20,000 virement from Revenue & Benefits to Legal Services in relation to the work undertaken on the preparation of the contract document for Exchequer services.

## Allocation of Contingency Provision for 2018/19

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Items Projected for Remainder of Year	Total Allocations/Projected for Year	
	£	£	£	£	£	£
<b>General</b>						
Provision for Unallocated Inflation	4,284,000	206,000		1,078,000	1,284,000	Cr 3,000,000
Increase in Cost of Homelessness/Impact of Welfare Reforms	3,396,000		1,739,000	0	1,739,000	Cr 1,657,000
General Provision for Risk/Uncertainty	2,219,000			1,369,000	1,369,000	Cr 850,000
Operational Building Maintenance & Planned Programme:						
Fire Risk Assessments & Cyclical Maintenance		86,000		0	86,000	(1) 86,000
Yeoman House - Part Year Saving		Cr 44,000		0	Cr 44,000	Cr 44,000
Provision for Risk/Uncertainty Relating to Volume & Cost Pressures	2,182,000			0	0	Cr 2,182,000
Impact of Chancellor's Summer Budget 2015 on Future Costs	1,158,000			0	0	Cr 1,158,000
Homelessness Reduction Act	750,000		750,000	0	750,000	0
Growth for Waste Services	587,000			0	0	Cr 587,000
Cost of Local Elections	500,000	565,000		0	565,000	(2)(3) 65,000
Universal Credit - Claimant Fault Overpayment Recoveries	500,000			500,000	500,000	0
Further Reduction to Government Funding	500,000			0	0	Cr 500,000
Retained Welfare Fund	450,000			450,000	450,000	0
Deprivation of Liberty	118,000			118,000	118,000	0
Planning Appeals - Change in Legislation	60,000			0	0	Cr 60,000
Other Variations	101,000			101,000	101,000	0
Additional Income Opportunity (Amey)	Cr 500,000		Cr 375,580	0	Cr 375,580	124,420
London Pilot Business Rate Pool	Cr 2,900,000			Cr 2,900,000	Cr 2,900,000	0
National Increase in Planning Fees						
- Expenditure		240,000		0	240,000	(1) 240,000
- Income		Cr 240,000		0	Cr 240,000	Cr 240,000
Highways - Pothole Action Fund 2018/19						
- Expenditure		112,940		0	112,940	(1) 112,940
- Income		Cr 112,940		0	Cr 112,940	Cr 112,940
Contribution to Technology Fund - IT Strategy		3,500,000		0	3,500,000	(3) 3,500,000
Contribution to Housing Investment Fund			7,500,000	0	7,500,000	7,500,000
IT Transformation		92,000		0	92,000	(3) 92,000
Staff Merit Award			200,000	0	200,000	200,000
Contribution to Civic Centre Improvement Works			200,000	0	200,000	200,000
Contribution to Transformation Fund			500,000	0	500,000	500,000
<b>Items Returned to Central Contingency</b>						
Waste Disposal		Cr 490,000		0	Cr 490,000	(2)(3) Cr 490,000
Parking - Bus Lane Contraventions		Cr 300,000		0	Cr 300,000	(2) Cr 300,000
Apprenticeship Levy		Cr 130,000		0	Cr 130,000	(2) Cr 130,000
Liberata Contract (Cash Counting)		Cr 60,000		0	Cr 60,000	(2) Cr 60,000
Beckenham and Penge BID		Cr 44,000		0	Cr 44,000	(2) Cr 44,000
Highways Maintenance Contract - Part Yr Saving		Cr 169,000		0	Cr 169,000	(2) Cr 169,000
Registrar's Service - Part Yr Saving		Cr 18,000		0	Cr 18,000	(2) Cr 18,000
Additional in year grant funding returned to central contingency			Cr 227,000	0	Cr 227,000	Cr 227,000
	<b>13,405,000</b>	<b>3,194,000</b>	<b>10,286,420</b>	<b>716,000</b>	<b>14,196,420</b>	<b>791,420</b>
<b>Grants included within Central Contingency Sum</b>						
Adult Social Care						
Grant Related Expenditure	873,000	500,000	Cr 500,000	0	0	(3) Cr 873,000
Adult Social Care Support						
Grant Related Expenditure	744,000			0	0	Cr 744,000
Grant Related Income	Cr 744,000		Cr 744,000	0	Cr 744,000	0
Tackling Troubled Families						
Grant Related Expenditure	845,000			845,000	845,000	0
Grant related Income	Cr 845,000			Cr 845,000	Cr 845,000	0
SEN Implementation						
Grant Related Expenditure	189,000	189,000		0	189,000	(1) 0
Grant Related Income	Cr 189,000	Cr 189,000		0	Cr 189,000	0
SEND Preparation for Employment						
Grant Related Expenditure	63,000	63,000		0	63,000	(1) 0
Grant Related Income	Cr 63,000	Cr 63,000		0	Cr 63,000	0
SEN Pathfinder Grant 2018/19						
Grant Related Expenditure		27,522		0	27,522	(2) 27,522
Grant Related Income		Cr 27,522		0	Cr 27,522	Cr 27,522
Social Care Investment to ease NHS Winter Pressures						
- Expenditure			1,190,460		1,190,460	1,190,460
- Income			Cr 1,190,460		Cr 1,190,460	Cr 1,190,460
<b>TOTAL CARRIED FORWARD</b>	<b>14,278,000</b>	<b>3,694,000</b>	<b>9,042,420</b>	<b>716,000</b>	<b>13,452,420</b>	<b>Cr 825,580</b>

## Notes:

- (1) Executive 28th March 2018  
(2) Executive 11th July 2018  
(3) Executive 28th November 2018

Allocation of Contingency Provision for 2018/19 (continued)

