

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **9th January 2013**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2013/14 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2014/15 to 2016/17

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

Chief Officer: Finance Director

Ward: Borough wide

Reason for report

- 1.1 This report seeks approval of the initial draft 2013/14 Budget and includes actions to reduce the Council's medium term "budget gap".
 - 1.2 PDS Committees views will also be sought and reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2013/14 Council Tax levels.
 - 1.3 The report also includes savings to be considered by Executive, in addition to indicative 2013/14 savings previously reported to Executive in February 2012.
 - 1.4 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2013/14 Council Tax report to the next meeting of the Executive.
-

2. RECOMMENDATIONS

2.1 The Executive is requested to:

- 2.1.1 Agree the initial draft 2013/14 Budget, including the additional savings identified as part of the 2012/13 Budget process and the further savings detailed in Appendix 4;
- 2.1.2 Refer the initial draft 2013/14 Budget for each portfolio to the relevant PDS Committees for consideration;
- 2.1.3 Note the financial projections for 2014/15 to 2016/17;
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2013/14 Budget and future year forecasts;
- 2.1.5 Delegate the setting of the schools budget, mainly met through Dedicated Schools Grant, to the Education Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum;
- 2.1.6 Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;
- 2.1.7 Agree the proposed contribution of £340,732 in 2013/14 to the London Boroughs Grant Committee;
- 2.1.8 Where consultation has not already commenced, agree that Officers begin the process of consulting on the savings proposals prior to finalising the implementation of the savings in Appendix 4;
- 2.1.9 Note the significant budget gap remaining of an estimated £39m per annum by 2016/17;
- 2.1.10 To recommend to Council that a sum of £2.5m, relating to funding from the PCT, be set aside as an earmarked reserve to ensure the support of key initiatives relating to the integration of health and social care/ "promise" programme (see section 24);
- 2.1.11 Note that any decision by Executive on recommended council tax levels to Council, will normally be undertaken at the next meeting of Executive;

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council,

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 3
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £135m Draft 2013/14 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 1 for overall funding of Council's budget
-

Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2013/14 Financial Control Budget published in March 2013
 2. If from existing staff resources, number of staff hours – N/A
-

Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000; and the Local Government Act 2002.
 2. Call-in is applicable
-

Customer Impact

Estimated number of users/beneficiaries (current and projected) - The 2013/14 budget reflects the financial impact of the Council's strategies, service plans etc which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

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

3. Approach to Budgeting

- 3.1 Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years but some caution is required in considering any projections beyond the 4 year Comprehensive Spending Review period i.e. 2015/16 and 2016/17. The report identifies the significant changes which impact on the Council's finances from 2013/14 arising from the final outcome of the Local Government Resources review which includes the localisation of business rates and the new council tax support scheme.
- 3.2 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing until beyond 2020 – the ongoing need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, unprecedented in recent times, and the high expectation from the Government that services should be reformed and redesigned. There is also an ongoing need to consider “front loading” savings to ensure difficult decisions are taken early in the budgetary cycle, provide some investment in specific priorities and to support invest to save opportunities which provide a more sustainable financial position in the longer term, ensuring stewardship of the Council's resources . Any budget decisions will need to consider the finalisation of the 2013/14 Budget but also consider the longer time frame where it is now clear that the continuation of the period of austerity up to 2020 and beyond is inevitable. Members will need to consider decisions now that can have a significant impact on the future years' financial position which ultimately will help to protect key services.

4. Economic situation which can impact on public finances

- 4.1 There was a Members Finance Seminar in June 2012 which provided an update on the economic situation and potential impact on public finances. The latest economic position (national and international) continues to be of concern which was recognised in the recent Chancellor's autumn statement, particularly reflecting the ongoing Eurozone crisis and the potential “fiscal cliff “ in the United States. An update is provided in Appendix 1.
- 4.2 All the factors identified in Appendix 1 will have an impact on the Government's ability to change direction on planned reductions in public funding. The key issues that impact on the Council are:
- (a) Impact of “recession” factors likely to continue in the foreseeable future, as the economy continues to face an unprecedented period of low/negative growth and further uncertainty. This includes, for example, losses of income and increased demands for services;
 - (b) Interest rates will remain low in the medium term, which results in lower investment income for the Council – the deleveraging of banks, quantitative easing and “funding for lending” have resulted in a reduction in interest earnings over the last few months;
 - (c) The Government has confirmed additional spending reductions of 2% (in addition to previous planned reductions) in 2014/15;
 - (d) The Government have previously indicated that the planned reductions in funding in 2015/16 and 2016/17 are significantly greater than the equivalent annual reductions for the period 2011/12 to 2014/15;
 - (e) The Government has also confirmed additional spending reductions in 2017/18 in the recent Autumn Statement;
 - (f) The Government has confirmed in the Chancellors Autumn Statement that “detailed plans for spending in 2015/16, including the breakdown by department, will be set out in

first half of next year” – it is therefore not possible to accurately predict the funding reductions for 2015/16 and future years;

- (g) Inflation remains higher than previously predicted by many economists which is mainly due to “external factors” (e.g. commodity and oil prices etc.);
- (h) Impact of demographic factors including an increasing older population;
- (i) Ongoing consequences of protecting many elements of government spending (mainly education and health) results in spending reductions being intensified in remaining “unprotected areas” – local government is currently the largest non ring fenced area of spend.

5. Financial Context

5.1 Key issues include:

- (a) Two of the Council's main activities which are grant funded are schools and housing benefits. Both of these areas of spend continue to be ringfenced. However, there are potential significant financial implications arising from the impact of the Academies programme, particularly “top-slicing” of funding for non delegated education spending and the changes in Housing and Council Tax Benefit (phased replacement of housing benefit to universal credit and funding for council tax benefit reduced);
- (b) A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures;
- (c) Around two thirds of the Council's spend is on just 5 service areas;
- (d) The Council receives a low level of Formula Grant and has maintained the second lowest Council Tax levels (Band D equivalent) by having the lowest spend per head of population in London. One of the key issues in future year budgets will be the balance between spending, Council Tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

6. Changes that could impact on longer term financial projections

6.1 In considering the next four years there remain many variables which will impact on any final outcome. The most significant variations to date are summarised in Appendix 2 with examples highlighted below:

- (a) The scale of schools transferring to Academies will result in further significant reductions in the Government's LACSEG funding with an estimated loss of £3.3m per annum in 2013/14 rising to an estimated £6m per annum in 2016/17. Savings of £1m has been assumed in 2013/14 to partly mitigate against these costs and the Executive Director of Education and Care Services continues to identify further central education related savings available to partly mitigate against future funding losses;
- (b) Income from interest on balances are at their lowest level and are expected to fall further from an average of 1.5% assumed in the 2012/13 Budget to 1% in 2013/14. The Council's Treasury Management Strategy tries to find the balance between Security Liquidity and Yield – in that order. Some local authorities are achieving returns as low as 0.25% per annum. Recent indications are that interest rates will remain low in the medium term which was reaffirmed in the recent projections on interest rates included

in the Bank of England Inflation Report (November 2012). The credit rating agencies and the market in general continue to be extremely nervous about the financial climate resulting in previous downgrades to UK banks and building societies. This will continue to lead to greater reliance on money market funds, which pay considerably lower rates in exchange for instant access to cash. The Council's Treasury Management Strategy has been revised to enable additional lending options including "AAA" related corporate bonds – a reduction in income of £1.1m has been assumed for 2013/14;

- (c) The outcome of the review of local government finance has led to the localisation of business rates and a new council tax support scheme. These changes result in a significant risk transfer from central government to local government. Government currently manages the increasing costs of council tax benefit and the risks relating to variations in business rates. These risks will be managed by the Council from April 2013, although the changes on localisation of business rates could provide potential financial benefits in the medium to longer term – a sum of £1m has been included in the 2013/14 draft budget to reflect a potential income loss;
- (d) Government grants are as a key source of income remain and continue to reduce in future years to reflect planned reductions in public spending (see 4.2 above);
- (e) The coalition Government have introduced many changes in its first term including, for example, changes to health (including transfer of funding for public health from 2013/14), welfare benefits, localism (including new powers of competence for Councils to act in the interest of their communities) – costs of £2m from the impact of welfare reform and homelessness have been included in the 2013/14 draft budget;
- (f) There will be many other variables as the forecast is based on predicting the next four years; the longer the timescale the greater the uncertainty. It is clear that a significant "budget gap" will continue beyond the four year financial forecast period – a sum of £2m has been included in the draft 2013/14 budget to reflect the other variables including, for example, the impact of youth on remand.

7. 2012/13 Budget Monitoring

- 7.1 The main service pressures area impacting on 2012/13 relates to homelessness. The wider impact of changes relating to welfare reform and the ongoing national economic situation are expected to provide additional cost pressures and a general provision of £2m has been assumed in the draft 2013/14 Budget.
- 7.2 The 2012/13 Budget Monitoring report to Executive on 28th November 2012 identified underspends arising from retendering of domiciliary care contracts and supporting people budgets as well as a combination of savings relating to the campus reprovision programme. There was also savings relating to the Education Portfolio. The draft 2013/14 Budget fully reflects the impact of these underspends.

8. London Boroughs Grant Committee

- 8.1 London Councils require formal notification of the Council's agreement to their contribution for 2013/14 by 1st February 2013. The London Councils Grants Committee has proposed a Budget for 2013/14 comprising total expenditure of £10m that is met by contributions from Boroughs of £9m and the remainder from the European Social Fund grant.

- 8.2 Bromley's contribution to this Committee has reduced from £459,101 in 2012/13 Budget to £340,732 in 2013/14, a reduction of £118,369 (-26%).
- 8.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2013/14 budget. If it is not agreed the overall level of expenditure is deemed to be the same as approved for 2012/13.

9. Latest Financial Forecast

- 9.1 A summary of the latest budget projections including further savings required to balance the budget for 2013/14 to 2016/17 are shown in Appendices 3 and 4 and summarised below:

Variations Compared with 2012/13 Budget

	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Cost Pressures				
Inflation	5.9	12.5	18.6	25.0
Interest on balances	1.1	0.8	0.8	0.8
Grant loss	5.1	12.1	19.1	26.1
Real Changes	1.3	4.2	5.9	8.1
Additional provision for homelessness costs/ impact of changes in welfare benefits	2.0	2.0	2.0	2.0
Provision for cost pressures arising from variables e.g. youth on remand etc.	2.0	2.0	2.0	2.0
Potential further loss of grant funding (LACSEG)	3.3	4.9	5.5	6.0
Provision for loss of income arising from localisation of business rates	1.0	1.0	1.0	1.0
Total Additional Costs	21.7	39.5	54.9	71.0
Income/ savings				
Saving proposals (see Appendix xx)	-13.0	-14.6	-14.6	-14.6
Technical Reforms of Council Tax approved by Executive in November 2012	-1.1	-1.1	-1.1	-1.1
London Borough Grants Committee	-0.1	-0.1	-0.1	-0.1
Total income/ savings	-14.2	-15.8	-15.8	-15.8
Other Proposed Changes				
Fall out of one off provisions approved as part of 2012/13 Budget (includes impact of new homes bonus set aside as earmarked reserve)	-4.0	-5.3	-5.3	-5.3
Collection Fund Surplus (2012/13)	-1.8	0.0	0.0	0.0
Set aside for council tax support/ partly mitigate collection risk	1.8	0.0	0.0	0.0
Other changes	-1.0	-1.4	-1.6	-1.8
	-5.0	-6.7	-6.9	-7.1
Impact of 2.0% increase in Council tax	-2.4	-4.4	-6.6	-8.8
Remaining "Budget Gap"	0.1	12.6	25.6	39.3

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

- 9.2 Appendix 3 highlights that the Council, on a roll forward basis, has a “structural deficit” as the ongoing budget has increasing costs relating to inflation and service pressures as well as the ongoing loss of Government grants. These changes are not being funded by a corresponding growth in income. After allowing for the savings identified to date (see Appendix 4), there is a further budget gap of £12.6m by 2014/15 rising to £39.3m per annum by 2016/17. The budget gap beyond 2014/15 increases by an estimated further £13m/£14m per annum but this sum is purely speculative as this year falls outside the Comprehensive Spending Review 4 year period.
- 9.3 The Council has to plan for a very different future, i.e. several years of strong financial restraint. The future year’s financial projections shown in Appendix 3 include a planning assumption of ongoing reductions in Government funding in 2015/16 and 2016/17. It is important to recognise that, given the current ongoing period of austerity, the downside risks significantly exceed the opportunities for improvement and that the budget gap in future years could widen substantially.
- 9.4 The key growth pressures, detailed in Appendix 5, are summarised below:

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

- 9.5 In considering action required to address the medium term “budget gap”, indicative savings for 2013/14 were reported to the Executive as part of the 2012/13 budget process and further savings have been identified during the year, including the impact of the “baseline reviews”. The proposed savings are summarised below with more information available in Appendix 4. There will be more detailed consideration of the savings through PDS committees and their comments will be included in the 2013/14 Council Tax report to the Executive.

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

10. Detailed Draft 2013/14 Budget

- 10.1 Detailed draft 2013/14 Budgets are attached in Appendix 6 and will form the basis for the overall final Portfolio/Departmental budget after the allocation of further savings not yet approved by the Executive as well as adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed these initial detailed budgets will now be forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February. Further updated information will also be available for individual PDS Committees.

10.2 Appendix 6 sets out the draft 2013/14 budget for each Portfolio as follows:

- A summary of the Draft 2013/14 Revenue Budget per Portfolio
- A high level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2013/14 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2011/12 expenditure, 2012/13 budget, 2013/14 budget and overall variations in planned spending between 2012/13 and 2013/14;
- A summary of the main reasons for variations, per Portfolio, in planned spending between 2012/13 and 2013/14 together with supporting notes

11. Options being undertaken with a “One Council” approach

11.1 Economic Development, Creating Employment and Generating Income

11.1.1 The future financial landscape is changing with a new opportunity to raise income during a period of ongoing government funding reductions. The Council can access various resources to support economic development within the borough as part of the Government changes as well as provide additional income as summarised below:

11.1.2 Community Infrastructure Levy (CIL)

11.1.2.1 This represents a new local levy on developments that local planning authorities can introduce to help fund infrastructure in the area. Most of any monies raised would be spent on large infrastructure projects although there is some flexibility on spend for community projects. The CIL procedures require that local authorities consult on the charging schedule, which is also subject to independent inspection. The levy also partly mitigates against reducing income from Section 106 monies. Potential income of £3m per annum could be raised with implementation from April 2014.

11.1.3 New Homes Bonus

11.1.3.1 The New Homes Bonus provides for match funding of council tax on each new home built and occupied for 6 years with a further £350 bonus for each affordable home. The Government has previously ring fenced funding. However from 2013/14 additional funding will be top-sliced from Formula Grant. The level of new homes compared with other authorities will determine whether the council is a net gainer or loser of this funding in the longer term. It is important that this income is not viewed as a permanent income stream and that any spend against new homes bonus is separately identifiable. Members previously considered treating New Homes Bonus in the same manner as how Local Authority Business Growth Incentive (LABGI) was dealt with in recent years and agreed that the monies be set aside as an earmarked reserve to support key community initiatives in the future that do not require ongoing funding – this has been reflected in the 2013/14 draft budget . Any utilisation of the monies will require the approval of the Executive.

11.1.3.2 This scheme brings further incentive to take long term empty properties into use. Any additional funding has to be considered against additional service demands arising from an increase in homes in the borough.

- 11.1.3.3 Future grant funding will be dependent on the future delivery of additional occupied homes within the borough. In 2013/14 additional income of £1.5m is anticipated, compared with the previous year.
- 11.1.3.4 Executive agreed in November the removal of discounts as part of the technical reforms of Council Tax which could contribute to a reduction in empty homes with corresponding benefits of increasing new homes bonus income.

11.1.4 Localisation of Business rates

- 11.1.4.1 Details of the localisation of business rates scheme were reported to the Executive in June 2012. The Council will in future retain a 30% share of local business rates with 50% retained by the Government and the balance of 20% retained by the GLA. The Council's funding from central government will be adjusted to reflect this new source of direct income. The retention of the share in business rate growth is to incentivise local authorities to promote economic development. The scheme will be funded within the Government spending review totals which will ultimately restrict any significant national growth being retained by local authorities. The Council will bear the risk of reducing business rates in their area, subject to a safety net of 7.5%. Any loss of business rates beyond the 7.5% level will be funded by Government. The Council will also need to exceed a level of growth to meet the assumed government set growth targets to achieve any net additional income.
- 11.1.5.2 The impact of the incentives through Community Infrastructure levy, New Homes Bonus and Localisation of Business Rates could be used, if successful, to generate additional income whilst enabling the promotion of economic growth and creating employment in the borough.

11.2 Procurement

- 11.2.1 The Council will continue to identify opportunities for contract savings including the review of inflation provision and repackaging of contracts and re negotiation to secure the best value for the Council. The 2013/14 Draft Budget reflects significant savings arising from the retendering of contracts.

11.3 Asset Review

- 11.3.1 The Council needs to actively seek to sell or dispose of assets that are surplus to requirements to maximise capital receipts and provide an opportunity for reinvestment to generate ongoing sustainable income for the Council. Where assets no longer provide value to the community or support priorities or services in future it remains essential to look at options for disposal. The ongoing review will include consideration of:

- (a) Opportunity cost of asset to reflect alternative use;
- (b) Extent to which the asset has ongoing high maintenance costs and running costs;
- (c) Consideration of open market and rental values;
- (d) Opportunities for future use including development potential;
- (e) Potential investment income from greater utilisation of asset e.g. rent income from using surplus floor space.

Any final decision could include ongoing retention of the asset, proposals to improve utilisation and to retain pending longer term development opportunities. Any asset that is surplus to requirements will require a clear disposal plan

11.3.2 The key consideration will be whether the current assets add value to service delivery or income generation. Within any final consideration it remains important to recognise that assets can make a significant non financial contribution which is beneficial to the Council.

11.4. **Commissioning Authority**

11.4.1 The Council previously agreed Building a Better Bromley Corporate Operating Principles which stated “Bromley citizens expect to manage their own lives with minimum of intervention from the Council. When they need the Council’s support they expect it will be provided efficiently, represent value for money and be free from unnecessary bureaucracy and delays”

11.4.2 Key principles included a commissioning organisation, reducing need for customer contact with skilled staff, operating corporately, making the best use of assets, being Member led, delivering value for money, supporting independence and being efficient and non bureaucratic.

11.4.3 The Council has commissioned work to identify potential savings from progressing with a “commissioning authority” approach whilst seeking where possible to protect front line services. This work has identified potential significant savings but more detailed work is required to consider the wider implications and the realistic scope for savings.

11.4.4 Potential savings of £11m per annum within 4 years have been identified but any projections must be treated with some caution at this early stage. To achieve this level of savings will require more detailed work to assess the wider implications and the realistic scope to achieve these savings. There would also be a requirement for one off funding to meet the set up cost of these changes. Further details will be reported to a future meeting of the Executive.

11.5. **Identifying further savings**

11.5.1 Chief Officers undertook “Baseline Reviews” which identified the full cost of services and their resultant statutory and non statutory functions with scope for achieving savings as well as action to mitigate any negative service impact.

11.5.2 The scale of savings required in future years cannot be met by efficiency alone – there will be a need for a reduction in the scope and level of services. The council will need to review its core priorities and how it works with partners and key stakeholders and the overall provision of services.

12. **Future Local Authority Landscape**

12.1 More than one in ten local authorities “are not well placed” to stay within their budget in 2012/13, the Audit Commission has warned. One third of counties and unitaries are deemed to be at medium risk during the Comprehensive Spending Review period ending 2014/15. Grant Thornton have identified a potential “tipping point” where for example, some local authorities can no longer meet their statutory responsibilities to deliver a broad range of services within the funding available. To highlight the scale of challenges, the Institute of Fiscal Studies (IFS) referred to local authorities facing cumulative cuts of more than 40% following the Chancellors Autumn Statement which extends austerity for a further year into 2017/18. Bromley remains “better placed” to deal with the ongoing challenges but needs to ensure that early decisions are made and adequate reserves are retained to retain sustainable finances in an increasingly difficult financial landscape. The retention of an adequate level of reserves is key to ensure that Bromley can prepare for future funding

reductions and to deal with increasing financial uncertainty including the impact of the local government finance reforms.

13. Other key Changes

13.1 The Schools Budget

- 13.1.1 Since 2003/04, the Council has received funding for Education services for the 'Schools Budget' through a ring fenced grant (more recently through the Dedicated Schools Grant).
- 13.1.2 During 2012 the DfE has published a number of documents outlining their plans for School Funding Reform. This is the first step towards the introduction of a new national funding formula during the next spending review period which will ensure that similar pupils will attract similar levels of funding no matter where they go to school in the country. In preparation for this the DfE aims to simplify the local funding arrangements for 2013/14 and 2014/15 and to introduce a new approach to high needs funding that will help to improve transparency, quality and choice for young people and their families.
- 13.1.3 The ringfencing of this grant results in a continuation of minimal scope to divert resources from the Schools Budget to other services. In previous years the Portfolio Holder has agreed a package of funding to set the schools budget following consultation with headteachers, governors and Schools Forum. The Executive is asked to agree that this process should take place again for 2013/14. The budget is ringfenced for funding the provision of education in schools.

13.2 LACSEG

- 13.2.1 In July 2012 the DfE issued a consultation on replacing LACSEG in respect of funding Academies and Local Authorities for the functions that are devolved to Academies.
- 13.2.2 The proposal is to use a national average rate to remove funding from Authorities and passport to Academies. Bromley believes that this method is flawed as it penalises low cost Authorities with high Academy conversion rates, like Bromley, detrimentally affecting those Authorities that have embraced the Academy Agenda and strived to keep costs low.
- 13.2.3 Members and officers have been in discussion with Ministers and Officers at the DfE to discuss the impact and to look at alternative funding mechanisms. Bromley had received support from ten other authorities in a similar position including Kent and Bexley and expressed concerns to Government about the impact of the changes in funding. Previously a top slice of Revenue Support Grant was implemented in 2012/13. This amounted to £1.46m
- 13.2.4 Following the local government financial settlement, which included changes in the arrangements for the allocation of LACSEG funding, Bromley is estimated to lose a further £3.3m (loss of £6.6m offset by alternative Education Services Grant of £3.3m) in 2013/14 which could increase to £6m per annum by 2016/17. Savings, to date, of £1m have been identified in 2013/14 to partly offset the impact of the loss of funding.

13.3 Homelessness

- 13.3.1 Forecasts based on the latest activity available show an overspend of £531,000 on Bed & Breakfast accommodation for 2012/13 after the use of grant funding that was carried forward from 2011/12 of £453,000. The projected full year cost pressures are £1,047,000. £1m has been included in the four year financial forecast for 2013/14. The number of B&B placements

is currently fairly stable averaging at around 326 for the last few months although without the “invest to save” initiatives the numbers would have been 446.

13.3.2 At the time of the original “invest to save” business case B&B numbers were forecast to be around 325 by the end of March 2012 but in reality this has been considerably higher. The impact of this has been that officers have managed to divert/move people out of B&B accommodation (120 since January 2012) and delivered savings of £570,000 in year with £819,000 forecast in a full year there are still cost pressures and officers continue to explore alternative options around managing these cost pressure down.

13.3.3 The overspend position has been reported to every Care Services PDS committee during 2012/13

13.4 Pensions

13.4.1 The value of the Council’s pension fund used to determine the employer’s contribution is underpinned by economic (e.g. assumed investment returns) and statistical assumptions (e.g. mortality rates, staff leavers and retirements). The Council is required to have a actuarial valuation every three years, achieve 100% funding in the longer term and seek to maintain as nearly consistent employer contribution rate as possible, returns need to be generated from an asset use which will generate growth but without excess volatility. The current economic situation has had a detrimental impact on investment market values and together with gilt yields falling could result in a reduction in asset values and an increase in liabilities. The final outcome will not be known until the next actuarial valuation which will determine changes in employer contributions from 2014/15. The Government’s new changes to the local government pension scheme will partly assist in reducing the longer term costs of the statutory pension scheme.

13.5 Public Health

13.5.1 The Government is due to finalise the final division of the budget between Public Health and the new Public Health Body (England) which will run national initiatives. Details of the final funding arrangements are still awaited. The most recent update was reported to Executive in November 2012.

13.6 Dedicated Schools Grant Funding for Special Educational Needs

13.6.1 Recent estimates indicate that the funding for ongoing growth in new educational placements may no longer be contained within the Dedicated Schools Grant which could result in costs being met by the Council’s General Fund (funded by council tax payers rather than ring fenced through Government Grant). No costs from the general fund have been assumed at this stage but this represents a significant financial risk in the medium to longer term.

14. Provisions, General Reserves and Capital Programme

14.1 The 2012/13 Financial Monitoring report to the November meeting detailed the general reserves remaining of £33m. Reserves have reduced from £131m in 1997.

14.2 The “Capital Programme Monitoring 2011/12 and Annual Capital Review 2012 to 2016” report to the February 2012 meeting of the Executive identified the long term financial implications of the capital programme. The report identified that abandoning the current agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council’s entire general reserves

being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07.

- 14.3 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant “opportunity cost” relating to corresponding loss in interest earnings and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels would only be very short term.

15. Council Tax Freeze Grant

- 15.1 The Government offer of a council tax freeze in 2011/12 included ongoing funding throughout the spending review period. The Government has indicated that it will support councils that froze council tax in 2011/12 and it “will be a key consideration in funding of local government in the next spending review period”.
- 15.2 Funding was available for a council tax freeze in 2012/13 but this represented one year funding only for the equivalent income arising from a council tax increase of 2.5% equating to £3.3m. It was disappointing, however, that the funding for 2012/13 was a “one-off”.
- 15.3 In October the Chancellor announced that councils that freeze or reduce council tax in 2013/14 will get a grant equivalent to a 1% council tax increase in each of 2013/14 and 2014/15. The funding is expected to fall out beyond 2014/15. A 2% council tax increase would generate ongoing annual income of £2.4m. If Members consider a council tax freeze the one off grant of £1.2m per annum for two years could not be realistically utilised to support ongoing costs.
- 15.4 The Government may provide a council tax freeze grant in future years. Assuming any future grants are also “one-off” and the Council approved a council tax freeze in future years the “budget gap” assumed in the financial projections will increase by approximately £2.4m in the following financial year. For illustrative purposes, the forecast assumes council tax increases of 2% per annum from 2013/14.

16. Spend to Save Initiatives

- 16.1 Appendix 3 highlights that the Council, on a roll forward basis, has a “structural deficit” as the increasing costs and loss of government grant are not being met by increases in income. This situation is likely to continue in the longer term as reductions in Government funding are likely to continue until at least 2020. A significant budget gap of £39.3m remains for 2016/17, even after allowing for all the savings identified in this report (see 9.5).
- 16.2 At the meeting of the Executive on 7th September 2011, Members agreed to set aside £14m for an Invest to Save fund which was subsequently increased to £17m as part of finalising the 2012/13 Council Tax. This represents a “loan” fund which will require repayment as savings materialise. The Invest to Save monies provide short to medium term funding for key initiatives that will reduce the Councils net budgeted costs through reducing costs and/or increasing income. This includes the delivery of cashable efficiencies. Any utilisation of the monies is on basis of supporting the Council in meeting its priorities. Executive have already agreed the part utilisation of these monies (£8.5m) for investment in replacement of street lighting which will provide significant savings to the Council and be repaid, from savings, over a period of 8 years. Further details were reported to Executive in November 2012. Directors will continue to identify potential proposals that require invest to save monies. There will be invest to save opportunities in the future and it remains essential that sufficient monies remain to support future initiatives and to allow a reasonable repayment period.

16.3 Having resources for spend to save initiatives is key to enable the Council to fund the transformation of existing service provision and to mitigate the impact of the ongoing reduction in resources. Members may wish to consider further contributions to the invest to save fund given the period of significant change and the increasing necessity to identify invest to save opportunities.

17. Acquisition of Investment Properties

17.1 At the meeting of the Executive on 7th September 2011, Members agreed to set aside £10m for a Property Investment Fund. The aims of the fund was to support the acquisition of investment properties. At the special meeting of the Executive on 6th December 2012, Members approved the full utilisation of the remaining monies for various acquisitions generating a longer term investment return of over 6% which compares with treasury management returns of 1%. Any property investment needs to be considered as a longer term investment to generate sustainable returns and reduce risk on the capital sum. Members may wish to consider increasing the investment fund from any proceeds of future property disposals, ensuring an income is generated from capital investment.

18. Issues for Future Years

18.1 The key issue to consider in the options identified above is the need to ensure long term sustainable finances for the Council to help ensure the Council can provide priority services in the longer term. The proposals in this report enable the Council to achieve a balanced budget in 2013/14. Even allowing for these options a budget gap of £39.3m per annum remains from 2016/17. All the above measures identified in Section 11 will enable flexibility to provide a more sustainable financial position for future years when the Council is facing an increasing budget gap as well as provide greater stability in the longer term by adopting a medium term budget planning approach. The retention of reserves remain increasingly key to provide investment income, contribute towards the council's capital programme, support invest to save and support the transitional period of significant reductions in funding in a period of a changing landscape for local authorities. The financial outcome will also depend on the final decisions made on council tax levels.

18.2 The current economic and financial environment provides an extremely challenging context for the medium term financial strategy. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit during this austerity period.

19. 2013/14 Provisional Local Government Financial Settlement, Schools Budget and Council Tax Limits.

19.1 At the time of writing this report various details of the 2013/14 Local Government Financial Settlement are still awaited. Key changes identified to date are summarised below:

- (a) Bromley has a new level of grant damping of £12m. Details are awaited but this exposes Bromley to greater risk of higher level of funding reductions in the future compared with national average funding reductions i.e. eventually such funding will be removed;
- (b) The new grant regime is far more complex than previously with Formula Grant being replaced with "baseline" funding, Revenue Support Grant and "top-up" funding. The funding assumes that Bromley will collect £80m per annum in business rates. Bromley's share is 30% which equates to £24m. Bromley will receive 30% of any overall gain and lose 30% of any losses with funding available for element of losses above 7.5%;
- (c) Settlement covers both 2013/14 and 2014/15 which helps for financial planning;

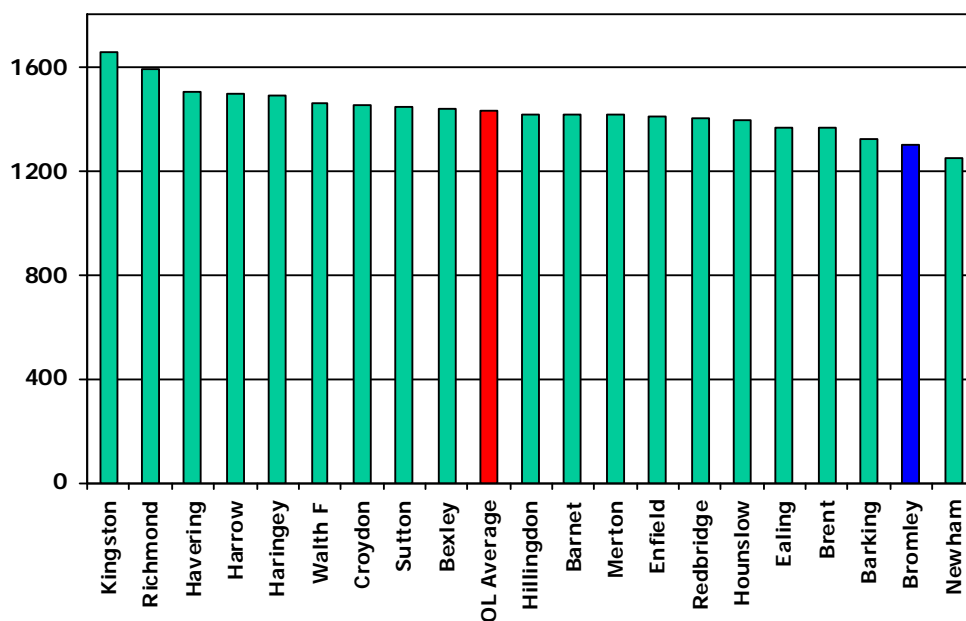
- (d) Based on level of grant funding the contribution of working age benefit claimant, in receipt of full council tax benefit, towards council tax can reduce from 21% to 19% - Members will be considering separately the option of phasing any changes elsewhere on this agenda and using one off grant to limit contribution to 8.5% in first year;
- (e) Public Health Funding for 2013/14 and 2014/15 not yet available;
- (f) Headline net loss of grant of £7m in 2013/14 , excluding the impact of LACSEG (see (i) below) and a further £7m (cumulative total of £14m) in 2014/15 – the combination of grant damping (see (a) above) and higher grant reductions from 2015/16 make the future funding landscape very bleak;
- (g) Funding reductions in (f) above include a loss of over £3m for Early Intervention Grant (currently receive £12m). The EIG reduction is due to a government top slice of EIG to fund 2 year old funding through the DSG. £2.801m is being added to DSG to fund the 2 year old free entitlement for 20% of eligible 2 year olds. We currently spend about £750k on the 2 year old group through the general fund so the diversion of these costs to the schools budget would partly offset any top slice the government has made of the EIG. Such a diversion would result in a net loss in funding of £2.25m.
- (h) The Council received NHS support for Social Care totalling £3.2m in 2011/12 and £3m in 2012/13. This was originally funding for two years only. The Government have announced that funding will continue in 2013/14, with total funding of £4.3m. The use of these monies requires a Section 256 agreement with Health Partners – the draft 2013/14 Budget assumes that some of these monies at this stage say 50% (£2.1m) are set aside for future initiatives. Further details are awaited.
- (i) Grant funding has been reduced by £6.6m to reflect the redistribution of LACSEG monies to Department of Education – the reduction in funding continues to exceed the cost of LACSEG services provided by the Council. The monies will be redistributed separately to Academies and to maintained schools. Bromley is expected to receive £3.3m. The net impact for 2013/14 is a net reduction in funding of £3.3m – the net reduction will increase over the next three years which has been factored into the financial forecast;
- (j) The grant funding and planned reductions over the period 2013/14 and 2014/15 indicate that the grant loss in 2015/16 and future years is likely to be considerably higher than previously forecast.
- (k) There are new social care grants and further details will be reported to the next meeting.

19.2 Historically, the council has been able to balance service pressures, whilst receiving low Formula Grant grant increases due to the large increase in specific grant for social care services and education up to 2006/07. This trend has been reversed since 2007/08. The situation is worsened with the Council continuing to remain, since 2003/04, at the “grant floor” for Formula Grant. The Leader has previously written to three local MPs to express concern about the levels of low funding reflected in the previous Formula Grant settlement.

19.3 Since 2003/04, the Council has received significant increases for the “schools budget” through ring fenced grant (more recently Dedicated Schools Grant). The ring fencing of this grant results in a continuation of minimal scope to redirect any resources from the schools budget to other services. In previous years the Children and Young People Portfolio Holder had agreed a package of funding to set the schools budget following consultation with headteachers, governors and the Schools Forum. The Executive is asked to agree that this process, by the Education Portfolio Holder, should take place again for 2013/14.

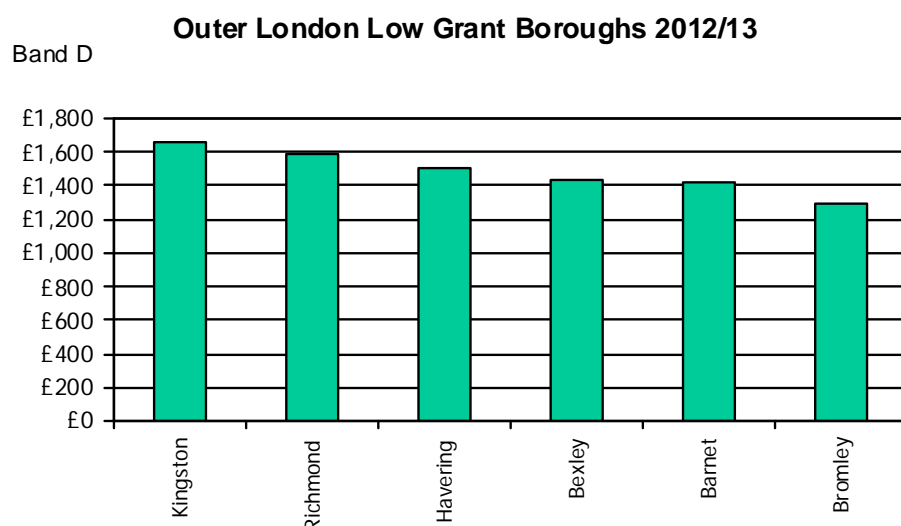
19.4 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London. It is £132 or 13.3% below the outer London Average. If the Council Tax was set at the outer London average then additional income of £18m would be achieved.

Outer London Council Tax Levels 2012/13



19.5 For the period 2009/10 to 2012/13 the “Bromley element” of the Council tax has increased by 4% compared with CPI inflation of 14.4%.

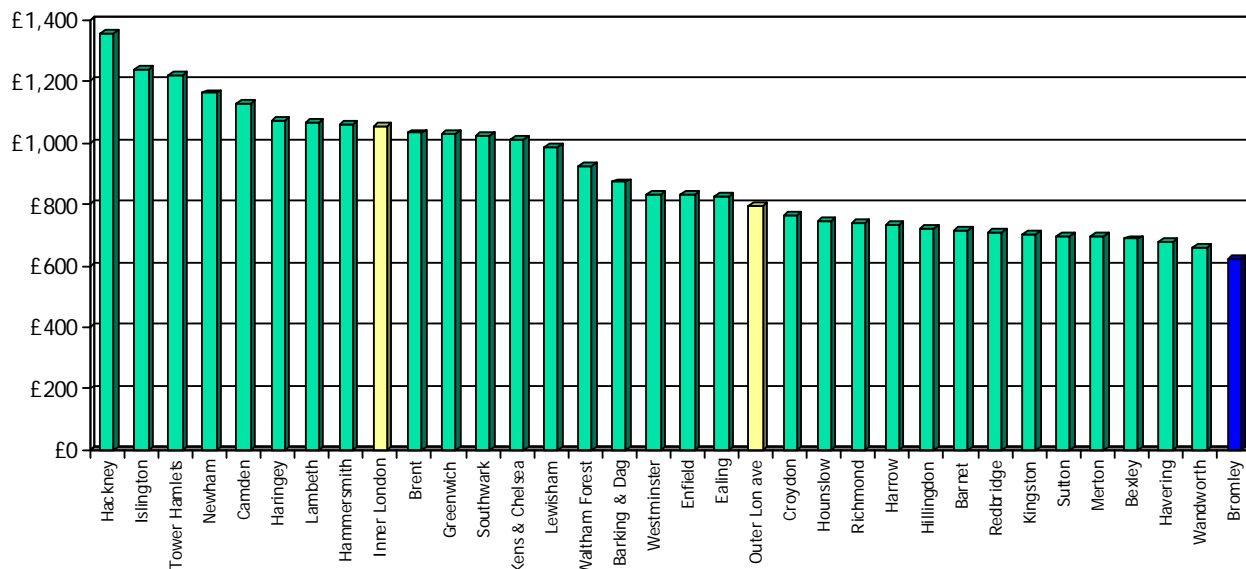
19.6 Most other low Grant boroughs have responded to low Government funding by setting substantially higher Council tax levels than Bromley, in some cases amongst the highest in London. This is demonstrated in the table below:



19.7 If Bromley’s Council tax level was the average for the 6 other low grant funded boroughs, as reported previously to the Executive, the Council’s income would increase by £28m. The

Council has achieved a low council tax level despite low levels of Government funding by keeping spending low as illustrated below:

Whole of London Spend per Head 2012/13



19.8 Therefore, in conclusion, Bromley has retained a low council tax despite lower levels of grant funding. This has been achieved by maintaining a low spending base. It is important to recognise that the pattern of spending in Bromley both in level and pattern restricts the options facing Members. One of the key issues in future year budgets will be the balance between spending, taxation and charges and service reductions in an organisation starting from a low spending base.