Item	Carried Forward from 2017/18	Allocations				Total Allocations/Projected for Year	Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Items Projected for Remainder of Year	Total		
	£	£	£	£	£	£	
<b>TOTAL BROUGHT FORWARD</b>	<b>14,278,000</b>	<b>3,694,000</b>	<b>9,042,420</b>	<b>716,000</b>	<b>13,452,420</b>	<b>Cr 825,580</b>	
<b>Items Carried Forward from 2017/18</b>							
<b>Adult Care &amp; Health Portfolio</b>							
Social Care Funding via the CCG under S75 Agreements							
Improved Better Care Fund							
- Expenditure	3,171,681	3,171,681	0	0	3,171,681	(4) 0	
- Income	Cr 3,171,681	Cr 3,171,681	0	0	Cr 3,171,681	0	
Better Care Fund - 2015/16 GoodGym							
- Expenditure	7,500	7,500	0	0	7,500	(4) 0	
- Income	Cr 7,500	Cr 7,500	0	0	Cr 7,500	0	
Better Care Fund 2017/18							
- Expenditure	28,390	28,390	0	0	28,390	(4) 0	
- Income	Cr 28,390	Cr 28,390	0	0	Cr 28,390	0	
Public Health							
- Expenditure	1,018,324	1,018,324	0	0	1,018,324	(4) 0	
- Income	Cr 1,018,324	Cr 1,018,324	0	0	Cr 1,018,324	0	
<b>Resources, Commissioning &amp; Contracts Management Portfolio</b>							
Debt Management System Project - Transformation Grant							
- Expenditure	37,860	37,860	0	0	37,860	(6) 0	
- Income	Cr 37,860	Cr 37,860	0	0	Cr 37,860	0	
<b>Public Protection &amp; Enforcement Portfolio</b>							
Asset Recovery Incentivisation Scheme (ARIS)							
- Expenditure	48,125	48,125	0	0	48,125	(2) 0	
- Income	Cr 48,125	Cr 48,125	0	0	Cr 48,125	0	
<b>Renewal, Recreation &amp; Housing Portfolio</b>							
Asset Recovery Incentivisation Scheme (ARIS)							
- Expenditure	84,633	84,633	0	0	84,633	(2) 0	
- Income	Cr 84,633	Cr 84,633	0	0	Cr 84,633	0	
New Homes Bonus - Town Centre Development							
- Expenditure	36,378	36,378	0	0	36,378	(3) 0	
- Income	Cr 36,378	Cr 36,378	0	0	Cr 36,378	0	
New Homes Bonus - Regeneration							
- Expenditure	171,260	171,260	0	0	171,260	(3) 0	
- Income	Cr 171,260	Cr 171,260	0	0	Cr 171,260	0	
Planning Strategy & Projects - Custom Build Grant							
- Expenditure	30,000	30,000	0	0	30,000	(3) 0	
- Income	Cr 30,000	Cr 30,000	0	0	Cr 30,000	0	
Implementing Welfare Reform Changes							
- Expenditure	54,918	54,918	0	0	54,918	(3) 0	
- Income	Cr 54,918	Cr 54,918	0	0	Cr 54,918	0	
Flexible Homeless Grant							
- Expenditure	82,600	82,600	0	0	82,600	(3) 0	
- Income	Cr 82,600	Cr 82,600	0	0	Cr 82,600	0	
2016/17 Fire Safety Grant							
- Expenditure	43,870	43,870	0	0	43,870	(3) 0	
- Income	Cr 43,870	Cr 43,870	0	0	Cr 43,870	0	
<b>Environment &amp; Community Portfolio</b>							
Highways - Pothole Action Fund							
- Expenditure	112,940	112,940	0	0	112,940	(2) 0	
- Income	Cr 112,940	Cr 112,940	0	0	Cr 112,940	0	
<b>Education, Children and Families Portfolio</b>							
Delivery Support Fund							
- Expenditure	69,100	69,100	0	0	69,100	(8) 0	
- Income	Cr 69,100	Cr 69,100	0	0	Cr 69,100	0	
SEND Reform Grant							
- Expenditure	20,013	20,013	0	0	20,013	(8) 0	
- Income	Cr 20,013	Cr 20,013	0	0	Cr 20,013	0	
School improvement Grant							
- Expenditure	46,500	46,500	0	0	46,500	(8) 0	
- Income	Cr 46,500	Cr 46,500	0	0	Cr 46,500	0	
Pathfinder Grant							
- Expenditure	16,489	16,489	0	0	16,489	(8) 0	
- Income	Cr 16,489	Cr 16,489	0	0	Cr 16,489	0	
Early Years Grant							
- Expenditure	14,800	14,800	0	0	14,800	(8) 0	
- Income	Cr 14,800	Cr 14,800	0	0	Cr 14,800	0	
High Needs Strategic Planning Fund							
- Expenditure	13,019	13,019	0	0	13,019	(8) 0	
- Income	Cr 13,019	Cr 13,019	0	0	Cr 13,019	0	
Tackling Troubled Families							
- Expenditure	497,885	497,885	0	0	497,885	(8) 0	

Item	Carried Forward from 2017/18	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested this Cycle	Items Projected for Remainder of Year	Total Allocations/Projected for Year	
- Income	£ Cr 497,885	£ Cr 497,885	£ 0	£ 0	£ Cr 497,885	£ 0
<b>General</b>						
Short Term Assistance to Day Centres	152,025	152,025	0	0	152,025	(1) 0
R&M - Central Depot Wall	163,000	163,000	0	0	163,000	(2) 0
Democratic Services - Councillor IT Provision	20,000	20,000	0	0	20,000	(2) 0
Contracts Register/Summaries Database	50,000	50,000	0	0	50,000	(6) 0
Biggin Hill Airport - Noise Action Plan	24,315	24,315	0	0	24,315	(6) 0
Information Systems & Telephony GDPR	426,000	426,000	0	0	426,000	(6) 0
Legal Staff Costs GDPR	52,000	52,000	0	0	52,000	(6) 0
Staff Merit Awards	36,000	36,000	0	0	36,000	(6) 0
Exchequer Revenue & Benefits - Exchequer Contract	91,000	91,000	0	0	91,000	(6) 0
Exchequer Revenue & Benefits - Academy System Upgrade	98,000	98,000	0	0	98,000	(6) 0
Green Garden Waste - Debt Management System	120,000	120,000	0	0	120,000	(7) 0
Management and Contract Support	80,000	80,000	0	0	80,000	(7) 0
Parks Infrastructure Works	80,000	80,000	0	0	80,000	(7) 0
Additional ECS Resources - Delay in Recruitment	67,000	67,000	0	0	67,000	(5) 0
<b>Total Carried Forward from 2017/18</b>	<b>1,459,340</b>	<b>1,459,340</b>	<b>0</b>	<b>0</b>	<b>1,459,340</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>15,737,340</b>	<b>5,153,340</b>	<b>9,042,420</b>	<b>716,000</b>	<b>14,911,760</b>	<b>Cr 825,580</b>

**Notes:**

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

Description	2018/19 Latest Approved Budget £'000	Variation To 2018/19 Budget £'000	Potential Impact in 2019/20
Housing Needs - Temporary Accommodation	6,241	38	The full year effect of Temporary Accommodation is currently estimated to be £521k (pressure of £1,460k less drawdown of £939k in 2018/19) in 2019/20. This estimate only takes into account the projected activity to the end of this financial year and not any projected growth in client numbers beyond that point. The costs are expected to be covered by a contingency bid during 2019/20 as has been the case for a number of years.
Assessment and Care Management - Care Placements	21,930	377	The full year impact of the current overspend is estimated at Dr £954k . Of this amount £936k of this relates to residential and nursing home placements and £18k to domiciliary care / direct payments . This is based on client numbers as at the end of December. The fye is reduced by management action relating to additional joint funding income from the CCG of an expected £340k, although it should be noted that this target has not yet been achieved for the current financial year.this figure is further reduced by £33k relating to BCF
Learning Disabilities - including Care Placements, Transport and Care Management	33,706	578 (net of planned management action)	The full year effect (FYE) is estimated at a net overspend of £1,322k. This figure is net of planned savings from management action, without which the FYE overspend would be £1,542k. The FYE positions reported in Q1 and Q2 monitoring were £177k and £1,007k respectively (net of planned savings), so the current position shows a continued trend of increased budget pressures. Anticipated 2018/19 growth and pressures from 2017/18 were both fully funded in the 2018/19 budget so this pressure is over and above that. There are many reasons for the overspend but the single largest factor is the high number of new and increased care packages. The projections continue to include a number of assumptions so the full year effect position may still vary between now and the end of the year.
Mental Health - Care Placements	6,169	142	The full year overspend of £161k anticipated on Mental Health care packages is an improved position in comparison to the previous forecast. While new care packages continue to be agreed, there is an almost equivalent level of clients who are progressing through the service, either to independent living arrangements or requiring reduced care support. This is the more usual trend for mental health-related placements but one which hadn't been evident in recent monitoring cycles.
Supporting People	1,013	Cr 74	The full year effect of Supporting People is currently estimated to be a credit of £94k. This is a result of the estimated savings from retendering of the contracts that has taken place.
Children's Social Care	34,414	3,611	The overall full year effect of the Children's Social Care overspend is £3,801k, analysed as Residential, Fostering and Adoption Dr £5,115k , Leaving Care services (inc Staying Put and Housing Benefit clients) Cr £153k, No Recourse to Public Funds Cr £179k and Parental Assessments Cr £82k . This assumes that management action of £400k is achieved in 2019/20 and additional funding being negotiated from Bromley CCG of £500k is also received. Additionally, staffing costs are projected to be overspent by £939k due to continued high use of agency staff, however management action has been included to offset this as the department will need to manage the costs of staffing within the overall budget.