20. Council Tax Level

20.1 The initial proposed GLA precept will be released for consultation in early January 2013. The precept has an impact on overall Council Tax levels as well as the “Bromley element” of the Council Tax with the final precept not being available until 25th February 2013.

20.2 For 2013/14 every £1m change in income or expenditure causes a 0.9% variation in the “Bromley element” of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.2m.

20.3 The government chose to exercise its capping powers under the Local Government Act 1999 on several Councils’ in previous financial years. Bromley remained below the capping threshold for 2004/05 to 2011/12. As part of the Localism Act, any council tax increases that exceeds 2% in 2013/14 (3.5% in 2012/13) will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support an increase above 2% then the Council would be required to meet the cost of rebilling of approx. £100k. The one off cost of a referendum is estimated to be £400k.

21. Consultation

- 21.1 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the February 2013 meeting of the Executive. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 27th February 2013 where the 2013/14 Budget and Council Tax will be agreed.
- 21.2 Four “More tough choices – your council into the future” public meetings were held during November seeking views of local people. Details of the outcome are included in Appendix 7.
- 21.3 Prior to finalising the “Schools Budget” the Education Portfolio Holder will consult through meetings with Head Teachers, Governors and the Schools Forum. Consultation papers will also be sent to local business representatives for their views and comments. Other examples of consultation will include consultation on specific budget proposals.

22. Position by Department – Key Issues/Risks

- 22.1 There remain significant cost pressures for future years particularly relating to children’s placements, homelessness and adult social care. Without action to contain these pressures, alternative savings would need to be identified.
- 22.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 8. The level of balances held by the Council provides significant safeguards against any adverse financial pressures.

23. GLA Precept

- 23.1 The draft 2013/14 draft GLA budget has been delayed due to the late 2013/14 Local Government Financial Settlement and will be issued in January 2013. The final GLA precept for 2013/14 is expected to be announced after the Assembly has considered the Mayor’s draft consolidated budget on 25th February 2013.

24. Funding from Health

- 24.1 Bromley Primary Care Trust (PCT) has identified funding to support investment in further integration of health and social care / “promise” programme and have indicated an initial contribution of £2.5m which is expected to be followed by a further contribution at the end of the financial year. Members are requested to recommend to Council that the monies be set aside as an earmarked reserve to support future integration of health and social care initiatives and the “promise” programme. The utilisation of the monies will be determined within a formal Section 256 agreement between the Council and the PCT. Any future release of the monies will require the approval of the Executive.

25. POLICY IMPLICATIONS

- 25.1 The Council’s key priorities are included within the Council’s “Building a Better Bromley” statement and include:
- Safer Communities
 - A quality environment
 - Vibrant, thriving town centres

- Supporting independence, especially of older people
- Ensuring all children and young people have opportunities to achieve their potential
- An Excellent Council
-

25.2 “Building a Better Bromley” refers to aims/outcomes that include “remaining amongst the lowest Council tax levels in Outer London” and achieving a “sustainable council tax and sound financial strategy”.

26. PERSONNEL IMPLICATIONS

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

27. LEGAL IMPLICATIONS

27.1 The Local Authorities (Standing Orders)(England) Regulations 2001 deal, amongst other things, with the process of approving the budget. Under these provisions and the constitution, the adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. Sections 73-79 of the Localism Act 2011 has amended the calculations billing and precepting authorities need to make in determining the basic amount of Council tax. The changes include new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.

27.2 The new section 31A sets out how we calculate our council tax requirement each financial year. Firstly a billing authority must calculate our expected outgoings and income for the year under new section 31A(2) and (3). Where the authority’s expected outgoings exceed its expected income the difference is the authority’s council tax requirement for that year (new section 31A(4)).

27.3 The new section 31B(1) requires a billing authority to calculate its basic amount of council tax or the year by dividing its council tax requirement by its council tax base.

27.4 Schedule 5 to the Localism Act 2011 inserts a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority’s relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum set out in paragraph 21.5 apply. The new recommendation 2.3.6 makes it clear that in setting a nil increase the Council is entitled to conclude that in accordance with the Direction issued by the Secretary of State the basic amount of Council Tax proposed is not excessive.

27.5 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.

27.6 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a

designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.

- 27.7 Executive are being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education Portfolio Holder.
- 27.8 The making of these budget decisions is a statutory responsibility for all Members. Members should also have regard to the new changes from the Localism Act relating to council tax increases (see 21.5 and 25.4). As previously a lawful Council Tax must be set by 11th March.
- 27.9 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions. Further details to support these obligations will be reflected in the 2012/13 Council Tax report to be reported to the February meeting of the Executive.

28. CONCLUSION

- 28.1 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council tax has been kept low and the proposals include identifying investment resources to meet the “sustainability” requirements. There will be increasing and unprecedented financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic issues which creates uncertainty over the longer term direction of the Government’s austerity measures which impact on local government funding. It is probable that the situation will remain volatile in the medium term requiring ongoing change in our detailed approach but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction. In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing services provision, to release the necessary revenues and mitigate against the cost pressures currently being forecast.

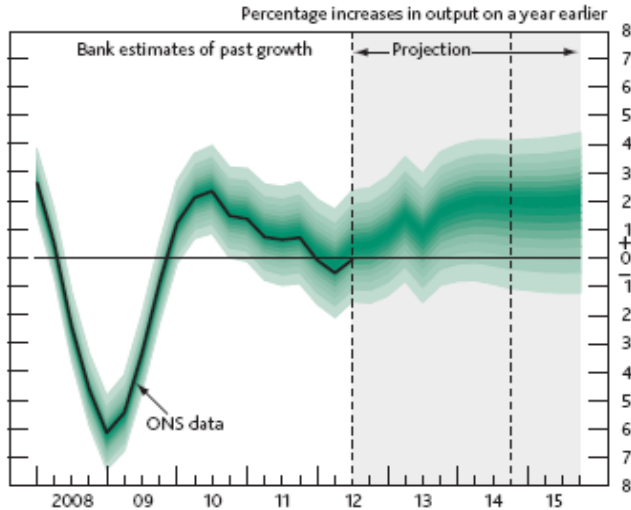
Background documents	2012/13 Financial Monitoring Report, Executive, November 2012 Provisional 2011/12 Final Accounts, Executive, June 2012 2012/13 Council Tax Report, Executive, February 2012 Capital programme Review and Prudential Code, February 2012
Financial Considerations	Covered within overall report

Update on economic situation which can impact on public finances

1. A longer term perspective was provided by the Office for Budget Responsibility (OBR's) Fiscal Sustainability Report which suggests that keeping the Government's finances in a sustainable position in the longer term will require further uncomfortable decisions to be implemented in the medium term, on top of delivering the tax changes already planned for the next few years. In addition, demographic pressures, particularly from the ageing of the population, will place upward pressure on public spending. The Institute of Fiscal Studies previously concluded that "significant further fiscal retrenchment (tax changes) will be required over the medium term to offset the estimated detrimental impact of changing demographics, and other factors, on public finances".
2. One key factor determining changes to public finances in the longer term relates to the level of economic growth measured by Gross Domestic Product (GDP). GDP fell by 0.1% in 2008 and 4.9% in 2009. Subsequently, it increased by 1.4% in 2010. In 2011 GDP growth was 0.9% and latest estimates by Office for Budget Responsibility indicate a fall of 0.1% in 2012, with an increase of 1.2% in 2013 rising to 2.3% per annum from 2015. Historically the future projections have been optimistic and the actual level of growth has been less than previously estimated. The ongoing euro-zone crisis, ongoing fiscal squeeze and continued pressure on consumers' incomes will keep GDP at minimal levels (or even negative levels). GDP matters as low or negative GDP reduces the taxation income received by the Government and also results in increase in spending on welfare benefits with a resultant upward pressure on overall public sector debt. The weaker growth has increased Government borrowing. Public sector debt is expected to peak in 2015/16 at 79.9% of GDP – in March 2012 the Chancellor expected it to peak in 2014/15 at 76.3% of GDP. Citing tighter economic conditions, the Chancellor recently indicated that it would take not three but four years to scale back the deficit and that the planned spending cuts will extend till at least 2017/18. The Chancellor referred to borrowing being higher and growth slower than previously thought but the Government's approach is ensuring that "Britain is heading in the right direction"
3. The Bank of England inflation report (November 2012) states that "the UK economy has barely grown over the past two years, as it has laboured against the consequences of a financial crisis and its impact on global demand, a sharp squeeze in domestic spending power and necessary fiscal consolidation ... The future path of GDP will depend critically on developments in the global environment, with strains in the euro area posing the greatest risk to sustained recovery". Some analysts have warned that Britain is close to a treble-dip recession (last treble-dip recession was seen in twenties and early thirties). Further "dips" could have a negative impact on consumer and private sector confidence. The Bank of England Governor referred to "underlying growth is likely to remain sluggish in the near term".

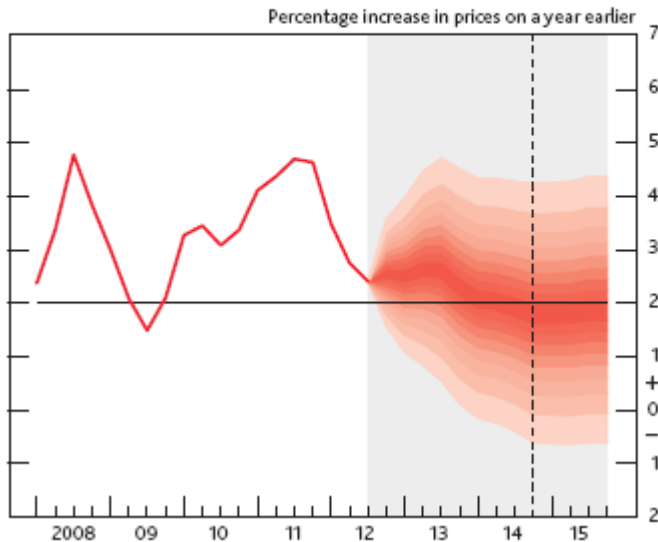
The Bank of England's projections are shown below:

Chart 1 GDP projection based on market interest rate expectations and £375 billion asset purchases



4. There remains concern about the eurozone. Any global recovery is also at risk from the bank's "wall of debt" (International Monetary Fund), particularly identified as part of the "Eurozone debt crisis". There are many other factors such as the previous risk of the catastrophic default on the US debt of \$14.3 trillion which was averted last summer with the need to avert a further "fiscal cliff" shortly. However, these factors contribute to an unprecedented period which creates economic uncertainty and could ultimately have an impact on funding available from the UK Government towards public finances. Two major structural changes in the economy are likely to limit the future growth potential of the economy: less revenue from North Sea Oil and a less expansionary banking system.
5. The latest quarterly Bank of England Inflation Report (November 2012) provides an update on inflation forecasts. Inflation is "likely to fall back in the second half of next year, as the impact of external price pressures ease and a partial recovery in productivity growth dampens domestic cost growth Even so, considerable uncertainty surrounds the inflation outlook". This is illustrated in the following chart:

Chart 3 CPI inflation projection based on market interest rate expectations and £375 billion asset purchases



6. However, there remains a range of views within the Monetary Policy Committee regarding the inflation outlook. The Bank of England highlight this uncertainty by indicating that “the risks of inflation being above or below the 2% target are broadly balanced through much of the second half of the forecast period” (2012 to 2015)”.
7. The main measure of inflation for annual price increases for the Council’s contracted out services is Retail Price Index (excluding mortgage interest rates) i.e. RPIX. This measure is normally between 1% and 1.4% above the CPI level. The 2013/14 Budget assumes price increases of 2.9% which compares with the existing RPIX of 2.9%. Price increases of 2.5% have been assumed for 2014/15 and future years.

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

APPENDIX 2

Description	Notification	Details
Local Authority Central Services Education Grant (LACSEG)		<p>There was a top slice funding reduction of £0.8m in 2011/12 and a further £0.7m in 2012/13 (cumulative total of £1.5m) for LACSEG. Further changes in funding arrangements are being implemented from 2013/14 with the Government reducing the Council's formula grant and providing a direct grant after determining the local authorities remaining share (after allowing for distribution to academies). The funding will be distributed by formula on a national per pupil basis. Latest estimates indicate a further potential loss of funding of £3.3m which has been assumed in the draft 2013/14 Budget rising to £6m per annum from 2016/17. Any loss of funding will need to be partially offset by reductions in the cost of retained LEA services. Cost reductions of £1m have been identified for 2013/14.</p>
Review of School Funding		<p>Could impact on funding to Bromley schools depending on final outcome. Detailed financial impact awaited - some changes from 2013/14.</p>
Review of Education Capital		<p>Possible revised future role of local authorities to collect building condition and school data and provide DfE with an investment plan (replaces Education Asset Management Plan). Also national procurement arrangements (through central body) may go ahead limiting the role of local authorities in procuring major works.</p>
Local Government Resource Review		
Retention of business rates		<p>On the upside, Bromley could benefit from this proposal if:</p> <p>(a) It continues to see real growth in the business rate base;</p> <p>(b) The Council could factor business rate retention monies, as part of a business case, in any future development proposal that would increase the business rates base.</p> <p>Bromley would only receive a 30% share of business rate growth. Any retention of increase in business rates by an authority will be limited by the national control totals set out in the Government's Comprehensive Spending Review 2010 and may factor in the Government's assumptions about future growth.</p> <p>Bromley would be required to bear a share of the risk of reducing business rates in the area of up to 7.5%, subject to a national safety net. Historically there has been an overall reduction in the Council's business rates baseline which increases the risk of a future reduction in income. Further details were reported to Executive on 11th April 2012.</p>
Council Tax Benefit Localisation		<p>Bromley will receive funding reflecting a 11% reduction in Government grant. No changes to current level of support for pensioners (about one third of claimants). Potential reduction in entitlement of other claimants of up to 19% to match reduction in funding. The Council has faced year on year increases in claimants and associated costs which is unlikely to be funded by government within the proposals representing a further cost risk. Therefore, the Council would be required to bear the take up demand and any increasing costs risk. Further details are reported elsewhere on this agenda. One off grant funding to support a lower reduction in benefits (maximum reduction of 8.5%) is available from central government which equates to approximately £0.4m.</p>

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

Description	Notification	Details
Localism Act		Over 140 regulation making powers, order making powers, guidance, statutory requirements and duties. Includes general power of competence, elected mayors, standards, pay accountability, EU fines, community empowerment, localisation of business rates, planning, housing and London (GLA)
New Burdens Doctrine	Guidance for Government Departments	This relates to guidance for Government departments which can be used by Bromley to seek justification/review of any changes that result in additional costs without adequate funding from Government. Government departments are required to ensure that the net additional cost of all new burdens placed on local authorities by government departments is assessed and "fully and properly funded". This will ensure that the "pressure on Council Tax is kept down".
New Homes Bonus	Introduced from 2011/12	National funding of £250m per annum from 2011/12 to 2013/14 had been ringfenced for the scheme but any additional monies required will be top-sliced from Formula Grant. In the future any income may be offset by impact of top-slicing other government funding. The financial position will be dependent on how successful the Council has been compared with the average authority in providing new homes and reducing long term empty properties. Therefore the monies cannot be considered as a permanent income stream and have been retained as an earmarked reserve.
Welfare Reform: Changes to Housing Benefit		Housing Benefit will be replaced with Universal Credit with housing benefit phased out between October 2013 and October 2017. Responsibility for crisis loans and community care grants will be transferred from DWP to local authorities. The Council receives grant funding of £14.1m for housing benefit and there are potential cost implications arising from the transfer period as well as potential one off costs that are required. It is not clear whether these costs will be fully grant funded. The overall changes could have a wider impact on council services including the cost of homelessness and social care.
Demographic and Population Changes		Bromley's population is expected to rise by 9% over the next eight years. This includes an expected increase in those aged 85 years and over. The impact of longer life expectancy among adults and children is also likely to have an impact on the demand for social care services and SEN.
Interest on Balances		Income of £1.6m is assumed in the 2013/14 Draft Budget. The financial forecast assumes average interest of 1.0% on investments. A variation of 0.25% in these assumptions would result in an increase/decrease in the interest forecast of around £400k per annum. Centre for Economics and Business Research forecast that Bank of England base rate may remain at 0.5% until 2016. The 2013/14 Draft Budget includes the recent impact of banks reducing their rates which partly reflects the continuing low Bank of England base rate, Quantitative Easing, deleveraging of banks and the governments low cost funding for banks to lend to SMEs. The ongoing Eurozone Debt Crisis which is contributing to an increasing credit risk for lending to banks could continue to reduce this income significantly particularly if lending to banks will need to be reduced to periods of less than three months only. The Council's Treasury Management Strategy has been reviewed to include new lending options such as corporate bonds.
2012/13 Financial Monitoring	Report to Executive November 2012	The most significant cost pressure which could have an impact on the 2013/14 and future years budgets is the cost of homelessness. A general provision of £2m has been included in the draft 2013/14 Budget to meet the impact of changes arising from the wider welfare reforms which impact on homelessness and social care costs.

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

	2012/13	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000	£'000	£'000	
Bromley's Budget Requirement in 2012/13 (before funding from Formula Grant)	195,836	195,836	195,836	195,836	195,836	
Formula Grant	-62,940	-62,940	-62,940	-62,940	-62,940	
	132,896	132,896	132,896	132,896	132,896	
Increased costs (2.9%, mainly contracts)		5,883	12,507	18,584	25,033	
Net reduction in Early Intervention Grant (less costs of £750k diverted to Schools Budget)		2,342	2,910	2,910	2,910	
NHS Support for Social Care		-4,260	-4,260	-4,260	-4,260	
NHS funding to meet volume service pressures (previously funding by NHS support grant)		1,000	1,000	1,000	1,000	
Remaining provision for other initiatives		2,130	2,130	2,130	2,130	
Other reductions in grant funding		3,843	10,275	17,275	24,275	
		5,055	12,055	19,055	26,055	
Variation in interest on balances		1,100	800	800	800	
Net grant reduction to reflect top-slicing of Local Authority Central Services Education Grant (LACSEG)		3,300	4,930	5,510	5,950	
Real reduction in Council Tax Benefit Grant to reflect latest estimated caseload (Bromley element)		2,360	2,360	2,360	2,360	
Council Tax Support scheme (19% contribution of liabilities from claimants of working age)		-2,360	-2,360	-2,360	-2,360	
Real Changes and other Variations (see Appendix 5)						
Education and Care Services (mainly adults with learning difficulties)		461	1,351	1,351	1,351	
Environment (mainly landfill tax)		498	1,039	1,426	1,796	
R&R		38	78	118	160	
Other (mainly council wide)		305	1,744	2,019	2,834	
Provision for future years cost pressures not included above		0	0	1,000	2,000	
Sub total - real changes and variations		1,302	4,212	5,914	8,141	
Sub total		149,536	167,400	182,759	198,875	
Savings approved by Executive during 2010/11 relating to roll out of waste pilots		-98	-187	-187	-187	
Provision for homelessness (impact of recession/changes to welfare benefits)		2,000	2,000	2,000	2,000	
Provision for costs pressures arising from variables e.g. youth on remand and other variables		2,000	2,000	2,000	2,000	
Provision for potential loss of income through impact of localisation of Business rates		1,000	1,000	1,000	1,000	
Collection Fund Surplus		-1,840	0	0	0	
Utilisation of collection fund towards council tax support/ to mitigate collection risk		1,840	0	0	0	
		5,000	5,000	5,000	5,000	
Increase in council tax base partly offset by revisions to collection rates		-800	-800	-800	-800	
Savings proposals (see Appendix 4)		-13,010	-14,584	-14,584	-14,584	
Technical reforms of council tax (approved by Executive on 28th November)		-1,100	-1,100	-1,100	-1,100	
Reduction in funding to LB Grants Committee		-118	-118	-118	-118	
Sub total		-14,228	-15,802	-15,802	-15,802	
- New Homes Bonus		-1,548	-2,148	-2,648	-3,048	
- Fall out of Collection Fund Surplus (one off funding in 2011/12)		2,000	2,000	2,000	2,000	
- Fall out of 2012/13 council tax freeze grant		3,304	3,304	3,304	3,304	
		3,756	3,156	2,656	2,256	
Fall out of one off provisions		-12,642	-12,642	-12,642	-12,642	
Provisions in 2013/14 and future years						
- Infrastructure Investment Fund (reported to Executive January 2012)		1,305	0	0	0	
- Utilisation of new homes bonus (set aside as an earmarked reserve)		3,573	4,173	4,673	5,073	
		-7,764	-8,469	-7,969	-7,569	
Remaining Sum to be met from Council Tax/Budget Options		135,402	150,298	165,657	181,773	
Increase in council tax (assume 2% per annum, less £300k p.a. re unfunded changes to council tax benefit)		132,896	-2,400	-4,800	-7,200	-9,600
Current Council Tax Income		-132,896	-132,896	-132,896	-132,896	
Remaining "Budget Gap"		0	106	12,602	25,561	39,277

FULL YEAR EFFECT OF 2011/12 SAVINGS IDENTIFIED OVER FOUR YEARS 2012/13 - 2015/16

REF	Department	Budget 2012/13 £'000	Budget Option Identified	Savings 2013/14 £'000	Savings 2014/15 £'000	Savings 2015/16 £'000
	Resources Department					
1		1,409	Exchequer Services - Reorganisation of team(s) and option to outsource	49	49	49
2		189	Salaries LBBexley	35	35	35
3		427	Staff reductions linked to shared service with LBG	48	48	48
4		427	Staff reductions linked to shared service with LBG	32	32	32
5		334	Contract adjustment	30	30	30
6		0	Reductions in bad debt provision due to improved cash collection	0	120	120
7		1,595	Running expenses, cheque production, external audit, Training etc	89	179	179
8		915	Customer Service - Channel Shift	30	60	60
9		0	Customer Service - Shared Service	5	10	10
10		24	Use of telephone, internet and text messaging registration	2	4	4
11	Property	66	Restructure of Property Division	26	26	26
12	Property		Restructure of Property Division	150	150	150
13	Property	208	Reduce budget. Many of the DDA works have been carried out. Further works should be incorporated into planned refurbishments/alteration where possible.	58	58	58
14	Property	836	Reduce budget. Surveys and risk assessment on all properties have been completed. Asbestos is removed where necessary and a full management programme is in place. The decay curve has meant that reduced spending will occur in this activity.	100	286	286
15			Amalgamation of receptions	10	20	20
				664	1,107	1,107
	Education & Care Services					
16	Standards and Achievement	413	BYMT - contract reduction	40	60	60
17	Integrated Youth Service	1,986	Universal and Targeted (Connexions) Youth Support	580	580	580
18	Strategy Division	525	Learning & Development Savings	50	50	50
19	Care Services	-4,160	Charging	100	100	100
20	Care Services	-35	Increased savings from Extra Care	15	15	15
21	Strategy Division	2,998	Reduce commissioning of supporting people services	300	300	300
22	Care Services	66,533	Efficiency targets for all suppliers	300	300	300
23	BAEC	129	Reduce general budgets e.g. advertising, travelling etc	4	6	6
				1,389	1,411	1,411

		Budget	Savings	Savings	Savings
	Environmental Services				
24	Street Scene & Green Space	100	Introduce automated weighing system and payment facility	50	50
25	Street Scene & Green Space	340	Reduce parks running costs	15	15
26	Street Scene and Green Space	205	Diminishing playground repairs and equipment replacement. No new seats/bins in parks and reduce repairs to paths/fencing	45	51
27	Customer and Support Services	469	Reduction in support services and running costs	33	33
28	Transport/Highways	65	Reduced frequency of highway/footway condition surveys and making better use of in-house resources to carry out work previously undertaken by consultants'	55	55
29	Transport/Highways	251	Reduction in Traffic Posts or transfer costs to TfL budgets	31	31
30	Transport/Highways	154	Reduced number of surface water drainage schemes	12	12
31	Transport/Highways	78	Reduced levels of service for inspections and minor repairs of highway structures	19	19
32	Transport/Highways	300	Reduced levels of service for non-routine maintenance of street lights & signs	29	29
33	Transport/Highways	125	Reduced levels of service - minor street lighting improvements	15	15
	Renewal & Recreation				
34	Recreation	35	Remove subsidy to Norman Park Track	0	35
35	Recreation	180	Amalgamate Penge and Anerley Libraries (delay in savings as no suitable building has been identified to date)	50	50
36	Planning	1,074	Deletion of 2 career graded posts within development control	50	80
37	Planning	803	Review of staffing. The Core strategy is a key part of the LDF. This will be further informed by ongoing work in respect of development control and planning administration.	32	32
38	Planning	313	Potential additional savings from planning administration	0	38
				132	235
				2,489	3,063
			TOTAL		

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
		SAVINGS ALREADY DELIVERED/AGREED				
ECS		Domiciliary Care retendering	6,967	1,000	Savings already reported to Executive	
ECS		Extra Care Housing (saving from residential placements)	1,898	500	Savings already reported to Executive - 11/4/12	
ECS		Campus Reprvision - attrition	1,100	1,100	Reflected in Budget Monitoring Reports	Risk when grant moves from specific to RSG around government factoring attrition impact
ECS		Additional savings from Supporting People Services		200	Reflected in Budget Monitoring Reports	
ECS		Contract Efficiencies		200	Reflected in Budget Monitoring Reports	
ECS		Education Restructure to offset part of impact of LACSEG		1,000	(plus a further £320k re DSG)	
		Sub-Total		4,000		
		MANAGEMENT SAVINGS				
		Senior Management				
ECS	1	Zero-based review of ACS Management structures	1,706	150	Cross departmental review of management tiers with aim of reducing	Will mean staff having to take on additional duties and this increases the service risks due to a reduced management structure.
HR	2	Turnover provision across depts to offset management trainee savings	118	25	Turnover cut across all departments in CED and Resources in lieu of savings on trainees not taken	
R&R	3	Departmental wide management review	1,276	65	Review of management	
ES	4	Departmental Management	1,437	50	Management staffing review	
HR	5	Reduction in HR senior Management	175	40	Further deletion at management level; from 2.5 to 2 posts. This includes the deletion of the Head of Organisation and Workforce Development through retirement offset by increase in hours of the Head of HR Operations to cover duties of the former postholder	
		Sub-Total		330		

Dept	No	Service area	2012/13	2013/14	Detail of proposal	Possible impact on service/notes
		Other Staff Savings				
ECS	6	Shared support services	1,982	50	50% benefit of assumed efficiency of combining ACS and CYP strategy and support functions.	Potential risk around capacity and quality of service.
ECS	7	CMHT costs	1,400	150	reduce staffing within Mental Health teams (CMHTs)	Service delivered by Oxleas who will resist reductions & warn of significant service implications
R&R	8	Planning - Admin including LLP,PG	375	94	Staffing review	May result in reduced customer satisfaction. There could be a risk that the Council's land use database would not be promptly maintained and may compromise the drive to achieve a paperless office.
ECS	9	Statutory children information service	302	100	Phased deletion of 7 posts, reduce service to website and signposting	Managing parental expectations particularly in areas of high disadvantage where other LBB frontline access points are being reduced. May result in reduced customer satisfaction
RES	10	IT	1,083	170	Deletion of Information Management Team and Business Process Team	May need to buy in expertise in future
HR	11	Delete Corporate Learning & Development Consultants	170	20	Phased Implementation. Dependent on Effective South London Training procurement framework via the WDR system and longer term the MG 6 post for Social Care training leads for Corporate training as well.	
C Ex	12	Public Health efficiencies	11,100	300	Contribution from Bexley towards Director of Public Health post, who will provide support to them for 1/1.5 days a week. Plus operational efficiencies etc	
C Ex	13	Chief Executives Team	158	158	Controllable budgets of the Organisation and Improvement Team	
HR	14	Health & Safety - Staffing	122	54	Moving service into ES	
HR	15	Operational HR - staffing costs	939	45	Staffing costs in operational HR	
ECS	16	Safeguarding and QA - Business Support Post/Part time Finance Post	451	55	Staffing review - deletion of 1.5fte	
ES	17	Public Protection	4,000	200	Service review	
R&R	18	Recreation & Culture	474	41	Staffing review	

Dept No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
ES 19	Carbon Management	210	150	Service review	
ES 20	Street Regulation	512	57	Service review	
ES 21	Street Scene & Green Space	923	60	Staffing review	
ECS 22	Education Psychology- Deletion of Post	679	43	Staffing review - deletion of 1fte	
ECS 23	Education Business Partnership Restructure of Service	236	65	Staffing review	
	Sub-Total		1,812		
	REDUCTION IN SERVICE/CEASING OF SERVICE				
ECS 24	Adults Social Care workforce (formerly HRDS and NTS)	420	100	Reduce budget for in-house L&D consultants	Social Care workforce, including external providers (e.g.. domiciliary care providers, care homes, etc.)
ECS 25	Decommission/cease Care Link	189	50	Cease provision and sign post in market services.	This will directly impact on service users so will need to be managed carefully.
ECS 26	SEN running costs		1		
ES 27	Traffic and Road Safety	282	54	Charge additional £33k of staffing to TFL and reduce spend on minor traffic schemes £21k	
ALL 28	Review of training across the council		50		
ECS 29	Tightening of FACs criteria	1,669	100	Tightening of the application of the FACS criteria for adults with Learning Disabilities	
ECS 30	Contracts - Disabled Children	166	35	Reduction in expenditure on Service Level Agreements within the Specialist Support and Disability Service.	
ES 31	Community Safety	452	51	This is made up of £41k staff saving and £10k additional income	

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
ES	32	Street Scene & Green Space - Tree maintenance	529	68	2013/2014: Further reductions from the routine maintenance budget and from the parks tree maintenance budget.	2013/2014: There will be no routine maintenance undertaken either as part of a cyclical programme or requests from residents. Only essential H&S works, Insurance Works, Tree Surveying, Tree Planting, and emergency call outs will be undertaken on the highway. £10k from parks and greenspace health and safety budget will mean that the budget will become overspent quicker than it usually is on an annual basis.
ES	33	Customer & Support Services	210	27	Review of staffing and reduce budgets for sustainability and cease the Bromley Environment Awards.	Could have an impact on the achievement of waste reduction & carbon tax targets. Bromley Environment Awards contribute to the Council's promotion of borough-wide energy saving and a green and clean Bromley.
R&R	34	Planning - Development Control	1,074	80	The deletion of two career graded planning posts.	The deletion in total of 2 career graded planning posts could lead to the Planning Advisory Service investigating if performance dropped below the standard required.
ECS	35	Older people's Day Care	965	500	Reduce costs by 50% by concentrating on dementia day care to prevent need for long term care costs	Currently 1500 places provided per week in 10 day centres including 4 specialist centres, with 752 people attending each week. The proposal is to shift the emphasis on specialist places for those that meet the eligibility criteria with a reduction of the overall number of places available. May have an effect on other more intensive services over time i.e. personal care, respite care, residential care as is often part of a wider package of support being provided by family carers. Any reduction of income has already be factored in the charging income figures.
ECS	36	Transformation of Children & Adult Care Services		1,000	This relates to savings of £680k in staffing costs and the balance of £320k commissioning efficiencies.	
ECS	37	Bromley Children Project - Future of Hawes Down Centre (SEN)	1,884	42	Ceasing of the transitional funding paid to the centre from the Bromley Children Project	
		Sub-Total		2,158		

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
		SAVINGS THROUGH OUTSOURCING/SHARED SERVICES/SERVICE REDESIGN				
ECS	38	Market testing - Reablement	1,701	250	In-house reablement service to be outsourced/reduced and alternative provision grown in independent sector	Tupe may impact on overall savings.
ECS	39	Market testing - LD core and cluster	1,317	75	property and care outsourcing	All would have TUPE implications which would reduce potential savings under current legislation.
ECS	40	Market testing - ECH services	971	100	closure of one ECH scheme and outsourcing of care in remaining	Tupe may impact on overall savings.
ECS	41	Market testing - LD day services	2,030	75	seek external provider for LD day service provision	Tupe may impact on overall savings.
ECS	42	Market testing of Tenancy Support (SP) - already delivered	339	500	reduce by 30% commissioning costs of support to single vulnerable homeless people	
ECS	43	Decommission one LD small home	1,317	50	net cost after re-providing for care of residents (Orchard Grove)	Tupe may impact on overall savings.
ECS	44	ICES - already delivered	556	25	year 1 saving from recommissioning equipment service	
R&R	45	Recreation - Town Centre Management & Business Support (TCM & BS)	294	23	Savings will be achieved through a re-organisation of the TCM and BS team to ensure it is fit for purpose in terms of the current challenges - the need to generate income and reduce costs, the need to engage with and support struggling traders - and opportunities for example, the enormous changes envisaged through the AAP, increased potential for project funding through the Outer London Fund.	Impact is likely to be minimal - depending on the decision making timetable and consultation requirements, it may not be possible to achieve full year savings in 2012/13. Officers are in the process of preparing a BID for Orpington TC (subject to Member approval), with the aim to expand the BID approach to cover all TCM funding. However, if this proves to be unsuccessful, then a future budget option could be to delete the TCM service from April 2014.
HR	46	HR - Business Support	311	50	Possible option for attaching Bus Support Serve to existing Payroll contract being explored	To be updated to identify potential budget savings
		Sub-Total		1,148		

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
		INVEST TO SAVE				
ECS	47	Reduce forecast growth in PDSI*	600	150	achieve through investing £500,000 NHS social care fund into new service options, leading to reduction in residential care placements from 2013/14	Budget for 2012/13 assumes savings of £100k increasing to £250k by 2013/14. By 2013/14 only likely to deliver £100k savings in total - shortfall of £150k
ECS	48	Offset LD Growth (CYP) esp. transition costs with NHS Social Care funds	900	75	Achieve through investing £500,000 NHS social care funds a) funding growth projections b) reducing numbers in long term residential care, reducing projections from 2013/14 onwards.	Budget for 2012/13 assumes savings of £100k increasing to £250k by 2013/14. By 2013/14 only likely to deliver £150k savings in total - shortfall of £100k
ECS	49	Admission Avoidance scheme	221	75	Service now ceased	
ECS	50	Reduce long term care costs in dementia*	2,500	150	achieve through investing £500,000 NHS social care fund into new service options, leading to reduction in residential care placements from 2013/14	Budget for 2012/13 assumes savings of £100k increasing to £250k by 2013/14. By 2013/14 only likely to deliver £100k savings in total - shortfall of £150k
		Sub-Total		450		
		INCOME				
ECS	51	Additional income will be generated in the Care Services division from the creation of an additional post in the Appointeeship Team	13,530	100	Limited capacity within the team means that not all service users, who are unable to manage their financial affairs, will be provided with this service. Creating this additional post will provide the capacity within the team and avoid having a waiting list for the service.	

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
ES	52	Customer & Support Services - Parking	7,053	157	Further increase in parking charges and tariffs.	1. Concern has previously focussed on the potential impact on town centre retailers and reaction from motorists. Benchmarking shows that Bromley charges remain similar to or lower than comparative out of borough destinations. A significant price increase was implemented last year. For 2013/14 we will reassess charges for on-street core town centre parking bays to ensure turnover of spaces and reduced congestion.
		Sub-Total		257		
		FUNDING TO VOLUNTARY SECTOR				
ECS	53	Reduce funding to Citizens Bureau	245	41	Reduction in non – priority voluntary sector spend: • Citizens Advice Bureau (CAB)	CAB provides and free impartial advice and information and is available to all residents. The funding reduction through contractual arrangements is part of the wider review undertaken on information, advice and guidance services.
		Support planning and brokerage service for ineligible service users	100	50	Reduce cost of non-priority service areas	approximately 420 older people who fall outside the eligibility criteria receive services designed to provide targeted support for a period of time (moderate needs). Information, advice and guidance services are provided for people with learning disabilities who do not meet eligibility criteria but who need low level support. The service supports approximately 135 people pa. The potential for different models of service and charging for services could minimise the impact of any long term effect on care services.
ECS	54	Mental health day & support services	387	75	Reduce contracts with voluntary sector for MH day support and activities, and work related schemes	Day centres for adults with mental health needs, provide employment support, training courses, peer support, benefits advice to approximately 450 service users per annum – includes a high proportion of people not eligible for services under the FACS criteria. This may impact longer term on other services.