Description	2018/19 Latest Approved Budget £'000	Variation To 2018/19 Budget £'000	Potential Impact in 2019/20
Legal Services - Legal / Counsel Fees and Court costs	389	106	The overspend for counsel fees and court costs projected for 2018/19 is due to the continuing high volume of childcare cases which is estimated to be in the region of under 70 cases this year. It is anticipated that the high volume of cases will gradually reduce in 2019/20. At this time additional expenditure of around £70k is projected for 2019/20.
Adult Education	Cr 525	128	The pressure in the Adult Education area is being caused by the provision of non-fee paying courses as required by the community learning element of the ESFA grant. This requires us to provide provision to support vulnerable communities and any reduction in the priority area risks a reduction in the future allocation of the grant. The full year effect is projected to be £130k.

**SECTION 106 RECEIPTS**

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

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

<b>31st March 2018 £000</b>	<b>Service</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers to/(from) Capital £000</b>	<b>Actual as at 31st Dec 2018 £000</b>
<b><u>Revenue</u></b>					<b><u>Revenue</u></b>
391	Highway Improvement Works	33	255	-	169
18	Road Safety Schemes	-	10	-	8
45	Local Economy & Town Centres	3	22	-	26
87	Parking	3	-	-	90
1,198	Healthcare Services	480	-	-	1,678
10	Community Facilities	33	-	-	43
311	Other	-	-	-	311
<b>2,060</b>		<b>552</b>	<b>287</b>	<b>-</b>	<b>2,325</b>
	<b><u>Capital</u></b>				<b><u>Capital</u></b>
3,311	Education	1,191	1,274	-	3,228
3,104	Housing	1,321	67	-	4,358
-	Local Economy & Town Centres	2,158	-	-	2,158
82	Highway Improvement Works	-	-	-	82
86	Other	39	-	-	125
<b>6,583</b>		<b>4,709</b>	<b>1,341</b>	<b>-</b>	<b>9,951</b>
<b>8,643</b>		<b>5,261</b>	<b>1,628</b>	<b>0</b>	<b>12,276</b>

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Report No.  
CS18209

London Borough of Bromley

PART 1 - PUBLIC

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**Decision Maker:** EXECUTIVE

**For Pre-Decision Scrutiny by the Renewal and Recreation PDS Committee on 6<sup>th</sup> March 2018**

**Date:**

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

**Title:** CONTINGENCY DRAWDOWN: HOMELESSNESS AND TEMPORARY ACCOMMODATION PRESSURES

**Contact Officer:** Sara Bowrey, Director, Housing  
Tel: 020 8313 4013 E-mail: sara.bowrey@bromley.gov.uk

**Chief Officer:** Gillian Palmer, Executive Director ECH&S

**Ward:** BOROUGHWIDE

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1. Reason for report

- 1.1 To update Members on homeless numbers during 2018/19, the range of initiatives undertaken to wherever possible reduce the associated rising budget pressures, and forthcoming challenges arising from both the introduction of the Homelessness Reduction Act 2017 and the commencement of universal credit roll-out in Bromley.
- 1.2 To request drawdown of £2,489k from the central contingency for homelessness and welfare reform pressures, and the impact of the Homeless Reduction Act.

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2. RECOMMENDATION(S)

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

- i) Release a total of £2,489k from the 2018/19 Central Contingency; £1,739k set aside to offset the current homelessness and temporary accommodation budget pressures, and £750k for the impact of the Homeless Reduction Act.

## Impact on Vulnerable Adults and Children

1. **Summary of Impact:** The initiatives set out in this report seek to ensure the provision of affordable housing to support vulnerable adults and young people into settled accommodation suitable for their needs.
- 

## Corporate Policy

1. **Policy Status:** Existing Policy:
  2. **BBB Priority:** Children and young people. Supporting independence
- 

## Financial

1. **Cost of proposal:** £2,489k
  2. **Ongoing costs:** Net growth of £3,634k included in the draft 2019/20 housing revenue budget
  3. **Budget head/performance centre:** Housing Needs
  4. **Total current budget for this head:** £6,241k (net controllable budget)
  5. **Source of funding:** Operational Housing approved 2018/19 revenue budget. Contingency budget set aside for homelessness and welfare reform pressures, and the Homeless Reduction Act.
- 

## Personnel

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

## Legal

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

## Procurement

1. **Summary of Procurement Implications:** There are no procurement implications arising from this report
- 

## Customer Impact

1. **Estimated number of users/beneficiaries (current and projected):** There is an increasing housing need in the borough for affordable housing with approximately 3,500 households on the housing register and in excess of 1,600 households accommodated in temporary accommodation. The current average annual net cost to the Council for households placed into temporary accommodation is **£6,652** per household per annum.
- 

## 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 Previous reports have detailed the increasing pressures relating to homelessness and the provision of temporary accommodation resulting from the current market situation, the impact of welfare reform and the new Homelessness Reduction Act duties. Bromley, as with many other councils, continues to experience an inexorable rise in the number of households in acute housing need and faced with homelessness. Alongside that we continue to experience shortages of affordable private rented accommodation and a reduction in the number of housing association properties available either through re-lets or new build development. The significant and growing deficit in temporary accommodation costs the council continues to face is the unavoidable consequence of the imbalance between rising homelessness and affordable supply shortages.
- 3.2 As set out above there are a number of underlying factors leading to the increases in housing need and homelessness. One of the most significant of these is the rise in rents against restricted housing benefit levels, together with the loss of payments direct to landlords - meaning that the private rented sector across London is now out of reach for an increasing number of households. The table below shows the gap between average private rents and the maximum that can be claimed in benefit to cover housing costs. This is having a significant impact upon the number presenting at risk of homelessness and the number of households that can be assisted into the private rented accommodation in discharge of the Council's housing duties. Overall eviction from the private rented sector now accounts for around 40% of homeless approaches. The reality is that affordable private rented accommodation is in very short supply. The vast majority of private rented accommodation locally is unaffordable for temporary accommodation or discharge of duty. Alongside this is the growing trend amongst landlords to change the use of single dwellings into costly nightly paid accommodation to maximise incomes.