Dept	No	Service area	2012/13 Budget £'000	2013/14 Saving £'000	Detail of proposal	Possible impact on service/notes
ECS	56	Disability work schemes	525	100	Reduce the amount spent on supported work schemes provided by Shaw Trust through the contracting process.	Current employment support services work with people who may otherwise be unable to access employment opportunities. Potential to achieve efficiencies in contracts with providers.
ECS	57	Carers organisations	400	100	Efficiencies from Carers Support & Services	Potential to achieve efficiencies from joint contracts and funding with PCT. Approx 4000 carers supported by range of services. May have an effect on other more intensive services over time i.e. personal care, respite care, residential care as is often part of a wider package of support being provided by family carers.
		Sub-Total		366		
		TOTAL		10,521		

**DRAFT 2013/14 BUDGET AND FINANCIAL FORECAST 2014/15 TO 2016/17
SUMMARY OF REAL CHANGES**

APPENDIX 5

	Budget				
	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Education and Care Services					
- Adults with learning difficulties					
Adults with Learning Difficulties - new placements	23,689	1,003	1,893	1,893	1,893
Growth reduction in learning disabilities placements - part of 2012/13 savings list	23,689	-100	-100	-100	-100
Savings from Extra Care Housing	7,251	-442	-442	-442	-442
2011/12 Demographic changes following through into 2012/13 for older people	20,563	606	606	606	606
Further savings from extra care/reablement	20,563	-606	-606	-606	-606
- Children's social care					
Children's placements	10,629	400	700	900	1,300
Offset by invest to save initiatives - funded by £3m from NHS support to social care monies	10,629	-400	-700	-900	-1,300
SEN transport	3,659	45	180	315	450
Offset by invest to save initiatives	3,659	-45	-180	-315	-450
Total real changes ECS		461	1,351	1,351	1,351
Environment					
Absorption of inflation increases for PCNs	-4,119	100	251	382	512
		100	251	382	512
Other cost pressures/ growth					
- Waste					
Landfill tax increases	2,537	426	842	1,165	1,387
Increase in waste contract price and disposal targets	7,953	-66	-130	-235	-255
Increase in refuse/recycling collection to reflect additional units and leap year add costs	6,399	38	76	114	152
Sub total (waste)		398	788	1,044	1,284
Total real changes (Environment)		498	1,039	1,426	1,796
Renewal and Recreation					
Absorption of inflation for statutory planning fees	-1,276	38	78	118	160
OTHER VARIATIONS (MAINLY COUNCIL WIDE)					
Other net cost pressures/ growth					
Additional allowance for increased fuel costs	0	0	100	400	700
Local elections	0	0	500	0	0
Net loss of income from proposed sale of car park sites	-569	272	272	272	272
Glades - reduction in rent income		114	114	114	114
Freedom passes					
- additional cost of reissue of Freedom passes every five years	0	0	110	0	0
- cost increases above inflation	9,204	224	400	600	800
- extra cost of London Overground and National Rail based on actual usage	9,204	0	419	734	1,049
Carbon Reduction Commitment (CRC) - assumes funding available from schools	166	0	134	204	204
Reduction in funding of operational costs (Bromley Mytime)	305	-305	-305	-305	-305
Total real changes (mainly council wide)		305	1,744	2,019	2,834
Provision for future years cost pressures not included above				1,000	2,000
TOTAL		1,302	4,212	5,914	8,141

SUMMARY OF DRAFT 2013/14 REVENUE BUDGET - PORTFOLIO

2012/13	Portfolio/Item	2013/14 Draft Budget £'000
Budget £'000		
127,473	Education	129,158
Cr 128,336	Less costs funded through Dedicated Schools Grant	Cr 121,133
Cr 863	Sub total	8,025
103,481	Care Services	109,792
31,309	Environment	31,169
3,272	Public Protection and Safety	3,041
9,074	Renewal and Recreation	8,493
31,776	Resources	41,899
7,223	Non Distributed Costs & Corporate & Democratic Core	7,613
185,272	Total Controllable Budgets	210,032
30,161	Total Non Controllable Budgets	20,709
Cr 811	Total Excluded Recharges	Cr 811
214,622	Portfolio Total	229,930
Cr 29,353	Reversal of Net Capital Charges	Cr 19,727
Cr 2,691	Interest on General Fund Balances	Cr 1,591
12,642	Provision for Capital Works and Other Provisions	-
-	Increase in Tax Base partly offset by revisions to collection rates	Cr 800
7,254	Central Contingency Sum	10,069
	Levies	
453	- London Pension Fund Authority	523
459	- London Boroughs Grants Committee	341
217	- Environment Agency	251
385	- Lee Valley Regional Park	444
203,988	Sub Total	219,440
Cr 59,636	Formula Grant	Cr 62,940
Cr 823	Impact of Finance Settlement	Cr 14,703
	- Estimated income from Public Health (final still awaited)	Cr 11,000
	- Potential increase in top slicing of LACSEG (net)	3,300
Cr 3,304	Council Tax Freeze Grant 2011/12 (subsumed into Formula Grant)	-
Cr 3,304	Council Tax Freeze Grant 2012/13	-
Cr 2,000	Collection Fund Surplus	Cr 1,840
	- Use of Collection Fund Surplus	1,840
	- One of Provisions	4,878
Cr 2,025	New Homes Bonus	Cr 3,573
132,896	Bromley's Requirement (excluding GLA) *	135,402

* Excludes the impact of a council tax increase

DRAFT REVENUE BUDGET 2013/14

	Education	Care Services	Environment	Public Protection and Safety	Renewal and Recreation	Resources	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	16,965	31,035	7,413	2,264	8,277	21,951	87,905
Premises	1,028	473	6,500	31	793	4,233	13,058
Transport	4,063	1,049	383	82	111	103	5,791
Supplies and Services	93,625	3,132	10,018	339	1,778	7,067	115,959
Third Party Payments	29,756	94,178	27,009	948	1,375	18,832	172,098
Transfer Payments	44	126,502	-	-	6.00	29,495	156,047
Income	Cr 138,469	Cr 146,842	Cr 19,148	Cr 623	Cr 3,808	Cr 31,856	Cr 340,746
Grant Related Recharges	46	28	Cr 1,006	-	Cr 39	Cr 313	Cr 1,284
Capital Charges/Financing	967	237	-	-	-	-	1,204
Total Controllable Budgets	8,025	109,792	31,169	3,041	8,493	49,512	210,032
Capital Charges/Financing	5,322	3,438	7,199	-	1,219	2,549	19,727
Repairs, Maintenance & Insurance	205	314	1,446	6	873	Cr 1,862	982
Property Rental Income	-	Cr 147	Cr 476	-	Cr 84	707	0
Not Directly Controllable Budgets	5,527	3,605	8,169	6	2,008	1,394	20,709
Recharges In	4,894	32,433	9,958	1,596	5,307	17,194	71,382
Total Cost of Service	18,446	145,830	49,296	4,643	15,808	68,100	302,123
Recharges Out	Cr 424	Cr 22,697	Cr 7,889	Cr 1,257	Cr 3,115	Cr 36,811	Cr 72,193
Total Net Budget	18,022	123,133	41,407	3,386	12,693	31,289	229,930

2013/14 CENTRAL CONTINGENCY SUM

£'000

Environmental Services

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

Renewal and Recreation

Planning appeals - changes in legislation	150
---	-----

CYP

New growth pressures - children's placements and children with disabilities	570
---	-----

Grants included within Central Contingency Sum

Children and Young People	
Early Intervention Grant	400
Lead Local Flood Authorities grant related expenditure (LSSG)	253
SEND Pathfinder Grant Expenditure	165
SEND Pathfinder Grant Income	Cr 165
Tackling Troubled Families Grant Expenditure	426
Tackling Troubled Families Grant Income	Cr 426
NHS Funding to Support Social Care - Grant related expenditure	2,130
NHS Funding to Support Social Care - Grant related income	Cr 4,260

General

Provision for Unallocated Inflation	2,871
Provision for risk/uncertainty	2,000
Provision for costs pressures arising from variables e.g. youth on remand and other variables	2,000
Provision for potential loss of income through impact of localisation of Business rates	1,000
Provision for homelessness (impact of recession/changes to welfare benefits)	1,000
Provision for risk/uncertainty relating to volume and cost pressure	635
Provision for uncertainty re grants	565
Further increases in fuel costs	450
Provision for uncertain items	290
Grants to voluntary organisations	275
Other grant reductions	249
Carbon tax	166
Other changes from 2012/13	154
Net shortfall of Glades income	114
National insurance - reduction in contracted out rates	100
Absorption of inflation for statutory planning fees	38
Technical reforms of council tax	Cr 1,100
Support for 2 year olds	Cr 750
	<u>10,069</u>

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

Education**DRAFT REVENUE BUDGET 2013/14 - SUMMARY**

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
	Adult Education Centres				
Cr 291,127	Adult Education Centres	Cr 569,650	Cr 43,930	Cr 4,000	Cr 617,580
Cr 291,127		Cr 569,650	Cr 43,930	Cr 4,000	Cr 617,580
	Children's Social Care				
2,396,106	Bromley Youth Support Programme - (Youth Services)	2,321,760	10,180	Cr 620,000	1,711,940
3,118,166	Referral and Assessment Childrens Centres	2,027,520	11,280	47,270	2,086,070
5,514,271		4,349,280	21,460	Cr 572,730	3,798,010
	Early Intervention Grant				
Cr 11,001,138	Early Intervention Grant	Cr 12,010,000	0	12,010,000	0
Cr 11,001,138		Cr 12,010,000	0	12,010,000	0
	Education Division				
15,907,008	Access	1,813,100	Cr 2,210	Cr 767,260	1,043,630
930,109	Education Commissioning and Business Services	940,600	Cr 5,190	Cr 372,720	562,690
1,836,591	School Improvement	653,430	140	Cr 670,210	Cr 16,640
Cr 34,417,912	Schools Budgets	0	0	0	0
23,233,791	SEN and Inclusion	3,960,230	Cr 68,410	Cr 636,480	3,255,340
7,489,587		7,367,360	Cr 75,670	Cr 2,446,670	4,845,020
	Strategy and Performance				
754,907	Research and Statistics	0	0	0	0
754,907		0	0	0	0
2,466,501	TOTAL CONTROLLABLE	Cr 863,010	Cr 98,140	8,986,600	8,025,450
36,665,712	TOTAL NON CONTROLLABLE	16,344,290	1,630	Cr 10,819,720	5,526,200
3,332,675	TOTAL EXCLUDED RECHARGES	4,598,600	0	Cr 127,820	4,470,780
42,464,887	PORTFOLIO TOTAL	20,079,880	Cr 96,510	Cr 1,960,940	18,022,430

EDUCATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref		VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1	2012/13 BUDGET	20,080	
2	Increased Costs	Cr 97	
	Movements Between Portfolios/Departments		
3	Posts transferred as part of the ECS Commissioning restructure Shortfall in staff car parking income due to the decision not to	Cr 24	2,850
4	charge essential car users	Cr 7	
5	Transfer of Catering and Cleaning Service from Resources	13	
6	Transfer of Strategic Property Manager from Resources	<u>76</u>	
		58	
	Real Changes		
	<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)</i>		
7	Universal and Targeted (Connexions) Youth Support	Cr 580	2,648
8	Transformation of Children & Adult Care Services	Cr 498	
9	Statutory children information service	Cr 100	100
10	Bromley Youth Music Trust	Cr 40	362
11	Adult Education Centres	<u>Cr 4</u>	7
		Cr 1,222	
	<i>New Savings Identified for 2013/14 (subject to approval)</i>		
12	Savings to mitigate LACSEG losses	Cr 957	1,722
13	Education Business Partnership	Cr 65	678
14	Education Psychology Service	Cr 43	
15	Bromley Children Project - Hawes Down Centre	Cr 42	1,728
16	Special Educational Needs	<u>Cr 1</u>	236
		Cr 1,108	
	<i>Other Real Changes</i>		
17	Formula funding as part of the 2013/14 finance settlement	12,010	Cr 12,010
18	Variations in Capital Charges	Cr 10,684	
19	Variations in Recharges	Cr 879	
20	Variation in Building Maintenance	Cr 141	
21	Variations in Insurances	5	
22	2013/14 DRAFT BUDGET	<u>18,022</u>	

EDUCATION PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

2 Increased Costs (Cr £97k)

Inflation of (£97k) has been allocated to budgets for contracts, SLA's and income. No inflationary increase has been applied to salaries in relation to 2013/14.

Movements Between Portfolios/Departments

3 Posts transferred as part of the ECS Commissioning restructure (Cr £24k)

With the formation of the new ECS Department, a new Commissioning Division was created that merged former ACS and CYP Commissioning functions. This was largely reflected in the 2012/13 original budget but there have been subsequent minor in-year changes between divisions as the structure has bedded in.

4 Shortfall in staff car parking income due to the decision not to charge essential car users (Cr £7k)

This is due to a shortfall Council-wide in the savings arising from charging for staff car parking as a result of the decision not to charge essential car users

5 Transfer of Catering and Cleaning Service from Resources (Dr £13k)

The Catering and Cleaning Service which provides services to schools, children's centres and nurseries, has transferred from Resources to Education

6 Transfer of Strategic Property Manager from Resources (Dr £76k)

The Strategic Capital Manager post has transferred from Resources to Education

Real Changes

7 Universal and Targeted (Connexions) Youth Support (Cr £580k)

This is a reduction on the level of Universal and Targeted Youth Support provided through Connexions

8 Transformation of Children & Adult Care Services (Cr £498k)

There is a £1m budget savings in 2013/14 arising from the transformation of Children's and Adults' Care Services. The Education Division element of this is £498k and relates to savings made from the restructure of the EDC

9 Statutory children information service (Cr £100k)

The services will be subsumed into a wider advice service targeted on parents in areas of deprivation

9 Bromley Youth Music Trust (Cr £40k)

This relates to a reduction on the Bromley Youth Music Trust contract

10 Adult Education Centres (Cr £4k)

A small reduction in general running expense requirements was identified within Adult Education

12 Savings to mitigate LACSEG losses (Cr £957k)

As a result of changes to the LACSEG formula for 2013/14, Bromley faces a reduction in funding of up to £3m. £1m was to be found towards this from Education Division, of which £957k is from Education portfolio, and the remaining £43k from Care Services portfolio

13 Education Business Partnership (Cr £65k)

A review of the Education Business Partnership service has identified an increase in income generation potential

14 Education Psychology Service (Cr £43k)

This relates to the deletion of a post within the Education Psychology Service

15 Bromley Children Project - Hawes Down Centre (Cr £42k)

As part of the transfer of management of the Hawes Down Children & Family Centre to Hawes Down School, some transitional funding was put in place. This relates to the ceasing of that funding

16 Special Educational Needs (Cr £1k)

Running expenses will be reduced in the Special Educational Needs team

17 Formula funding as part of the 2013/14 finance settlement (Dr £12,010k)

Grant removed as it is now being treated as part of Revenue Support Grant

18 Variations in Capital Charges (Cr £10,684k)

The variation on capital charges, etc is due to a combination of the following:

(i) Depreciation – the impact of revaluations or asset disposals in 2011/12 (after the 2012/13 budget was agreed) and in the first half of 2012/13 (total reduction of £156k across the Council);

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general reduction in the value and number of schemes in our Capital Programme from 2013/14 onwards (total reduction of £8,300k across the Council).

(iii) Government Grants – from 2011/12, credits for capital grants receivable in respect of schemes where expenditure is treated as REFCUS(see (ii) above) are required to be allocated to service revenue accounts, rather than as non-specific grant income in the CI&E Account. There was no budget for 2012/13, as this was finalised before this accounting change was confirmed, but the 2013/14 budget has been prepared in accordance with the new requirements (total reduction (credit entry) of £1,170k across the Council). These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

19 Variations in Recharges (Cr £879k)

Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position.

20/21 Variations in Building Maintenance and Insurances (Cr £5k)

Building Maintenance: This relates to the realignment of repairs and maintenance budgets to reflect business priorities.

partly because we have factored in an extra year of claims experience since the 2012/13 budget was finalised. Due to premium reductions, insurance recharges initially reduced by £33k across the Council.

As has previously been reported to the E&R PDS Committee, however, the balance on the Insurance Fund has been reducing steadily in recent years. In order to stabilise the position, the estimated contribution to the Fund in 2013/14 has been increased from £500k to £800k. A total of £208k of this is reflected in 2013/14 insurance budgets allocated to service revenue accounts (the balance of £92k is chargeable to schools) and insurance budgets, therefore, show an overall total increase of £175k across the Council.

Education

DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Grant Related Recharges £	Capital Charges/ Financing £	Total Controllable £	Capital Charges/ Financing £	Repairs, Maintenance & Insurance £	Property Rental Income £	Not Directly Controllable £	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Adult Education Centres																		
Adult Education Centres	2,514,190	276,600	6,500	522,130	0	0	3,937,000	0	412,000	617,560	412,000	36,290	0	448,290	346,030	176,740	0	176,740
Children's Social Care																		
Bromley Youth Support Programme - (Youth Services)	1,104,070	114,350	21,270	165,510	420,700	0	113,960	0	60,000	1,711,940	60,000	43,340	310	103,030	0	1,814,970	0	1,814,970
Referral and Assessment Childrens Centres	1,495,040	196,480	6,490	120,690	339,090	0	71,720	0	12,000	2,086,070	12,000	10,530	0	22,530	39,970	2,148,570	0	2,148,570
	2,599,110	310,830	27,760	286,200	759,790	0	185,680	0	72,000	3,798,010	72,000	53,870	310	125,560	39,970	3,963,540	0	3,963,540
Education Division																		
Access	6,756,630	199,460	185,820	533,500	10,745,790	0	1,130,420	15,247,150	99,000	1,043,630	99,000	12,800	0	111,800	465,630	1,621,060	0	1,621,060
Education Commissioning and Business Services	487,460	55,790	13,020	888,170	0	0	759,660	122,090	49,000	562,690	49,000	29,320	0	78,320	47,530	688,540	0	688,540
School Improvement	484,020	0	12,720	190,980	0	0	141,000	573,360	0	16,640	0	17,700	0	17,700	3,485,860	3,486,920	423,500	3,063,420
Schools Budgets	522,170	0	0	90,016,080	0	37,200	129,303,840	37,761,370	867,020	0	4,690,000	53,530	0	4,743,530	23,750	4,767,280	0	4,767,280
SEN and Inclusion	4,591,300	185,390	3,817,230	1,187,550	18,250,320	7,000	3,010,960	21,772,770	0	3,255,340	0	1,000	0	1,000	485,510	3,741,850	0	3,741,850
	11,851,580	440,640	4,028,790	92,816,580	28,996,110	44,200	134,345,900	46,000	967,020	4,845,020	4,838,000	114,350	0	4,952,350	4,508,280	14,305,650	423,500	13,882,150
	16,964,880	1,028,070	4,063,050	93,624,910	29,755,900	44,200	138,468,580	46,000	967,020	8,025,450	5,322,000	204,510	310	5,526,200	4,894,280	16,445,930	423,500	16,022,430

CARE SERVICES**DRAFT REVENUE BUDGET 2013/14 - SUMMARY**

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
	Adult Social Care				
123,645	AIDS-HIV Service	120,210	1,090	0	121,300
32,766,470	Assessment and Care Management	31,602,840	653,980	Cr 1,986,880	30,269,940
5,617,468	Direct Services	4,626,420	Cr 5,200	Cr 1,128,470	3,492,750
1,981,467	Learning Disabilities Day and Short breaks Service	2,050,430	13,250	Cr 175,000	1,888,680
2,240,958	Learning Disabilities Care Management	2,451,190	41,920	Cr 100,000	2,393,110
1,272,506	Learning Disabilities Housing & Support	1,211,030	Cr 3,030	Cr 47,660	1,160,340
44,002,515		42,062,120	702,010	Cr 3,438,010	39,326,120
	Children's Social Care				
836,570	Bromley Youth Support Programme	911,020	1,600	0	912,620
14,174,133	Care and Resources	13,124,780	235,870	861,640	14,222,290
2,953,994	Referral and Assessment	2,990,810	12,760	0	3,003,570
2,841,149	Safeguarding and Care Planning	2,870,910	12,050	0	2,882,960
2,303,828	Safeguarding and Quality Assurance	1,872,070	12,840	Cr 117,210	1,767,700
23,109,673		21,769,590	275,120	744,430	22,789,140
	Commissioning				
2,776,910	Commissioning	3,620,620	32,610	Cr 491,010	3,162,220
201,274	Drugs and Alcohol	254,090	3,010	0	257,100
15,345,202	Learning Disabilities Services	17,144,320	421,570	8,422,660	25,988,550
4,670,166	Mental Health Services	5,193,120	120,700	Cr 292,570	5,021,250
0	PCT Funding (Social Care & Health)	0	0	0	0
3,898,323	Supporting People	4,051,560	48,330	Cr 1,000,000	3,099,890
26,891,875		30,263,710	626,220	6,639,080	37,529,010
	Education Division				
442,529	School Improvement Looked After Children	559,790	2,580	Cr 43,000	519,370
4,488,615	SEN and Inclusion Children's Disability Services	4,257,640	82,210	Cr 73,340	4,266,510
4,931,144		4,817,430	84,790	Cr 116,340	4,785,880
	Environmental Services - Housing				
279,749	Housing Enforcement	254,270	Cr 390	0	253,880
728,702	Housing Improvement	475,720	5,480	Cr 90,000	391,200
1,008,451		729,990	5,090	Cr 90,000	645,080
	Operational Housing				
Cr 4,277	Enabling Activities	Cr 4,200	0	0	Cr 4,200
Cr 953,977	Housing Benefits	Cr 1,016,540	Cr 25,410	0	Cr 1,041,950
2,519,415	Housing Needs	2,160,310	10,170	1,000,000	3,170,480
1,561,161		1,139,570	Cr 15,240	1,000,000	2,124,330
	Strategic and Business Support Service				
1,486,880	Performance & Information	2,509,980	156,760	Cr 276,510	2,390,230
196,627	Quality Assurance	188,350	140	13,420	201,910
1,683,507		2,698,330	156,900	Cr 263,090	2,592,140
103,188,327		103,480,740	1,834,890	4,476,070	109,791,700
6,580,048	TOTAL NON CONTROLLABLE	3,987,450	2,600	Cr 384,450	3,605,600
11,582,110	TOTAL EXCLUDED RECHARGES	9,046,390	0	689,640	9,736,030
121,350,484	PORTFOLIO TOTAL	116,514,580	1,837,490	4,781,260	123,133,330