Property size	Current Average rent in Bromley pcm**	Total Benefit able to be claimed through Housing Benefit or universal credit to cover housing costs pcm	Shortfall between total benefit that can be claimed and average rental prices
Room Only	£600.00	£365.17	-£234.83
1 bed	£1,069.00	£718.68	-£350.32
2 Bed	£1,347.00	£884.21	-£462.79
3 Bed	£1,648.00	£1,081.90	-£566.10
4 Bed	£2,057.00	£1,355.33	-£701.67
5 Bed	£2,141.00	£1,355.33	-£785.67

\*\* taken from www.home.co.uk 10<sup>th</sup> January 2018

- 3.3 Housing associations have historically been the main source of affordable housing supply in Bromley. In recent years the level of re-lets and new supply has reduced significantly. Overall the level of supply annually has reduced by about 40% in the last five years.
- 3.4 The above factors mean the number of homeless households accommodated in temporary accommodation has continued to rise.

3.5 Market forces have seen a significant amount of temporary accommodation having to be procured on a costly nightly-rate basis. The average cost of nightly-rate accommodation is as follows:

	<b>Annual charge</b>	<b>Rent income</b>	<b>Net cost</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Single Room	9,371	9,138	233
Studio	12,608	8,142	4,467
Self Contained (1 Bed)	13,107	7,264	5,843
Self Contained (2 Bed)	16,178	8,785	7,393
Self Contained (3 Bed)	19,433	10,475	8,957
Self Contained (4 Bed)	23,668	15,989	7,678
<b>Weighted average</b>	<b>15,616</b>	<b>8,965</b>	<b>6,652</b>

3.6 A number of initiatives have been implemented to mitigate against these increasing cost pressures centred on the acquisition of more cost-effective temporary accommodation, homelessness prevention, increasing access to private rented accommodation through a renewed private sector offer to landlords, and working within housing association partners on the acquisition and supply of affordable housing - including purchasing 400 homes from the market and providing section 106 housing contributions towards an affordable homes programme of 128 units. Overall this range of activities assists in mitigating an increased pressure on temporary accommodation costs by more than £6m per annum.

3.7 In spite of the increase in severe housing need and tightening supply base, overall the initiatives undertaken have achieved significant results slowing the rate of growth in temporary accommodation placements from an average of 20 per month to 12 per month. Of these the average net increase in nightly rate placements has reduced from 15 to 6 per month. This work has also reduced the overall annual average net cost to the council for nightly-paid accommodation from £7,400 to £6,652 for 2018/19.

3.8 The above factors mean that the total number in temporary accommodation is now 1,601 (excluding those placed in supported accommodation as part of a rehousing pathway plan), with an anticipated net cost of £6,871k for 2018/19. This is a reduced pressure of £1,739k compared to the £2,415k previously anticipated, and Members are asked to approve the release of this sum from the central contingency for 2018/19.

3.9 It must be noted there are additional resource pressures for both the Council (housing and legal services) and Liberata (for accommodation charge collection). These arise from the Homelessness Reduction Act duties, increased casework and volumes of temporary accommodation use, and reduced benefit and temporary accommodation subsidy levels limiting access/supply of private rented and temporary accommodation (thus increasing the number of households accommodated by the Council and the costs needed to be subsidised). In addition, there are significant extra costs required for homeless prevention work/initiatives.

3.10 Members are requested to also approve the release of £750k from the central contingency for 2018/19 in respect of the impact of the Homeless Reduction Act.

3.11 Based upon current trend analysis and both local and national research, the following trends appear set to continue into the foreseeable future:

- Continuing property and rental price increases against a restrictive benefit and temporary accommodation subsidy limiting access and supply to private rented sector accommodation and temporary accommodation units – thus increasing the number of households accommodated

and average net costs to the Council for this provision

- Increased homeless approaches, particularly from the private rented sector
- Increased concern from housing associations regarding affordability and increased refusals for nominations and/or requests for rental guaranteed to accept statutory homeless households
- Increased rent arrears resulting from universal credit roll-out
- Increased pressure on out of London placements
- Increasing legal challenges around temporary accommodation, including type, location, length of stay and affordability.
- Insufficient supply of affordable housing to meet the level of acute housing need in Bromley.

3.12 Section 6 of this report sets out the predicted additional costs pressures being faced in future years to meet statutory homelessness and temporary accommodation requirements.

3.13 The acute pressures being faced means that Bromley is implementing new strategies to tackle growing demand and provide sustainable and suitable housing solutions. The Homelessness strategy and forthcoming Housing strategy set out a number of additional measures centred on maintaining and extending the focus on early intervention and prevention initiatives, ensuring the most effective use of existing supply and increasing the supply of affordable accommodation through a range of schemes. This work feeds directly into the Housing Transformation work plan, with reports on scheme specific appraisals and progress being reported regularly to Members in future updates.

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

4.1 There is no direct impact on vulnerable adults and children arising from the contents of this report. Current policy holds safeguarding as a core element within the Homelessness assessment process and ensures the specific needs of vulnerable adults and children are considered within the suitability assessment of all accommodation provided in discharge of the homelessness duty.

#### **5. POLICY IMPLICATIONS**

5.1 The housing objectives are set out in the relevant business plans. These objectives are compliant with the statutory framework within which the Council's housing function must operate and incorporate both national targets and local priorities identified from the next practice guidance, audits and stakeholder consultation.

5.2 The Council has an approved homelessness prevention strategy and temporary accommodation placement policies to ensure compliance with the statutory framework for the provision of housing advice, homelessness and temporary accommodation provision. This meets the requirements of the law whilst seeking best value for money in all placements and prevention initiatives.

#### **6. FINANCIAL IMPLICATIONS**

6.1 The table below provides a summary of the current projection of housing pressures and mitigating actions for 2018/19 and the next four years.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Temporary Accommodation Pressure	824	824	824	824	824
Growth 18/19	766	1,532	1,532	1,532	1,532
Growth 19/20	0	304	608	608	608
Growth 20/21	0	0	944	1,888	1,888
Growth 21/22	0	0	0	500	1,000
Growth 22/23	0	0	0	0	944
Increase in Rents	0	0	200	204	208
Visiting and Fraud Prevention	106	310	310	310	310
Additional cost of Homelessness Reduction Act	793	750	971	971	971
Overhauling Statutory Homelessness Data Grant	0	9	9	9	9
Legal costs	0	40	40	40	40
<b>Total Growth</b>	<b>2,489</b>	<b>3,769</b>	<b>5,438</b>	<b>6,886</b>	<b>8,334</b>
York Rise Modular Units	0	-90	-216	-216	-216
Additional PRS lettings	0	-45	-75	-90	-90
400 New Builds	0	0	-93	-557	-1,485
Property Purchase Phase 2	0	0	-371	-1,113	-1,485
<b>Total Mitigation</b>	<b>0</b>	<b>-135</b>	<b>-755</b>	<b>-1,976</b>	<b>-3,276</b>
<b>Net Growth</b>	<b>2,489</b>	<b>3,634</b>	<b>4,683</b>	<b>4,910</b>	<b>5,058</b>

6.2 Members are requested to approve the drawdown of a total of £2,489k for 2018/19 from the 2018/19 Central Contingency; £1,739k set aside to offset the current homelessness and temporary accommodation budget pressures, and £750k for the impact of the Homeless Reduction Act.

6.3 The 2019/20 growth and mitigation items in the table above have been included in the 2019/20 draft budget, agreed by the Executive in January 2019.

6.4 These figures will be kept under review and updated to include any further mitigating activities identified by the Housing Transformation Board, and will be reported to Members in future updates.

## 7. LEGAL IMPLICATIONS

7.1 All local authorities as a statutory duty under part VII (as amended) to provide housing advice and preventative services, the assessment of homelessness duties and to secure suitable temporary accommodation for priority homeless households. The requirements on suitability are set out in the housing legislation.

<b>Non-Applicable Sections:</b>	Personnel Implications; Procurement implications
Background Documents: (Access via Contact Officer)	Homelessness Strategy Homelessness Contingency drawdown 17/18

Report No.  
CSD19053

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE  
EXECUTIVE  
COUNCIL

**Date:** 19 March 2019  
27 March 2019  
8<sup>th</sup> April 2019

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

**Title:** CONSTITUTION IMPROVEMENT WORKING GROUP -  
MINOR CONSTITUTIONAL CHANGES

**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:** (All Wards)

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1. Reason for report

- 1.1 At its meeting on 21<sup>st</sup> January 2019 the Constitution Improvement Working Group met and made a number of recommendations to amend the Council's Constitution. The most significant matters involve the following changes to the arrangements for questions, but several other minor changes were recommended.
- 

2. **RECOMMENDATIONS**

- (1) That General Purposes and Licensing Committee and the Executive consider the conclusions of the Constitution Improvement Working Group and recommend that Council approves the following changes to the Council's Constitution as set out in Appendix A -

(A) That the following changes to Council Procedure Rules relating to questions be approved -

- that public question time be extended to a maximum of 30 minutes, in line with the time allowed for Councillor questions;
- the deadline for receipt of questions should be 5pm, ten working days before each meeting;
- that questions specifically on reports on each agenda should be allowed within two working days of the normal publication date of the agenda;
- that questions be taken at special meetings, but only on the reports on the agenda;

- members of the public should no longer read their questions at Council meetings;
- the number of questions allowed be restricted to two per person.

(The changes to be reviewed after six months of operation.)

**(B) That Executive members should not sit on the Audit Sub-Committee.**

**(C) That the right for a single Councillor to request that an item be placed on an agenda be extended from PDS Committees to all other committees.**

**(D) That the Scheme of Delegation to Officers be altered to confirm that where a planning issue is called in by a ward Councillor the delegation to officers is withdrawn.**

- (2) That the other matters considered by Constitution Improvement Working Group (see paragraph 6) be noted.**
- (3) That the Director of Corporate Services be authorised to make any consequent minor changes to the wording and numbering of the Constitution.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £350,650
  5. Source of funding: 2018/19 Revenue Budget
- 

### Personnel

1. Number of staff (current and additional): 8 posts (6.79 fte)
  2. If from existing staff resources, number of staff hours: Not Applicable
- 

### 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): Not Applicable
- 

### 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 Constitution Improvement Working Group is an executive working group with wide representation which reviews issues relating to the Council's Constitution and makes recommendations to Council. The Working Group met on 21<sup>st</sup> January 2019 and made a number of recommendations to improve the Constitution, most of them relating to questions at meetings.

#### **Questions**

3.2 The Working Group considered a number of proposals to improve the handling of questions from members of the public and from members of the Council. The following changes are recommended -

- The maximum time allowed for public questions be extended to 30 minutes, in accordance with the time allowed for Councillor questions.
- The deadline for receipt of questions should be 5pm, 10 working days before the meeting, but questions relating to specific reports on the agenda should be allowed within 2 working days of the normal publication date of the agenda, and urgent questions should continue to be accepted at the discretion of the Mayor/Chairman.
- Questions at special meetings should be allowed but restricted to questions relating to specific reports on the agenda, to be received within two working days of the normal publication date of the agenda.
- Members of the public should no longer read their questions out at the meeting.
- The number of questions allowed per person should be reduced to two.

#### **Audit Sub-Committee Membership**

3.3 The Council's Constitution allows a single member of the Executive to sit on most non-executive committees and sub-committees (although not on PDS Committees.) The Working Group reviewed whether this was appropriate in all cases, and concluded that allowing an executive member to be on the Audit Sub-Committee could potentially be perceived as compromising its independence

#### **Adding Items to Agendas**

3.4 The Constitution allows any Member to request that an item be placed on the agenda of a Policy Development and Scrutiny (PDS) Committee. For other committees and sub-Committees, this requires five Members, three of whom have to be members of the body concerned. The Working Group proposed that the rules be harmonised for all meetings in line with the requirements for PDS meetings.

#### **Scheme of Delegation to Officers**

3.5 At present the Constitution removes delegation for officers when a member requests a call-in for some planning decisions/matters. For other matters then referring to Committee is a matter of convention rather than a Constitutional requirement. Following a recent case where a discretionary matter wasn't referred to committee it had been suggested that an additional paragraph be added to the Scheme of Delegation for Development Control confirming that

when a planning matter was “called in” by a councillor the delegation to officers was withdrawn on all planning decisions.

**Other Matters**

- 3.6 The Working Group considered a number of other matters where it either decided that no action was required, or where changes to current practice could be implemented without the need to make formal changes to the Constitution. The Working Group -
- urged Portfolio Holders to work with their PDS Committees to agree where decisions can be made without pre-decision scrutiny at meetings;
  - considered the select committee approach operating for scrutiny of education and children’s services since 2016 and decided not to make any changes to scrutiny arrangements, but suggested that this issue be kept under review;
  - decided not to implement a suggestion that all meetings should be required to include a “matters arising” agenda item;
  - asked officers to investigate the provision of smartphones to Members;
  - supported an improved format for full Council agendas grouping items under new headings (which was used for the Council meeting on 25<sup>th</sup> February 2019.)

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Children and Adults/Policy/ Finance/Personnel/Legal/Procurement
Background Documents: (Access via Contact Officer)	None

**Changes to the Constitution - New Wording**

**Part 3 - Responsibility for Functions**

2.02 Audit Sub-Committee (Membership proportional, and to exclude any member of the Executive.)

**Part 4 - Rules of Procedure**

**Council Procedure Rules**

**3. SPECIAL MEETINGS**

**3.1 Calling special meetings.**

Those listed below may request the proper officer to call Council meetings in addition to ordinary meetings:

- (i) the Council by resolution;
- (ii) the Mayor of the Council;
- (iii) any five Members of the Council if they have signed a requisition presented to the Mayor and he/she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.
- (iv) the Director of Corporate Services as Monitoring Officer; the Head of Paid Service; the Director of Finance.

**3.2 Business**

The business to be considered shall be as set out on the agenda

**3.3 Additional Items**

Any Member of the Council may require the proper officer to add an item relevant to that body's functions to the agenda for the next scheduled meeting of the Council, a committee or sub-committee, or, where this will not permit the matter to be dealt with adequately, to convene a special meeting.

**3.4 Questions**

There will not be a general public question time at special meetings of the Council, except in exceptional circumstances agreed in advance by the Mayor, but questions relating to specific reports on the agenda may be submitted before 5pm on the second working day after the final day on which the agenda may be published.