CARE SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref		VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1	2012/13 BUDGET	116,514	
2	Increased Costs	1,838	
	Full Year Effect of Allocation of Central Contingency		
3	NHS Funding to support social care - income	1,607	
	NHS Funding to support social care - expenditure	<u>Cr 607</u>	1,000
	Movements Between Portfolios/Departments		
4	Shortfall in staff car parking income due to the decision not to charge essential car park users	Cr 40	
5	Transfer of funding to Resources for post in Exchequer Services	Cr 6	
6	Rental income	20	
7	Posts transferred as part of the ECS Commissioning restructure	25	
8	Support services charge for Appointeeship from Resources	<u>123</u>	122
	Real Changes		
	<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process</i>		
	<i>(Subject to Approval)</i>		
9	Demographic changes for older people	606	
10	Further savings from extra care / reablement	Cr 606	
11	Transformation of Children & Adult Care Services	Cr 502	
12	Older people's day care	Cr 500	930
13	Market testing of tenancy support (Supporting People)	Cr 500	932
14	Savings in extra care housing	Cr 457	14,381
15	Children's placements growth	400	9,534
16	Children's placements growth - Offset by invest to save initiatives	Cr 400	9,534
17	Reduced commissioning of Supporting People services	Cr 300	2,933
18	Efficiency targets for all suppliers	Cr 300	
19	Outsource reablement	Cr 250	810
20	Reduce forecast growth in PDSI	Cr 150	600
21	Reduce long term care costs in dementia	Cr 150	2,500
22	Section 75 agreement for Community Mental Health Services	Cr 150	1,479
23	Zero based review of ECS management structures	Cr 150	
24	Market testing of Extra Care Housing	Cr 100	1,326
25	Disability work schemes	Cr 100	488
26	Charging income	Cr 100	Cr 4,202
27	Carers organisations	Cr 100	515
28	Adult Social Care Workforce Training	Cr 100	466
29	Mental health day and support services	Cr 75	299
30	Market testing of LD core and cluster	Cr 75	1,647
31	Market testing of LD day services	Cr 75	2,880
32	Admission avoidance service	Cr 75	75
33	Offset LD growth with NHS social care funds	Cr 75	
34	Decommission / cease Carelink	Cr 50	146
35	Decommission one LD small home	Cr 50	1,647

36	Support planning and brokerage service for ineligible service users	Cr	50		128
37	Shared Support Services	Cr	50		1,976
38	Learning & Development savings	Cr	50		552
39	Reduce funding to Citizens Advice Bureau	Cr	41		220
40	Community Equipment service	Cr	25		691
41	Temporary Accommodation - Growth		1,000		2,209
42	Learning Disabilities and Health Reform Grant - transferred to Formula funding		<u>8,805</u>		8,805
				5,205	
	<i>New Savings Identified for 2013/14 (subject to approval)</i>				
43	Learning Disability Campus Reprovision - attrition	Cr	1,100		23,689
44	Domiciliary care re-tendering	Cr	1,000		
45	Savings in extra care housing	Cr	500		14,381
46	Further efficiency targets for all suppliers	Cr	200		
47	Further reduced commissioning of Supporting People services	Cr	200		2,933
48	Adults with learning disabilities - tightening of FACS	Cr	100		1,669
49	Older Peoples Services - Additional income	Cr	100	Cr	13,530
50	Safeguarding and QA Staffing	Cr	55		1,518
51	Savings to mitigate LACSEG losses	Cr	43		
52	Disability Support Contracts	Cr	<u>35</u>	Cr	3,333
	<i>Other Real Changes:</i>				
53	Learning Disabilities - new placements			903	23,689
54	Variations in Rent Income	Cr	5		
55	Variations in Capital Charges	Cr	428		
56	Variations in Recharges			1,289	
57	Variations in Building Maintenance			17	
58	Variations in Insurances			11	
59	2013/14 DRAFT BUDGET			<u>123,133</u>	

CARE SERVICES PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

Increased Costs (Dr £1,838k)

- 2 Inflation allocated to budgets for contracts, SLAs, income and Inbucon staffing, offset by cash limiting of general running expenses budgets.

Full Year Effect of Allocation of Central Contingency

- 3 NHS funding to support social care - income - (Dr £1,607k)
NHS funding to support social care - expenditure - (Cr £607k)
2012/13 is the final year of the current s256 agreement with the PCT for funding to support social care.

A further credit of £1,122,540 is included in the variation in recharges figure below at ref 56 which represents expenditure falling out in other divisions / portfolios. The balance of £250,000 relates to an element of LD placement costs that were funded on a short term basis from the s256 agreement and which have now been added back in to the base budget.

Movements Between Portfolios/Departments

- 4 Shortfall in staff car parking income due to the decision not to charge essential car park users - (Cr £40k)
There is a shortfall Council-wide in the savings arising from charging for staff car parking as a result of the decision not to charge essential car users. This is the amount of the saving that the Portfolio is required to find to meet the shortfall.
- 5 Transfer of funding to Resources for post in Exchequer Services - (Cr £6k)
Funding for an additional 0.25 fte in Exchequer Services for processing of community equipment retail prescription invoices.
- 6 Rental income - (Dr £20k)
This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.
- 7 Posts transferred as part of the ECS Commissioning restructure - (Dr £25k)
With the formation of the new ECS Department, a new Commissioning Division was created that merged former ACS and CYP Commissioning functions. This was largely reflected in the 2012/13 original budget but there have been subsequent minor in-year changes between divisions as the structure has bedded in.
- 8 Support services charge for Appointeeship from Resources - (Dr £123k)
This relates to a recharge to the Portfolio for the Appointeeship Team which transferred to Resources Directorate with effect from 1st April 2012.

Real Changes

- 9/10 Demographic changes for older people / Further savings from extra care & reablement - (Dr £606k / Cr £606k)
The increase in numbers of older people expecting to require a care package in the future is expected to put pressure on services for older people. Current strategies around reablement services and development of new extra care housing should enable this cost pressure to be mitigated.

11 Transformation of Children & Adult Care Services - (Cr £502k)
There is a £1m saving in 2013/14 arising from the transformation of Children's and Adults Care Services. £502k relates to the Care Portfolio, the remaining £498k has been made in the Education Portfolio

12 Older people's day care - (Cr £500k)
Currently 1,500 places are provided per week in 10 day centres including 4 specialist centres, with 752 people attending each week. The proposal is to shift the emphasis on specialist places for those that meet the eligibility criteria with a reduction of the overall number of places available.

13 Market testing of tenancy support (Supporting People) - (Cr £500k)
The gateway review of tenancy support services identified savings on both floating support and supported accommodation commissioned to assist in homeless prevention.

14 Savings in extra care housing - (Cr £457k)

The opening of 2 new extra care housing schemes at Regency Court and Ann Sutherland Court is expected to save a net £957,000 in 2013-14 (see also note 45 below). This is the net effect of the saving in residential placements offset by the lower cost of providing care in the new schemes.

15/16 Children's placements growth - Offset by invest to save initiatives - (Dr £400k / Cr £400k)

There is expected growth in the numbers of children having to be accommodated. An invest to save initiative was developed in 2012/13 with the aim of reducing this cost pressure by investing in more inhouse foster carers.

17 Reduced commissioning of Supporting People services - (Cr £300k)

This saving will be achieved by not re-commissioning services or by services being delivered in a manner that substantially reduces costs.

18 Efficiency targets for all suppliers - (Cr £300k)

The plan to achieve this saving is through negotiations with contractors on two levels:
(a) annual negotiations to achieve efficiency targets to (partly) offset inflationary uplifts and
(b) at re-let / re-tender stage by revising specifications and setting reduction targets.

19 Outsource reablement - (Cr £250k)

The In-house reablement service will be outsourced/reduced and alternative provision grown in independent sector.

20 Reduce forecast growth in PDSI - (Cr £150k)

An invest to save scheme funded by NHS funds for Social Care went to the Executive in October 2011. This contained various initiatives to be implemented with a view to containing the forecast growth in services for people with physical disabilities.

21 Reduce long term care costs in dementia -(Cr £150k)

An invest to save scheme funded by NHS funds for Social Care went to the Executive in September 2011. This contained various initiatives to be implemented with a view to containing the forecast growth in services for adults with dementia.

22 Section 75 Agreement for Community Mental Health Services - (Cr £150k)

This saving is to be achieved on the Section 75 Agreement with Oxleas NHS Trust for the delivery of Community Mental Health Services.

23 Zero based review of ACS management structures - (Cr £150k)

The total ECS saving is £150,000 and arises from a cross-departmental review of management tiers.

- 24 Market testing of Extra Care Housing - (Cr £100k)
This saving relates to the closure of one ECH scheme and outsourcing of care in remaining schemes.
- 25 Disability work schemes - (Cr £100k)
This saving is to reduce the amount spent on supported work schemes provided by Shaw Trust through the contracting process.
- 26 Charging income - (Cr £100k)
Additional savings generated from increased charging income.
- 27 Carers organisations - (Cr £100k)
There is potential to achieve efficiencies from carers support services, partly through joint commissioning with Health.
- 28 Adult Social Care Workforce Training - (Cr £100k)
This saving relates to Social Care workforce training.
- 29 Mental health day and support services - (Cr £75k)
This saving would involve reducing contracts with the voluntary sector for Mental Health day support and activities and work-related schemes.
- 30 Market testing of LD core and cluster - (Cr £75k)
This saving will be achieved by outsourcing both the care and housing management elements of the service.
- 31 Market testing of LD day services - (Cr £75k)
This saving relates to the intention to seek an external provider for LD day service provision.
- 32 Admission avoidance service - (Cr £75k)
The saving is as a result of the service ceasing during 2012-13.
- 33 Offset LD growth with NHS Social Care Funds - (Cr £75k)
The planned reduction in growth is to be achieved by NHS social care funded invest to save initiatives.
- 34 Decommission / cease Carelink - (Cr £50k)
This saving is to be achieved through ceasing provision of the service and sign posting services available in the wider market.
- 35 Decommission one LD small home - (Cr £50k)
This saving relates to the closure of one of the LD homes, and is net of the cost of re-providing the care for the residents.
- 36 Support planning and brokerage service for ineligible service users - (Cr £50k)
This service is provided by Age UK (previously known as Age Concern). The saving is to be achieved through reducing the cost of non-priority service areas.
- 37 Shared Support Services - (Cr £50k)
This saving relates to assumed efficiencies arising from combining former ACS and CYP strategy and support functions.
- 38 Learning & Development savings - (Cr £50k)
A review of Learning & Development expenditure relating to Social Care workforce training will generate savings in 2013/14.

- 39 Reduce funding to Citizen's Advice Bureau - (Cr £41k)
This funding reduction through contractual arrangements is part of the wider review undertaken on information, advice and guidance services.
- 40 Community Equipment service - (Cr £25k)
This is the additional saving achieved from the recommissioning of the community equipment service in 2012-13. The 2012-13 saving was £75k, so this brings the total saving to £100k.
- 41 Temporary accommodation - growth - (Dr £1,000k)
There are significant pressures on the temporary accommodation budget as a result of increasing client numbers and rising unit costs. This increase is evident across all London boroughs and is the result of the pressures of rent and mortgage arrears resulting in increased levels of homelessness coupled with a reduction in the number of properties available for temporary accommodation. This has been reported to Members throughout the year in budget monitoring reports.
A number of invest to save initiatives have partly mitigated the budget pressures but growth of £1m is required in 2013/14.
This doesn't take account of welfare reforms which will result in further budget pressures.
- 42 Learning Disabilities and Health Reform Grant - transferred to Formula funding - (Dr £8,805k)
The LD & Health Reform Grant will be transferred to Formula funding as part of the 2013/14 finance settlement.
- 43 Learning Disability Campus Reprovision - Attrition - (Cr £1,100k)
This budget reduction arises from attrition rates and contract efficiencies and reflects spending levels in 2012/13.
- 44 Domiciliary care re-tendering - (Cr £1,000k)
Recent re-tendering of the contracts for domiciliary care has resulted in a significant reduction in costs as hourly rates have been renegotiated. The saving is net of loss of income, as charges to clients will have to be reduced in line with the lower rates.
- 45 Savings in extra care housing - (Cr £500k)

The opening of 2 new extra care housing schemes at Regency Court and Ann Sutherland Court is expected to save a net £957,000 in 2013-14 (see note 15 above). This is the net effect of the saving in residential placements offset by the lower cost of providing care in the new schemes.
- 46 Further efficiency targets for all suppliers - (Cr £200k)
Similar to ref 19 above, this further efficiency target reflects activity in 2012/13 and is in addition to the target of £300k above in relation to 2013/14 activity.
- 47 Further reduced commissioning of Supporting People services - (Cr £200k)
This saving will be achieved by not re-commissioning services or by services being delivered in a manner that substantially reduces costs. It is additional to the saving at ref 20 above and reflects activity in 2012/13.
- 48 Adults with learning disabilities - tightening of FACS - (Cr £100k)
This saving relates to the tighter application of FACS criteria for adults with a learning disability, which should result in reduced expenditure for domiciliary care and direct payments.
- 49 Older Peoples Services - Additional income - (Cr £100k)
The creation of a new post in the Appointeeship and Receivership team will generate additional income from clients.

- 50 Safeguarding and QA Staffing - (Cr £55k)
This saving relates to the deletion of 1.5fte's in the Safeguarding and QA team
- 51 Savings to mitigate LACSEG losses - (Cr £43k)
As a result of changes to the LACSEG formula for 2013/14, Bromley faces a reduction in funding of up to £3m. £1m was to be found towards this from Education Division, of which £43k is from Care Services portfolio, and the remaining £957k from Education portfolio.
- 52 Disability Support Contracts - (Cr £35k)
This relates to a reduction in expenditure on Service Level Agreements within the Specialist Support and Disability Service.
- 53 Learning Disabilities - new placements - (Dr £903k)
Members have received a number of reports looking at the cost pressures facing the authority arising from increased numbers of people with complex learning disabilities. Work continues to be undertaken by officers to develop alternative models of care, so that a number of people with learning disabilities can move into supporting living initiatives such as the Shared Lives scheme. However, despite this, costs are expected to increase by £903k in 2013/14 due to increased numbers.
- 54 Variations in Rent Income - (Cr £5k)
This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.
- 55 Variations in Capital Charges - (Cr £428k)
The variation on capital charges is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2011/12 (after the 2012/13 budget was agreed) and in the first half of 2012/13 (total reduction of £156k across the Council);
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to slippage of expenditure previously planned in 2011/12 and to new schemes added to the capital programme in February 2012 (total reduction of £8,300k across the Council).
 - (iii) Government Grants – from 2011/12, credits for capital grants receivable in respect of schemes where expenditure is treated as REFCUS (see (ii) above) are required to be allocated to service revenue accounts, rather than as non-specific grant income in the CI&E Account. There was no budget for 2012/13, as this was finalised before this accounting change was confirmed, but the 2013/14 budget has been prepared in accordance with the new requirements (total reduction (credit entry) of £1,170k across the Council).
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 56 Variations in Recharges - (Dr £1,289k)
Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position. The figure includes variations relating to the fallout of NHS funding to support social care.
- 57 Variations in Building Maintenance - (Dr £17k)
This relates to the realignment of repairs and maintenance budgets to reflect business priorities.

58 Variations in Insurance - (Dr £11k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because we have factored in an extra year of claims experience since the 2012/13 budget was finalised. Due to premium reductions, insurance recharges initially reduced by £33k across the Council. As has previously been reported to the E&R PDS Committee, however, the balance on the Insurance Fund has been reducing steadily in recent years. In order to stabilise the position, the estimated contribution to the Fund in 2013/14 has been increased from £500k to £800k. A total of £208k of this is reflected in 2013/14 insurance budgets allocated to service revenue accounts (the balance of £92k is chargeable to schools) and insurance budgets, therefore, show an overall total increase of £175k across the Council.