**9. QUESTIONS FROM THE PUBLIC**

**9.1 General**

Members of the public may ask up to two questions at each meeting of Members of the Executive or any Committee Chairman at ordinary meetings of the Council and a maximum period of 30 minutes will be allowed for such questions. Subject to the discretion of the Mayor to refer the question to another Council body if the Mayor considers it a more appropriate body to respond to the question.

## 9.2 Order of questions

Questions will be asked in the order notice of them was received, with all first questions heard first, then all second questions. The Mayor may group together similar questions or vary the order as he or she sees fit.

## 9.3 Notice of questions

A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the proper officer no later than 5pm, ten working days before the meeting. Each question must give the name and address of the questioner and must name the Member of the Council to whom it is to be put.

Questions relating to specific reports on the agenda may be submitted before 5pm on the second working day after the final day on which the agenda may be published.

## 9.4 Scope of questions

The proper officer may reject a question if it:

- is not about a matter for which the Local Authority has a responsibility or which affects the borough;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information.

## 9.5 Record of questions

The proper officer will record each question and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for rejection.

Copies of all questions will be circulated to all Members and will be made available to the public attending the meeting.

## 9.6 Asking the question at the meeting

The Mayor will invite the Member named in the notice to answer the question. If a questioner who has submitted a written question is unable to be present, they may ask the Mayor to put the question on their behalf. The Mayor may ask the question on the questioner's behalf, indicate that a written reply will be given or decide, in the absence of the questioner, that the question will not be dealt with.

## 9.7 Supplementary questions

A questioner who has put a question in person may also put one supplementary question without notice to the Member who has replied to his or her original question. A supplementary question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Rule 9.4 above.

After a reply to a supplementary question has been given, the Mayor may, having regard to the time available and other matters on the agenda, allow further supplementary questions to be asked by Members (this will usually be no more than one per Member.)

## 9.8 Written answers

Any question which cannot be dealt with during the 30 minute period of public question time, either because of lack of time or because of the non-attendance of the Member to whom it was to be put, will be dealt with by a written answer.

## 9.9 Reference of question to the Executive or a Committee

Unless the Mayor decides otherwise, no discussion will take place on any question, but any Member may move that a matter raised by a question be referred to the Executive or the appropriate Committee or Sub-Committee. Once seconded, such a motion will be voted on without discussion.

## 10. QUESTIONS BY MEMBERS

### 10.1 On reports of the Executive or Committees

A Member of the Council may ask the Leader or the Mayor or the Chairman of a Committee any question without notice upon an item of the report of the Executive or a Committee or on a motion when that item is being received or is under consideration by the Council.

### 10.2 Questions on notice at full Council

Subject to Rule 9.4, a Member of the Council may ask:

- the Mayor
- a Member of the Executive
- the Leader or
- the Chairman of any Committee or Policy Development and Scrutiny Committee

a question on any matter in relation to which the Council has powers or duties or which affects the area of the Council

#### General

10.2.1 The number of questions a Member asks at any meeting be limited to no more than **two** written questions and **two** oral questions. For the purposes of calculating the number of questions, a request for information or action shall be regarded as a question, even when asked as a subsidiary part of the main question;

10.2.2 A Member may ask another Member to submit a question on their behalf having notified the Director Corporate Services of the situation beforehand;

10.2.3 A Member may send questions in via either their personal LBB email account, their personal home email account, or in writing;

10.2.4 Questions will be asked in the order notice of them was received, with all first questions heard first, then all second questions and then all third questions. The Mayor may group together similar questions or vary the order as he or she sees fit.

10.2.5 Members of the Executive may not submit questions on notice at full Council on executive functions.

10.2.6 Executive Assistants may not submit questions to the Portfolio Holder that they assist.

### 10.3 Questions on notice at the Executive, Committees and Sub-Committees

Subject to Rule 10.4, a member of the Executive, a Committee or Sub-Committee may ask the Chairman of it a question on any matter in relation to which the Council has powers or duties or which affect the area and which falls within the terms of reference of that Committee or Sub-Committee.

### 10.4 Notice of questions

A Member may only ask a question under Rule 10.2 or 10.3 if either:

- (a) they have given notice in writing of the question to the proper officer by 5pm ten working days before the meeting; or
- (b) if the question is about a report on the agenda, it has been submitted before 5pm on the second working day after the final day on which the agenda may be published; or
- (c) the question relates to urgent matters, they have the consent of the Chairman to whom the question is to be put and the content of the question is, if possible, given to the proper officer by 10.00 am on the day of the meeting.

Questions considered by the Mayor to be defamatory, frivolous or offensive will be rejected.

### 10.5 Response

An answer may take the form of:

- (a) a direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer sent later to the questioner;
- (d) replies to questions will be recorded in the Minutes and shall be made available to members within five days of the meeting;
- (e) every question shall be put and answered without discussion. The person asked the question may decline to answer or may ask another Member to answer it on their behalf, but will give reasons for so doing.

### 10.6 Supplementary question

A member asking a question under Rule 10.2 or 10.3 may ask one supplementary question without notice of the member to whom the first question was asked. The supplementary question must arise directly out of the original question or the reply.

After a reply to a supplementary question has been given, the Mayor may, having regard to the time available and other matters on the agenda, allow further supplementary questions to be asked by other Members (this will usually be no more than one per Member.)

### 10.7 Written replies

Notwithstanding the provisions for other forms of questions, Members may put down questions requiring a written reply, at Full Council Meetings, where the question requires a fuller or more in depth answer than can be accommodated in an oral response.

## Appendix 10 - Scheme of Executive and Non-Executive Delegation to Officers

### Part II (B) Development Control Committee - add:

<b>CP (25)</b>	<p><i>In relation to all delegated authorities listed under Development Control -</i></p> <p><i>Delegated authority shall not apply under any circumstances where an application, amendment, alteration, revision or other change (whether major or minor) to a planning application is called in to a Plans Sub-Committee by one or more Councillors.</i></p>	<b>Council</b>
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(All following Development Control Delegations to be re-numbered.)

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Report No.  
FSD19044

London Borough of Bromley

PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** Wednesday 27 March 2019

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

**Title:** CONTRACT AWARD: INSURANCE POLICIES

**Contact Officer:** James Mullender, Head of Finance, Adults, Health & Housing  
Tel: 020 8313 4196 E-mail: James.Mullender@bromley.gov.uk

**Chief Officer:** Director of Finance

**Ward:** All Wards

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1. Reason for report

1.1 Following the approval of the Executive on 21<sup>st</sup> May 2018 to tender for the provision of insurance policies, this report sets out the results of the tender process and recommends the award of contracts.