CARE SERVICES
DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Grant Related Recharges	Capital Charges/Financing	Total Controllable	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Adult Social Care																			
AIDS-HIV Service	0	0	0	44,570	1,800	0	0	74,930	0	121,300	0	0	0	0	0	121,300	0	121,300	
Assessment and Care Management	4,671,340	52,580	65,220	584,630	40,835,440	1,808,540	15,046,190	1,232,140	137,000	30,289,940	0	144,010	24,710	256,300	14,734,660	45,260,900	7,013,890	38,247,010	
Direct Services	4,026,070	24,700	697,220	290,210	64,520	0	758,520	311,030	0	3,492,750	0	9,150	0	91,500	623,280	4,125,190	4,125,190	0	
Learning Disabilities Day and Short breaks Service	2,147,780	106,100	47,390	64,350	460,330	0	127,230	810,330	0	1,888,680	0	42,380	0	85,380	1,148,840	3,122,900	3,122,900	0	
Learning Disabilities Care Management	880,470	0	14,910	0	682,610	0	121,500	113,230	0	2,393,110	0	1,340	0	1,340	382,970	2,787,420	6,280	2,781,140	
Learning Disabilities Housing & Support	1,823,600	56,040	9,060	159,720	0	0	138,190	438,450	22,000	1,160,340	0	47,410	0	69,410	168,120	1,397,870	1,397,870	0	
	13,555,260	239,400	833,790	885,840	41,724,700	2,876,330	16,191,830	2,827,950	202,000	39,236,120	0	244,230	24,710	421,580	17,067,880	56,815,560	15,666,130	41,148,430	
Children's Social Care																			
Bromley Youth Support Programme	1,138,130	52,410	17,140	58,800	21,410	0	329,270	46,000	0	912,620	0	12,380	0	12,380	91,100	1,016,100	0	1,016,100	
Care and Resources	2,982,620	21,180	56,180	470,100	10,021,020	1,336,350	645,160	0	9,000	14,222,290	0	1,650	0	10,650	297,430	14,530,370	0	14,530,370	
Referral and Assessment	2,290,850	0	27,700	133,810	517,740	0	0	18,910	0	3,003,570	0	0	0	0	0	3,003,570	0	3,003,570	
Safeguarding and Care Planning	2,140,550	0	28,300	177,050	461,590	75,480	0	0	0	2,882,960	0	28,030	5,520	22,510	60,550	2,966,020	0	2,966,020	
Safeguarding and Quality Assurance	1,485,210	0	11,080	114,190	82,450	0	0	74,770	0	1,767,700	0	0	0	0	2,632,560	4,400,260	56,480	4,343,800	
	10,017,960	73,590	140,400	953,950	11,044,200	1,464,210	974,430	9,860	9,000	22,789,140	0	42,060	5,520	45,540	3,081,640	25,916,320	56,480	25,859,860	
Commissioning																			
Commissioning	1,916,230	0	6,320	85,610	1,041,190	86,730	83,930	131,070	0	3,183,220	0	2,700	11,010	8,310	757,780	3,932,690	2,862,040	1,070,650	
Drugs and Alcohol	12,640	0	0	12,570	138,230	0	124,420	218,180	0	257,100	0	0	0	0	51,740	308,840	0	308,840	
Learning Disabilities Services	0	0	0	289,740	26,305,630	0	2,462,190	1,834,370	1,706,000	25,967,550	1,706,000	280	0	1,706,280	4,894,180	32,568,010	0	32,568,010	
Mental Health Services	10,720	0	0	8,810	5,349,160	81,130	539,410	119,840	21,000	5,021,250	0	19,970	105,930	64,960	502,060	5,458,350	0	5,458,350	
PCT Funding (Social Care & Health)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Supporting People	0	0	0	0	1,981,780	0	0	1,116,110	0	3,098,890	0	0	0	0	78,470	3,178,360	0	3,178,360	
	1,939,490	6,320	6,320	396,730	34,815,990	167,860	3,209,950	3,412,570	1,727,000	37,529,010	0	22,950	116,940	1,633,010	6,284,230	45,446,250	2,862,040	42,584,210	
Education Division																			
School Improvement	276,080	0	6,600	222,840	103,010	16,000	105,160	0	0	519,370	0	0	0	0	39,640	559,010	0	559,010	
SEN and Inclusion	766,160	38,000	16,230	537,960	2,889,110	438,750	219,700	0	0	4,266,510	0	0	0	0	153,420	4,419,930	0	4,419,930	
Children's Disability Services	1,042,240	35,000	22,830	780,800	2,192,120	454,750	324,860	0	0	4,786,860	0	0	0	0	193,060	4,979,940	0	4,979,940	
Environmental Services - Housing																			
Housing Enforcement	251,800	0	6,680	11,650	25,200	0	16,230	32,270	0	253,880	0	0	0	0	52,380	306,260	312,230	6,030	
Housing Improvement	349,780	34,320	10,400	6,050	25,200	0	239,670	0	1,500,000	391,200	1,500,000	120	0	1,500,120	950,150	2,841,470	564,930	2,276,540	
	601,580	34,320	17,080	17,700	25,200	0	255,900	32,270	1,500,000	645,080	1,500,000	120	0	1,500,120	1,002,530	3,147,730	877,220	2,270,510	
Operational Housing																			
Enabling Activities	0	0	0	0	0	0	4,200	0	0	4,200	0	0	0	0	284,800	289,000	0	289,000	
Housing Benefits	0	0	0	895,970	121,556,740	125,474,660	0	0	0	1,041,950	0	3,300	0	3,300	3,260,640	2,218,690	390,860	2,218,690	
Housing Needs	1,883,600	87,470	21,420	1,245,560	3,542,840	121,536,740	125,789,440	419,860	0	2,124,330	0	3,300	0	3,300	708,890	3,882,630	390,860	3,491,770	
	1,883,600	87,470	21,420	1,245,560	3,542,840	121,536,740	125,789,440	419,860	0	2,124,330	0	3,300	0	3,300	4,254,290	6,381,920	390,860	5,991,060	
Strategic and Business Support Service																			
Performance & Information	1,764,250	0	6,890	635,090	173,320	0	68,700	120,420	0	2,990,230	0	2,050	0	2,050	549,390	2,941,670	2,770,700	170,970	
Quality Assurance	221,080	0	0	8,160	0	0	27,530	0	0	201,910	0	0	0	0	201,910	0	73,580	128,330	
	1,985,330	0	6,890	643,250	173,320	0	96,030	120,420	0	2,592,140	0	2,050	0	2,050	549,390	3,143,580	2,844,280	296,300	
	31,034,860	472,780	1,048,510	3,132,150	94,178,370	126,501,950	146,842,240	27,930	3,438,000	109,791,700	237,390	314,770	147,170	3,605,600	32,433,020	145,830,320	22,690,990	123,133,330	

Environment Portfolio

DRAFT REVENUE BUDGET 2013/14 - SUMMARY

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
	Customer & Support Services				
Cr 5,610,459	Parking	Cr 6,697,140	Cr 201,950	Cr 58,230	Cr 6,957,320
1,931,601	Support Services	1,401,960	3,990	Cr 287,120	1,118,830
Cr 3,678,858		Cr 5,295,180	Cr 197,960	Cr 345,350	Cr 5,838,490
	Public Protection - ES				
100,846	Emergency Planning	113,310	230	Cr 530	113,010
100,846		113,310	230	Cr 530	113,010
	Street Scene & Green Space				
5,904,577	Area Management & Street Cleansing	4,535,230	92,270	Cr 84,510	4,542,990
2,454,171	Highways - SS&GS	2,384,390	48,170	Cr 58,000	2,374,560
Cr 18,075	Markets	Cr 29,000	Cr 2,920	Cr 9,190	Cr 41,110
6,056,803	Parks and Green Space	6,042,130	83,190	Cr 77,660	6,047,660
567,388	Street Regulation	627,720	0	Cr 113,520	514,200
16,549,778	Waste Services	16,254,210	394,990	199,870	16,849,070
31,514,642		29,814,680	615,700	Cr 143,010	30,287,370
	Transport & Highways				
6,612,672	Highways (Including London Permit Scheme)	6,188,200	126,810	Cr 72,320	6,242,690
161,211	Highways Planning	142,120	Cr 10	Cr 6,710	135,400
865,821	Traffic & Road Safety	345,670	Cr 4,990	Cr 111,490	229,190
7,639,704		6,675,990	121,810	Cr 190,520	6,607,280
35,576,334		31,308,800	539,780	Cr 679,410	31,169,170
7,651,926	TOTAL NON CONTROLLABLE	6,936,270	10,980	1,221,760	8,169,010
2,613,935	TOTAL EXCLUDED RECHARGES	2,103,380	0	Cr 34,880	2,068,500
45,842,195	PORTFOLIO TOTAL	40,348,450	550,760	507,470	41,406,680

ENVIRONMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref		VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1	2012/13 BUDGET	40,349	
2	Increased Costs	551	
	Full Year Effect of Allocation of Central Contingency	0	
	Movements Between Portfolios/Departments		
3	Rental Income Budget Adjustments across Portfolios / Departments	56	
4	Budget for cost of fibre optic cable transferred to Resources	Cr 5	5
5	Distribution of shortfall of staff parking income	<u>Cr 23</u>	28
	Real Changes		
	<i>Savings considered as part of 2010/11 Budget Process</i>		
6	Rollout of Waste Pilot	Cr 98	10,490
	<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)"</i>		
7	Increase in parking charges & tariffs	Cr 157	Cr 7,053
8	Reduction in tree maintenance	Cr 68	529
9	Reduction in parks running costs	Cr 60	545
10	Reduced frequency of highway & footway condition surveys	Cr 55	65
11	Review of departmental management posts	Cr 50	50
12	Efficiency savings as a result of introducing a new weighbridge system	Cr 50	100
13	Reduction in support services and running costs	Cr 33	469
14	Reduction in traffic posts	Cr 31	251
15	Reduction in non-routine maintenance of street lights & signs	Cr 29	300
16	Reduction in the Environment Development budget	Cr 27	210
17	Reduced levels of service for inspections & minor repairs of highway struc	Cr 19	78
18	Reduced levels of service - minor street lighting improvements	Cr 15	125
19	Reduced number of surface water drainage schemes	<u>Cr 12</u>	154
	<i>New Savings Identified for 2013/14 (subject to approval)"</i>		
20	Savings from baseline review	Cr 321	1,927
	<i>Other Real Changes:</i>		
21	Absorption of inflation increases for PCNs	100	Cr 4,119
22	Landfill Tax increases	426	2,537
23	Increase in waste contract prices and contract disposal targets	Cr 66	7,953
24	Increase in refuse/recycling collection to reflect additional units	<u>38</u>	6,399
25	Variations in Capital Charges	1,105	6,094
26	Variations in Recharges	Cr 160	2,228
27	Variations in Building Maintenance	Cr 73	1,063
28	Variation in property services rental income	Cr 13	Cr 452
29	Variations in Insurances	147	455
30	2013/14 DRAFT BUDGET	<u><u>41,407</u></u>	

ENVIRONMENT PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

Movements Between Portfolios/Departments

- 3 Rental income budget adjustments across Portfolios / Departments (Dr £56k)
This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.
- 4 Budget for cost of fibre optic cable transferred to Resources (Cr 5k)
The fibre optic cable is an IT cost for several departments and to save administration costs, the budget has been transferred to resources.
- 5 Distribution of shortfall of staff parking income (Cr 23k)
Shortfall in staff car parking income due to the decision not to charge essential car park users

Real Changes

- 6 Rollout of waste pilot (Cr £98k)
Full year effect of the roll out of the Recycling and Composting For All service as agreed at Executive on 1st September 2010.
- 7 Increase in parking charges and tariffs (Cr £157k)
Further increase in parking charges and tariffs.
- 8 Reduction in tree maintenance (Cr £68k)
No routine maintenance will be undertaken either as part of a cyclical programme or requests from residents. Only essential H&S works, insurance works, tree surveying, tree planting, and emergency call outs will be undertaken on the highway and there will be a £10k reduction in the parks and greenspace health and safety budget.
- 9 Reduction in parks running costs (Cr £60k)
Reduction in parks running expenses such as playground repairs, path and fencing repairs and replacement of equipment and park furniture.
- 10 Reduced frequency of highway and footway condition surveys (Cr £55k)
Reduced frequency of highway/footway condition surveys and making better use of in-house resources to carry out work previously undertaken by consultants.
- 11 Review of departmental management posts (Cr £50k)
Following a review of departmental management posts, one post was deleted from the establishment.
- 12 Efficiency saving as a result of introducing a new weighbridge system (Cr £50k)
Reduction of 2 site supervisor posts at the depot as a result of expected efficiencies as a direct result of the introduction of a new weighbridge system.
- 13 Reduction in support services and running costs (Cr £33k)
Deletion of 0.5fte and a reduction in running cost budgets.
- 14 Reduction in traffic posts (Cr £31k)
Deletion of two part time posts within the traffic and road safety section.

- 15 Reduction in non-routine maintenance of street lights & signs (Cr £29k)
Savings as a result of a reduction in non-routine maintenance of street lights & signs
- 16 Reduction in the Environment development budget (Cr £27k)
Reduction of 0.56 fte and reduction in the Bromley Environment Awards budget.
- 17 Reduced levels of service for inspections & minor repairs of highway structures - (Cr £19k)
Savings as a result of reduced levels of service for inspections & minor repairs of highway structures
- 18 Reduced levels of service for minor street lighting improvements (Cr £15k)
Savings as a result of reduced levels of service for minor street lighting improvements.
- 19 Reduced number of surface water drainage schemes (Cr £12k)
Savings as a result of reducing the number of surface water drainage schemes.
- 20 Savings from Baseline Review (Cr £321k)
This is made up of the following proposed savings:-
Staffing review within Street Scene & Green Space (Cr £60k)
Service review of street regulation (Cr £57k)
Reduction in the minor traffic scheme budget (Cr £21k)
Charging more staff time to TfL funding (Cr £33k)
Review of carbon management (Cr £150k)
- 21 PCN Inflation (Dr £100k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As penalty charge notices (for parking and bus lane contraventions) are set by the Mayor of London and therefore statutory, savings have to be found to absorb the inflation rate.
- 22 Landfill Tax increases (Dr £426k)
This represents the effect of the increase of £8 per tonne of landfill tax and by changes to the contract targets where 0.9% (1,260 tonnes) more of waste will be sent to landfill from 2013/14.
- 23 Increase in waste contract prices and contract disposal targets (Cr £66k)
This represents the change in contract targets where 0.9% (1,260 tonnes) of waste will be landfilled rather than sent to incinerator from 2013/14.
- 24 Increase in Refuse/Recycling Collection (Dr £38k)
The current refuse and recycling collection contract is based on the number of premises rather than bins. The additional costs reflect the anticipated increase in new properties for 2013/14 based on historical data.
- 25 Variations in Capital Charges (Dr £1,105k)
The variation on capital charges, etc is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2011/12 (after the 2012/13 budget was agreed) and in the first half of 2012/13 (total reduction of £156k across the Council);
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general reduction in the value and number of schemes in our Capital Programme from 2013/14 onwards (total reduction of £8,300k across the Council).

(iii) Government Grants Deferred – from 2011/12, credits for capital grants receivable in respect of schemes where expenditure is treated as REFCUS (see (ii) above) are required to be allocated to service revenue accounts, rather than as non-specific grant income in the CI & E Account. There was no budget for 2012/13, as this was finalised before this accounting change was confirmed, but the 2013/14 budget has been prepared in accordance with the new requirements (total reduction (credit entry) of £1,170k across the Council).

These changes are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

26 Variations in Recharges (Cr £160k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

27 Variations in Building Maintenance (Cr £73k)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities.

28 Variation in property services rental income (Cr £13k)

This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

29 Insurance variations (Dr £147k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because we have factored in an extra year of claims experience since the 2012/13 budget was finalised. Due to premium reductions, insurance recharges initially reduced by £33k across the Council. As has previously been reported to the E & R PDS Committee, however, the balance on the Insurance Fund has been reducing steadily in recent years. In order to stabilise the position, the estimated contribution to the Fund in 2013/14 has been increased from £500k to £800k. A total of £208k of this is reflected in 2013/14 insurance budgets allocated to service revenue accounts (the balance of £92k is chargeable to schools) and insurance budgets, therefore, show an overall total increase of £175k across the Council.

Environment Portfolio
DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Income	Grant Related Recharges	Total Controllable	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Customer & Support Services																
Parking	790,500	993,120	24,130	653,130	2,394,370	11,812,570	0	6,957,320	618,000	27,720	47,270	598,450	192,750	6,551,620	1,007,830	5,543,790
Support Services	826,850	173,180	24,820	101,010	0	7,030	0	1,118,930	113,000	178,250	87,090	204,160	614,350	1,937,340	2,037,200	99,860
	1,617,350	1,166,300	48,950	754,140	2,394,370	11,819,600	0	5,838,490	731,000	205,970	134,360	802,610	421,600	4,614,280	1,029,370	5,643,650
Public Protection																
Emergency Planning	85,800	0	5,310	21,900	0	0	0	113,010	0	0	0	0	70,380	183,390	0	183,390
Street Scene & Green Space																
Area Management & Street Cleans	694,480	56,500	62,320	50,630	3,765,800	8,740	78,000	4,542,990	54,000	28,430	0	82,430	971,520	5,596,940	842,120	4,754,820
Highways - SS&GS	0	0	0	2,538,530	0	163,970	0	2,374,560	0	0	0	0	1,637,940	4,012,500	0	4,012,500
Markets	0	6,010	0	111,000	1,620	159,740	0	41,110	0	8,010	0	8,010	125,020	91,920	0	91,920
Parks and Green Space	1,581,280	3,764,880	96,040	619,490	349,820	382,390	18,540	6,047,660	352,000	733,940	325,120	760,820	3,547,380	10,355,860	3,904,790	6,451,070
Street Regulation	498,500	0	15,810	9,890	0	0	0	514,200	0	0	0	0	97,390	611,590	735,710	124,120
Street Scene & Green Space Divis	103,540	0	0	0	0	0	0	103,540	0	0	0	0	8,500	112,040	108,250	3,790
Waste Services	480,720	24,620	30,050	194,850	20,254,740	4,239,450	0	16,745,530	0	0	0	0	710,930	17,456,460	112,560	17,343,900
	3,359,520	3,852,010	204,220	3,524,390	24,371,980	4,954,290	70,460	30,287,370	406,000	770,380	325,120	851,260	7,098,680	38,237,310	5,703,430	32,533,880
Transport & Highways																
Highways (Including London Perm	934,570	1,481,720	94,040	5,659,340	66,620	2,009,600	16,000	6,242,690	6,059,000	469,980	16,840	6,512,140	1,733,530	14,488,360	748,550	13,739,810
Highways Planning	138,910	0	2,150	6,150	0	12,810	0	135,400	3,000	0	0	3,000	135,500	273,900	163,230	110,670
Traffic & Road Safety	1,275,950	0	28,830	51,560	175,730	351,460	951,440	229,190	0	0	0	0	498,310	727,500	244,920	482,580
	2,350,430	1,481,720	125,020	5,717,070	242,350	2,373,870	935,440	6,607,280	6,062,000	469,980	16,840	6,515,140	2,367,340	15,489,760	1,156,700	14,333,060
	7,413,100	6,500,030	383,500	10,017,500	27,008,700	19,147,760	1,005,900	31,169,170	7,199,000	1,446,330	476,320	8,169,010	9,956,000	49,296,180	7,889,500	41,406,680

Public Protection & SafetyDRAFT REVENUE BUDGET 2013/14 - SUMMARY

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
	Public Protection				
453,962	Community Safety	537,670	110	Cr 51,000	486,780
322,900	Mortuary & Coroners Service	343,940	8,390	Cr 7,710	344,620
2,580,132	Public Protection	2,391,010	16,660	Cr 198,290	2,209,380
3,356,994		3,272,620	25,160	Cr 257,000	3,040,780
3,356,994		3,272,620	25,160	Cr 257,000	3,040,780
129,389	TOTAL NON CONTROLLABLE	5,830	0	280	6,110
329,395	TOTAL EXCLUDED RECHARGES	317,740	0	21,300	339,040
3,815,778	PORTFOLIO TOTAL	3,596,190	25,160	Cr 235,420	3,385,930

PUBLIC PROTECTION & SAFETY PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref		VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1	2012/13 BUDGET	3,596	
2	Increased Costs	25	
	Movements Between Portfolios/Departments		
3	Staff Car Parking	Cr 6	
	Real Changes		
	<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)"</i>		
4	Community Safety - service review	Cr 41	135
5	Public Protection - generation of additional income	<u>Cr 10</u> Cr 51	0
	<i>New Savings Identified for 2013/14 (subject to approval)"</i>		
6	Savings from baseline review	Cr 200	3,273
7	Variations in Recharges	22	318
	2013/14 DRAFT BUDGET	<u>3,386</u>	

PUBLIC PROTECTION & SAFETY PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

Full Year Effect of Allocation of Central Contingency

Movements Between Portfolios/Departments

- 3 Distribution of shortfall of staff parking income (Cr £6k)
Shortfall in staff car parking income due to the decision not to charge essential car park users.