1.2 This report accompanies a Part 2 report also on this agenda.

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2. RECOMMENDATIONS

2.1. The Executive is requested to:

(a) agree to award contracts for insurance policies for a period of five years from 1<sup>st</sup> May 2019 to 30<sup>th</sup> April 2024 with an option to extend for a further three years;

(b) confirm that the Council should continue not to purchase “Pool Re” Terrorism cover, on the grounds of excessive cost, as detailed in section 5.7; and

(c) note that authority has been delegated to the Director of Finance to approve the optional three year extension in consultation with the Portfolio Holder for Resources, Commissioning and Contracts Management, Director of Commissioning and Director of Corporate Services.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
- 

## Corporate Policy

1. Policy Status: Existing Policy: To maintain appropriate levels of insurance cover to ensure adequate cover for Council properties, assets and services.
  2. BBB Priority: Excellent Council
- 

## Financial

1. Cost of proposal: included within Part 2 report
  2. Ongoing costs: included within Part 2 report
  3. Budget head/performance centre: Insurance Fund
  4. Total current budget for this head: £707k gross, £476k net. Insurance Fund as at 31<sup>st</sup> March 2018 stands at £3.7m
  5. Source of funding: Insurance Fund
- 

## Personnel

1. Number of staff (current and additional): Not Applicable
  2. If from existing staff resources, number of staff hours: Insurance claims are handled under a shared services arrangement with the Royal Borough of Greenwich
- 

## Legal

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

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 300 to 400 claims are received each year across all insurance covers.
- 

## 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. Background

- 3.1.1. Like most organisations, ensuring adequate insurance cover is in place is one of the ways that the Council manages risk. It is the responsibility of the Council to determine the best balance between the level of premiums paid to external insurers and internal self-insurance arrangements paid from the Insurance Fund earmarked reserve.
- 3.1.2. The Council has a number of separate insurance policies, and these policies are subject to excess and stop-loss arrangements so that claims are only chargeable to the insurers if the cost of an individual claim is greater than the excess and/or if the aggregate of all claims exceeds the relevant stop-loss. The aggregate stop-loss is designed so that the Insurance Fund is protected in the event of a significant claim or a large number of successful claims.
- 3.1.3. The Council has historically handled self-insured claims in-house (with the exception of own fault or disputed motor claims involving a third-party), as well as managing more serious/complex claims in liaison with the insurer. This service has been performed by the Royal Borough of Greenwich (RBG) under a shared service arrangement since January 2014 which is currently due to expire on 31<sup>st</sup> March 2020.
- 3.1.4. Following tender processes carried out in 2014 for casualty (public liability, employers liability and officials indemnity) and in 2016 for all other covers, the Council currently holds insurance policies as set out below, all of which are due to expire on 30<sup>th</sup> April 2019:

Policy	Insurer
Casualty	Zurich Municipal
Fidelity Guarantee	Zurich Municipal
Personal Accident & School Journey	Chubb
Property (including leased properties)	Zurich Municipal
Terrorism	Thistle
Engineering Inspection	Zurich Municipal
Motor	Zurich Municipal

- 3.1.5. At its meeting on 21<sup>st</sup> May 2018, the Executive agreed that an OJEU tender exercise be carried out for the Council's insurance policies (including any new policies that may be desirable) for a period of five years from 1<sup>st</sup> May 2019 to 30<sup>th</sup> April 2024, with an option to extend for a further period of three years.

#### 3.2. Evaluation Criteria

- 3.2.1. Bidders were requested to respond to an Invitation to Tender and the following criteria were used in evaluating whether potential suppliers were able to deliver the required level of cover and service, using the Council's standard CIPFA-based evaluation method and 60/40 price/quality weighting. Details of the criteria are set out below:

- **Price:** contract price was evaluated on the CIPFA model, with each bidder allocated an initial 30 points and for each 1% the price was above or below the mean price, 1.2 points was added or removed respectively.
- **Policy Cover:** policy documents were compared to the specification in the tender documentation, which was based on the Council's existing cover, adjusted where relevant (e.g. number/value of buildings/vehicles etc.). Reductions were made where onerous terms, conditions, exclusions or endorsements would apply, or where the cover did not meet the specification (e.g. higher level of excess).

- **Claims Service:** policy documents were compared to the specification in the tender documentation. Reductions would have been made where the insurer was unable to meet the specification, taking into account the potential impact to the Council (e.g. response times on new claims taking longer than requested, loss adjusters not being available within 24 hours or monthly claim listing reports not being available), however all bidders were able to meet the requirements set out in the specification.
- **Added Value:** policy documents were examined for any items that would improve the quality of the service/product to the Council (e.g. low claims rebates, rate guarantees, cover enhancements, risk management services or the provision of training to Council staff).

3.2.2. The award criteria weightings for each lot is shown in the table below:

	<b>Price</b>	<b>Policy Cover</b>	<b>Claims Service</b>	<b>Added Value</b>
Lot 1 - Property	60.0%	25.0%	10.0%	5.0%
Lot 2 - Fidelity Guarantee	60.0%	30.0%	5.0%	5.0%
Lot 3 - Casualty	60.0%	25.0%	10.0%	5.0%
Lot 4 - Motor	60.0%	17.5%	17.5%	5.0%
Lot 5 - Engineering Inspection	60.0%	35.0%	0.0%	5.0%
Lot 6 - Personal Accident/School Journey	60.0%	25.0%	10.0%	5.0%
Lot 7 - Terrorism (First Loss)	60.0%	30.0%	5.0%	5.0%

### 3.3. **Cyber Insurance**

3.3.1. As noted in the gate report, officers were to consider the option of taking out cyber insurance. At present there isn't a suitable/comprehensive product for local authority risk available. In addition, elements of a cyber insurance policy are covered under the public liability cover, and some other elements would be covered under the current IT contract. This will be kept under review and if more comprehensive cover becomes available or other circumstances warrant it, then this may be considered separately at a later date.

### 3.4. **Asset Review**

3.4.1. Given the length of time since property insurance valuations had been carried out, and in order to ensure that Council assets have an appropriate insurance value, both to establish that assets are not under-insured, but also not over-insured and potentially inflate insurance premiums, the Executive agreed to vary the contract with Amey for Cushman and Wakefield to undertake an asset valuation review.

3.4.2. The top 50 highest value/highest risk properties were valued in November/December 2018, and the values were incorporated into the tender documents. In general, the valuations have increased fairly significantly, with the total value of the top 50 properties increasing from £419m to £485m.

3.4.3. Despite the increase in total property values, the property policy tenders were all at a lower value than the current policy, which is likely due to a combination of the increased reassurance up to date valuations provide, the length of the agreement, increased competition in the market and the reduction in value (as a result of the valuations) of the highest value properties (when considered together) – Churchill Theatre and Central Library.

### 3.5. **Actuarial Review**

3.5.1. An actuarial review of insurance claims has also been commissioned, which included statistical modelling on the potential total cost of claims based on various levels of deductible. This was used to help determine deductible level options for some of the Lots which could result in a

reduction to the combined costs of insurance claims and policy costs, and to help inform the recommended options taking into account the cost of the bids received.

- 3.5.2. As an example, from the modelling for the main elements of casualty, employers liability and public liability, (other elements were not included as claims are not frequent enough to facilitate any degree of accurate modelling), the 75<sup>th</sup> percentile value (a prudent/conservative estimate, the value for which 75% of the possible loss outcomes are smaller) would result in increased claim settlement costs of £76k, and the 90<sup>th</sup> percentile value (pessimistic estimate) would result in increased costs of £111k.

#### **4. DESCRIPTION OF SERVICE AND SUMMARY OF THE BUSINESS CASE**

- 4.1. The Council's insurance policies cover all of the main activities of the Council, as well as its assets, including those of the remaining maintained schools, and most investment properties.
- 4.2. The Council currently receives around 300-400 insurance claims per year. A detailed analysis of the claims is included in the Insurance Fund Annual Report, which was last reported to Executive and Resources PDS Committee on 11<sup>th</sup> October 2018.

#### **5. CONTRACT AWARD RECOMMENDATION**

##### **5.1. Lot 1 - Property**

- 5.1.1. This lot comprises Material Damage (general, education, specified all risks, works in progress, commercial property) and Business Interruption (additional expenditure/increased cost of working, loss of rent). The current provider is Zurich Municipal and the 2019/20 budget for the premium is £273k, including Insurance Premium Tax (IPT).

- 5.1.2. Two options were requested:

- Option 1: £125k deductible and £750k aggregate
- Option 2: £250k deductible and £1,500k aggregate

- 5.1.3. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

##### **5.2. Lot 2 – Fidelity Guarantee**

- 5.2.1. This lot includes cover for employee dishonesty, including third party computer or funds transfer fraud. The current provider is Zurich Municipal and the 2019/20 budget for the premium is £22k (including IPT).

- 5.2.2. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

##### **5.3. Lot 3 – Casualty**

- 5.3.1. This lot incorporates public liability, employers liability, officials indemnity and professional indemnity. The current provider is Zurich Municipal and the 2019/20 budget for the premium is £297k (including IPT).

- 5.3.2. Three options were requested:

- Option 1: £125k deductible and £30m limit
- Option 2: £250k deductible and £30m limit
- Option 3: £125k deductible and £40m limit any one claim/£50m in total

5.3.3. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

#### 5.4. **Lot 4 – Motor**

5.4.1. This lot incorporates general fleet vehicles, minibuses and leased cars. The current provider is Zurich Municipal and the 2019/20 budget for the premium is £55k (including IPT).

5.4.2. Two options were requested:

- Option 1: £50k deductible with an aggregate limit of £250k
- Option 2: £100k deductible with an aggregate limit of £300k

5.4.3. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

#### 5.5. **Lot 5 – Engineering Inspection**

5.5.1. This lot incorporates periodic examination of and reporting on boilers, lifts, lifting equipment and various other items. The current provider is Zurich Municipal and the 2019/20 budget for the service is £12k (IPT does not apply in this case).

5.5.2. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

#### 5.6. **Lot 6 – Group Personal Accident & School Journey**

5.6.1. This lot includes cover for any organised and authorised trip, including accidental death, bodily injury or assault sustained by nominated Council representatives whilst undertaking insured journeys. The current provider is Chubb and the 2019/20 budget for the premium is £11k (including IPT).

5.6.2. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

#### 5.7. **Lot 7 – Terrorism (First Loss)**

5.7.1. Under Lot 1 (Property), the cost of providing “Pool Re” Terrorism cover was also evaluated. The prices quoted (provided in the Part 2 report) would not represent best value in the context of the Council’s insurance risk profile, and it is recommended that the Resources Portfolio Holder agree not to purchase this cover on the grounds of excessive cost.

5.7.2. As an alternative to the more comprehensive “Pool Re” cover, Lot 7 provides for “First Loss” Terrorism cover, which includes cover for property damage and business interruption following fire and/or explosion caused by terrorism. The current provider is Thistle, and the 2019/20 budget for the premium is £37k.

5.7.3. Details of the bids received, scoring and recommendation for award are contained in the Part 2 report.

#### 5.8. **Extension Period**

5.8.1. As agreed by the Executive on 21<sup>st</sup> May 2018, authority has been delegated to the Director of Finance to approve the optional three year extension in consultation with the Portfolio Holder for Resources, Commissioning and Contracts Management, Director of Commissioning, and Director of Corporate Services.

## **6. MARKET CONSIDERATIONS**

- 6.1. There are currently only five key insurers in the main Local Government insurance market: Zurich Municipal, Risk Management Partners (RMP), Maven, Travelers and Protector Forsikring.

## **7. STAKEHOLDER CONSULTATION**

- 7.1. This is a corporate Council contract that does not materially affect the way services are provided to Council stakeholders. No formal consultation is required.

## **8. SUSTAINABILITY AND IMPACT ASSESSMENTS**

- 8.1. This proposal has been judged to have little or no impact on local people and communities.

## **9. POLICY CONSIDERATIONS**

- 9.1. To maintain appropriate levels of insurance cover to ensure adequate cover for Council properties, assets and services.

## **10. GDPR CONSIDERATIONS**

- 10.1. All Insurers shall be instructed to process Council data in a secure manner giving consideration to appropriate technical and organisational measures to comply with, but not exclusively;

- UK Data Protection Act 2018
- UK Data Protection Act – Part 3 Law Enforcement Processing
- General Data Protection Regulation 2016
- Freedom of Information Act 2000
- Re-use of Public Sector Information Regulations 2005
- Local Government Act 2000
- Computer misuse Act 1990
- Police and Criminal Evidence Act 1984
- Privacy and electronic Communications Regulations (PECR) 2003

- 10.2. All gathering, storing and use of information for the purposes of provisioning, and utility of insurance policies will be conducted in line with the principles of current UK Data Protection law and specifically Article 32, General Data Protection Regulation 2016

- 10.3. The Council shall ensure that all information processed for purposes of provisioning, and utility of insurance policies is necessary and proportionate to the activity.

- 10.4. The Council shall ensure that the Insurance provider does not use information relating to individuals for profiling, marketing or other activities incompatible with the original purpose for processing unless there is a clear opt in and subsequent opt-out option available.

## **11. PROCUREMENT RULES**

- 11.1. This report seeks to award the following insurance contracts for five years from 1st May 2019 to 30th April 2024 with an option to extend for a further three years:

- 11.2. This process has been carried out in line with the requirements of the Public Contracts Regulations 2015.

- 11.3. The competition requirements set out in 8.2.1 of the Contract Procedure Rules have been met.

- 11.4. Following the decision, an OJEU Award Notice will be issued and, as the contract value is over £25k, an award notice will need to be published on Contracts Finder. A mandatory standstill period will need to be observed.
- 11.5. The actions identified in this report are provided for within the Council’s Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

## 12. FINANCIAL CONSIDERATIONS

- 12.1. The 2019/20 gross budget for insurance policies is £707k, of which £231k is recovered from schools and tenants, leaving a net budget of £476k, as set out below:

<b>Policy</b>	<b>2019/20 budget £'000</b>
Property	273
Fidelity Guarantee	22
Casualty	297
Motor	55
Engineering Inspection	12
Personal Accident & School	11
Terrorism	37
<b>Gross budget for policies</b>	<b>707</b>
Recharges to schools/tenants	-231
<b>Net budget for policies</b>	<b>476</b>

- 12.2. Financial implications of the contracts recommended for award are included in the part 2 report.

## 13. LEGAL CONSIDERATIONS

- 13.1. This report seeks the approval of the Executive to award the insurance policy contracts specified in the Part 2 report for a period of five years from 1st May 2019 to 30th April 2024 with an option to extend for a further three years.
- 13.2. The relevant procurement process has been complied with as reported in paragraph 11 of this report.
- 13.3. The report author will need to consult with the Legal Department regarding the execution/sealing of the contracts.

<b>Non-Applicable Sections:</b>	Personnel and IT Considerations, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Formal Consultation on the Procurement Strategy for Insurance Policies, Executive 21 <sup>st</sup> May 2018

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