Real Changes

- 5 Community Safety - service review (Cr £41k)
Savings resulting from a service review of Community Safety budgets.
- 4 Public Protection (Cr £10k)
Generation of additional income.
- 6 Savings from Baseline Review (Cr £200k)
Savings proposed following a service review of Public Protection and Safety budgets.
- 7 Variations in Recharges (Dr £22k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

Public Protection & Safety
DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Income £	Total Controllable £	Repairs, Maintenance & Insurance	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Public Protection	1,861,850	30,840	68,210	137,650	603,880 Cr	493,050	2,209,380	6,110	6,110	1,044,930	3,260,420 Cr	1,179,910	2,080,510
Public Protection													
Mortuary & Coroners Service	0	0	0	0	344,620	0	344,620	0	0	31,660	376,280	0	376,280
Community Safety	402,370	0	13,580	201,150	0 Cr	130,320	486,780	0	0	519,740	1,006,520 Cr	77,380	929,140
	2,264,220	30,840	81,790	338,800	948,500 Cr	623,370	3,040,780	6,110	6,110	1,596,330	4,643,220 Cr	1,257,290	3,385,930

Renewal and RecreationDRAFT REVENUE BUDGET 2013/14 - SUMMARY

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
73,100	Housing Strategy & Development	Cr 16,260	Cr 1,610	0	Cr 17,870
	Planning				
14,675	Building Control	Cr 22,360	1,750	11,000	Cr 9,610
Cr 168,806	Land Charges	Cr 280,470	0	112,000	Cr 168,470
1,010,642	Planning	800,730	Cr 31,590	Cr 262,760	506,380
1,264,493	Renewal	1,167,170	1,590	Cr 34,160	1,134,600
2,121,003		1,665,070	Cr 28,250	Cr 173,920	1,462,900
	Recreation				
2,609,867	Culture	2,315,030	30,340	Cr 369,000	1,976,370
5,285,201	Libraries	4,816,660	11,860	Cr 50,000	4,778,520
374,116	Town Centre Management & Business Support	293,670	Cr 830	0	292,840
374,116		7,425,360	41,370	Cr 419,000	7,047,730
2,568,219		9,074,170	11,510	Cr 592,920	8,492,760
4,181,373	TOTAL NON CONTROLLABLE	2,206,700	14,530	Cr 213,130	2,008,100
2,293,434	TOTAL EXCLUDED RECHARGES	1,957,670	0	234,690	2,192,360
9,043,026	PORTFOLIO TOTAL	13,238,540	26,040	Cr 571,360	12,693,220

RENEWAL & RECREATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref		VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1	2012/13 BUDGET	13,238	
2	Increase in Costs	26	
	Full Year Effect of Allocation of Central Contingency		
3	Contingency allocation - Land Charges & Building Control	150	Cr 302
	Movements Between Portfolios/Departments		
4	Rental Income Budget Adjustments across Portfolios / Departments	4	
5	Staff car parking	<u>Cr 3</u>	1
	Real Changes		
	<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)"</i>		
6	Reduction in the Town Centre Management & Business Support budget (TC Cr	23	67
7	Introduction of new charges for Local Land & Property Gazetteer Cr	25	0
8	FYE of deletion of 3 posts within Policy/Heritage and Urban design planning Cr	32	83
9	Projected savings from the amalgamation of Penge and Anerley libraries Cr	50	198
10	Review of departmental management posts Cr	65	65
11	Reduction in planning staff Cr	69	375
12	Deletion of 4 career graded planners from Development Control Cr	130	1,074
13	Bromley Mytime grant reduction Cr	<u>305</u>	305
	<i>New Savings Identified for 2013/14 (subject to approval)"</i>		
14	Baseline Review	Cr 41	474
15	Variations in Capital Charges	Cr 263	1,483
16	Variations in Recharges	235	1,958
17	Variations in Building Maintenance	Cr 23	671
18	Variations in Insurances	69	140
	2013/14 DRAFT BUDGET	<u><u>12,693</u></u>	

RENEWAL & RECREATION PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Contingency allocation - Land Charges & Building Control (Dr £150k)
Drawdown of the contingency allocation of £150k to reduce income budgets directly relating to the FYE of changes in legislation which has meant that fees have been set to recover actual costs.

Movements Between Portfolios/Departments

- 4 Rental Income Budget Adjustments across Portfolios / Departments (Dr £4k)

This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.
- 5 Distribution of shortfall of staff parking income (Cr £3k)
Shortfall in staff car parking income due to the decision not to charge essential car park users

Real Changes

- 6 Reduction in the Town Centre and Business Support team budget (Cr £23k)
Savings from the reduction of budgets within the TCM & BS section within Recreation.
- 7 Introduction of new charges for Local Land & Property Gazetteer (Cr £25k)
It is expected that additional income of £25k could be generated by the introduction of new charges for street name and numbering work undertaken by the LLPG staff.
- 8 FYE of deletion of 3 ftes within the Policy/HUD division of Planning (Cr £32k)
This is the full year effect of the deletion of 3 posts within the policy/Heritage and Urban Design team within planning.
- 9 Amalgamation of Penge and Anerley libraries (Cr £50k)
It is expected to generate full year savings of £50k when the Penge and Anerley libraries are merged in 2013/14.
- 10 Review of departmental management posts (Cr £65k)
Full year effect of the deletion of two management graded posts, one within Development Control and the other in Building Control.
- 11 Reduction in planning staff (Cr £69k)
Savings from the deletion of 3 vacant posts within the planning division.
- 12 Deletion of 4 career graded planning posts within Development Control (Cr £130k)
Part year effect of savings relating to the deletion of 4 career graded planning posts within the Development Control Section. Full year effect will be £160k.
- 13 Bromley Mytime grant reduction (Cr £305k)
Savings as a result of the full year effect of the removal of the management fee payable to Bromley Mytime.

14 Savings from Baseline Review (Cr £41k)

This relates to proposals to delete a post within the recreation and culture division.

15 Variations in Capital Charges (Cr £263k)

The variation on capital charges, etc is due to a combination of the following:

(i) Depreciation – the impact of revaluations or asset disposals in 2011/12 (after the 2012/13 budget was agreed) and in the first half of 2012/13 (total reduction of £156k across the Council);

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to slippage of expenditure previously planned in 2011/12 and to a significant general reduction in the value and number of schemes in our Capital Programme from 2013/14 onwards (total reduction of £8,300k across the Council).

(iii) Government Grants Deferred – from 2011/12, credits for capital grants receivable in respect of schemes where expenditure is treated as REFCUS (see (ii) above) are required to be allocated to service revenue accounts, rather than as non-specific grant income in the CI & E Account. There was no budget for 2012/13, as this was finalised before this accounting change was confirmed, but the 2013/14 budget has been prepared in accordance with the new requirements (total reduction (credit entry) of £1,170k across the Council).

The depreciation and REFCUS charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

16 Variation in Recharges (Dr 235k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

17 Variation in Building Maintenance (Cr £23k)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities.

18 Variations in Insurance (Dr £69k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because we have factored in an extra year of claims experience since the 2012/13 budget was finalised. Due to premium reductions, insurance recharges initially reduced by £33k across the Council. As has previously been reported to the E&R PDS Committee, however, the balance on the Insurance Fund has been reducing steadily in recent years. In order to stabilise the position, the estimated contribution to the Fund in 2013/14 has been increased from £500k to £800k. A total of £208k of this is reflected in 2013/14 insurance budgets allocated to service revenue accounts (the balance of £92k is chargeable to schools) and insurance budgets, therefore, show an overall total increase of £175k across the Council.

Renewal and Recreation
DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Grant Related Recharges	Total Controllable £	Capital Charges/ Financing £	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Housing Strategy & Development	266,880	0	660	15,350	0	0	300,750	0	17,870	0	0	0	0	156,730	138,860	29,330	109,530
Planning	896,450	0	28,910	88,880	0	0	1,023,850	0	9,610	0	0	0	0	244,770	235,160	102,380	132,780
Building Control	169,130	0	10	16,630	0	0	354,240	0	168,470	0	0	0	0	286,560	118,090	51,290	66,800
Land Charges	1,712,920	9,610	12,560	168,220	0	0	1,396,930	0	506,380	0	0	0	0	2,222,760	2,729,140	1,541,100	1,188,040
Planning	1,001,320	0	6,850	127,070	0	0	640	0	1,134,800	0	0	0	0	874,160	2,008,760	887,320	1,121,440
Renewal	3,779,820	9,610	48,330	400,800	0	0	2,775,660	0	1,462,900	0	0	0	0	3,628,250	5,091,150	2,582,090	2,509,060
Recreation	646,960	51,980	13,460	252,830	1,210,250	6,390	166,360	39,140	1,976,370	837,000	205,500	83,640	1,058,860	450,030	3,465,260	441,980	3,043,280
Culture	3,352,960	731,550	45,170	929,850	165,240	0	446,250	0	4,778,520	282,000	667,240	0	949,240	845,610	6,573,370	61,680	6,511,690
Libraries	229,960	0	3,430	178,630	0	0	119,180	0	292,840	0	0	0	0	226,820	519,660	0	519,660
Town Centre Management & Business Support	4,229,880	783,530	62,060	1,361,310	1,375,490	6,390	731,790	39,140	7,047,730	1,219,000	872,740	83,640	2,008,100	1,522,460	10,578,230	503,660	10,074,630
	8,276,580	793,140	111,040	1,777,460	1,375,490	6,390	3,808,200	39,140	8,492,760	1,219,000	872,740	83,640	2,008,100	5,307,440	15,808,300	3,115,080	12,693,220

Resources

DRAFT REVENUE BUDGET 2013/14 - SUMMARY

2011/12 Actual	Service Area	2012/13 Budget	Increased costs	Other Changes	2013/14 Draft Budget
£		£	£	£	£
	CHIEF EXECUTIVE'S DEPARTMENT				
941,463	Audit	896,210	4,370	Cr 144,140	756,440
120,059	Comms	115,050	0	Cr 270	114,780
369,437	Organisation and Improvement	158,150	700	Cr 158,350	500
	Human Resources				
244,662	Health & Safety	192,650	2,030	Cr 54,250	140,430
307,137	HR Management	314,680	1,470	Cr 88,850	227,300
506,829	HR Strategy and L & D	445,550	Cr 260	Cr 59,170	386,120
664,384	Operational HR	638,430	11,200	Cr 59,940	589,690
	Management and Other (C.Exec)				
559,851	Management and Other (C.Exec)	615,460	5,010	Cr 990	619,480
149,562	Mayoral	174,330	540	Cr 330	174,540
0	Public Health	0	0	10,700,000	10,700,000
3,863,384	Sub Total - Chief Executive's Department	3,550,510	25,060	10,133,710	13,709,280
	RESOURCES DEPARTMENT				
	Financial Services & Procurement				
1,537,545	Exchequer - Payments & Income	1,526,630	34,840	Cr 46,050	1,515,420
5,190,048	Exchequer - Revenue & Benefits	5,606,440	122,460	Cr 36,260	5,692,640
229,806	Finance Director and Other	180,840	1,410	Cr 750	181,500
571,795	Financial Accounting	551,260	4,260	Cr 22,630	532,890
1,811,362	Management Accounting & Systems	1,654,510	5,250	23,040	1,682,800
402,360	Procurement	367,780	4,870	Cr 35,350	337,300
4,791,704	Information Systems and Telephony	4,624,890	59,980	Cr 131,910	4,552,960
	Operational Property Services				
8,260	CDM	0	0	0	0
Cr 10,865	Client Specific Services	132,690	10	8,970	141,670
331,924	Property Services Planned	125,840	130	Cr 98,470	27,500
441,602	Property Services Reactive	146,650	610	Cr 107,980	39,280
3,152,357	Repairs & Maintenance (All LBB)	2,240,100	56,002	Cr 171,562	2,124,540
	Customer Services and Bromley Knowledge				
238,002	Customer Services and Bromley Knowledge	182,650	30	0	182,680
1,038,966	Contact Centre	917,130	540	Cr 68,000	849,670
	Legal Democratic and Registration				
1,651,357	Democratic Services	1,596,830	340	Cr 72,900	1,524,270
358,965	Electoral	270,460	300	36,530	307,290
1,783,765	Legal Services	1,476,070	3,350	4,460	1,483,880
Cr 50,721	Registration of Birth Death and Marriage	Cr 75,310	Cr 12,710	Cr 3,000	Cr 91,020
131,760	Customer Service Development	0	0	0	0
	Facilities				
1,453,835	Admin Buildings	1,674,340	35,310	84,000	1,793,650
581,417	Facilities & Support	476,100	80	Cr 2,940	473,240
158,297	Management and Other (Resources)	143,260	520	18,600	162,380
25,803,539	Sub Total - Resources Department	23,819,160	317,582	Cr 622,202	23,514,540
	RENEWAL & RECREATION DEPARTMENT				
	Strategic Property Services				
508,349	Investment and Non-Operational Property	395,390	6,430	Cr 14,000	387,820
622,172	Strategic Property Services	623,210	720	Cr 17,770	606,160
Cr 5,136,868	Rental Income	Cr 5,816,690	Cr 145,417	Cr 15,203	Cr 5,977,310
Cr 4,006,347	Sub Total - Renewal & Recreation Department	Cr 4,798,090	Cr 138,267	Cr 46,973	Cr 4,983,330
25,660,577	Total Departmental Budgets	22,571,580	204,375	9,464,535	32,240,490
	CENTRAL ITEMS				
6,941,973	CDC & Non Distributed Costs	7,223,370	389,370	0	7,612,740
8,769,862	Concessionary Fares	9,204,250	454,430	0	9,658,680
41,372,411	Total Controllable	38,999,200	1,048,175	9,464,535	49,511,910
1,442,071	Total Non Controllable	2,186,190	Cr 2,325	440,505	2,624,370
Cr 21,804,732	Total Excluded Recharges	Cr 18,834,330	0	Cr 782,910	Cr 19,617,240
Cr 1,675,155	Less R & M allocated across other Portfolios	Cr 2,228,480	Cr 55,712	346,732	Cr 1,937,460
725,006	Less Rent Income allocated across other Portfolios	722,100	18,052	Cr 32,712	707,440
20,059,602	RESOURCES PORTFOLIO TOTAL	20,844,680	1,008,190	9,436,150	31,289,020

RESOURCES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2013/14

Ref	VARIATION IN 2013/14 £'000	ORIGINAL BUDGET 2012/13 £'000
1 2012/13 BUDGET	20,845	
2 Increased Costs	1,008	
Full Year Effect of Allocation of Central Contingency		
3 Review of Corporate Services	Cr 103	
Movements Between Portfolios/Departments		
4 Recharge of Appointeeship service to ECS	Cr 124	Cr 124
5 Rental Income Budget Adjustment	Cr 80	Cr 80
6 Transfer of Strategic Property Manager to ECS	Cr 76	Cr 76
7 Transfer of Catering and Cleaning Service to ECS	Cr 13	Cr 13
8 Transfer budget for Fibre Optic Cable link to Chartwell from ES to Resources	5	5
9 Transfer of funding from ECS for post in Exchequer Services	6	6
10 Shortfall in staff car parking income due to the decision not to charge essential car users	79 Cr	150
Real Changes		
<i>Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)</i>		
11 Various staff savings across Corporate Services	Cr 328	328
12 Restructure of Operational Property Services	Cr 176	574
13 Reduction in R & M budgets for DDA works and Asbestos removal	Cr 158	220
14 Savings on IT Running expenses budgets	Cr 89	1,595
15 Exchequer Services - Reorganisation of team's and outsourcing	Cr 49	1,409
16 Savings in Contact Centre budgets	Cr 45	915
17 Reduction in Procurement budget	Cr 35	189
18 Reduction in budget for External Audit Fees	Cr 32	316
19 Reduction in budget for Greenwich Fraud Contract	Cr 30	334
20 Increase in turnover provision across Corporate Depts. to offset management trainee savings	Cr 25	118
21 Use of telephone, internet and text messaging for registration	Cr 2 Cr	969 24
<i>New Savings Identified for 2013/14 (subject to approval)</i>		
22 Redivert LBB costs to Public Health etc.	Cr 300	11,000
23 Chief Executive's Team	Cr 158	158
24 Health & Safety - Staffing	Cr 54	122
25 Training	Cr 50	878
26 Operational HR - staffing costs	Cr 45 Cr	607 939
<i>Other Real Changes</i>		
27 Transfer of Public Health from Health Authority	11,000	11,000
28 Variations in Capital Charges	644	
29 Variations in Recharges	Cr 506	
30 Variations in Building Maintenance	219	
31 Variations in Rent Income	18	
32 Variations in Insurances	Cr 57	
33 2013/14 DRAFT BUDGET	31,289	

RESOURCES PORTFOLIO

Notes on Budget Variations in 2013/14

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Review of Corporate Services (£103K Cr)
This relates to savings on Audit, Democratic Services and the Contact Centre that had not been allocated when the 12-13 budget was prepared.

Movements Between Portfolios / Departments

- 4 Recharge of Appointeeship service to ECS (£124K Cr)
Responsibility for the Appointeeship service was transferred from ECS to Resources for the 12-13 budget. It was subsequently agreed that the costs should be recharged back to ECS.
- 5 Rental Income Budget Adjustment (£80K Cr)
This relates to the effect in 13-14 of rental income budgets which were realigned in 12-13.
- 6 Transfer of Strategic Property Manager to ECS (£76K Cr)
This post was transferred to ECS as part of the restructure of the Property Division.
- 7 Transfer of Catering and Cleaning Service to ECS (£13K Cr)
Responsibility for Catering and Cleaning transferred from Property to ECS.
- 8 Transfer budget for Fibre Optic Cable link to Chartwell from ES to Resources (£5K)
The budget for the fibre optic cable link to Chartwell was transferred from ES to Resources.
- 9 Transfer of funding from ECS for post in Exchequer Services (£6K)
Funding for an additional 0.25Fte in Exchequer Services for processing of community equipment retail prescription invoices
- 10 Shortfall in staff car parking income due to the decision not to charge essential car users (£79K)
This relates to departmental contributions towards the loss of income arising from the impact of not charging essential users.

Real Changes

Savings Identified for 2013/14 as part of 2012/13 Budget Process (subject to approval)

- 11 Various staff savings across Corporate Services (£328K Cr)
This relates to staff savings identified in HR, IT and Internal Audit.
- 12 Restructure of Operational Property Services (£176K Cr)
The restructure of Operational Property is expected to achieve savings of £176K.
- 13 Reduction in R & M budgets for DDA works and Asbestos removal (£158K Cr)
This comprises savings of £58K on DDA works and £100K on Asbestos removal budgets.
- 14 Savings on IT Running expenses budgets (£89K Cr)
This saving mainly relates to hardware maintenance.

- 15 Exchequer Services - Reorganisation of team's and outsourcing (£49K Cr)
This relates to the Accounts Payable and Income teams.
- 16 Savings in Contact Centre budgets (£45K Cr)
This relates to Channel Shift, amalgamation of receptions and shared services.
- 17 Reduction in Procurement budget (£35K Cr)
A saving of £35K has been included in the Procurement budget.
- 18 Reduction in budget for External Audit Fees (£32K Cr)
The Audit Commission has recommended a reduction in external audit fees for 13-14.
- 19 Reduction in budget for Greenwich Fraud Contract (£30K Cr)
A reduction of £30K has been included in the Greenwich Fraud contract budget for 13-14.
- 20 Increase in turnover provision across Corporate Depts. to offset management trainee savings (£25K Cr)
This relates to an increase in the provision for staff turnover in employee budgets.
- 21 Use of telephone, internet and text messaging for registration (£2K Cr)
This relates to the use of new technology in Electoral Registration.

New Savings Identified for 2013/14 (subject to approval)

22-26 Various Savings (£607K Cr)

These items relate to new savings identified as a result of baseline reviews.

Other Real Changes

- 27 Transfer of Public Health from Health Authority (£11,000K)
The introduction of new statutory legislation, results in the transfer of responsibility for the provision of Public Health from Primary Care Trusts to Local Authorities.
- 28 Variations in Capital Charges (£644k)

The variation on capital charges, etc is due to a combination of the following:

- (i) Depreciation – the impact of revaluations or asset disposals in 2011/12 (after the 2012/13 budget was agreed) and in the first half of 2012/13 (total reduction of £156k across the Council);
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general reduction in the value and number of schemes in our Capital Programme from 2013/14 onwards (total reduction of £8,300k across the Council).
- (iii) Government Grants – from 2011/12, credits for capital grants receivable in respect of schemes where expenditure is treated as REFCUS (see (ii) above) are required to be allocated to service revenue accounts, rather than as non-specific grant income in the CI&E Account. There was no budget for 2012/13, as this was finalised before this accounting change was confirmed, but the 2013/14 budget has been prepared in accordance with the new requirements (total reduction (credit entry) of £1,170k across the Council).

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

29 Variations in Recharges (£506k Cr)

The variations relate to Administrative Buildings and Computer Charges and are the net effect of recharges in and out of Resources Portfolio

30 Variations in Building Maintenance (£219K)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities.

31 Variations in Rent Income (£18K)

This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

32 Variations in Insurances (£57K Cr)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because we have factored in an extra year of claims experience since the 2012/13 budget was finalised. Due to premium reductions, insurance recharges initially reduced by £33k across the Council. As has previously been reported to the E&R PDS Committee, however, the balance on the Insurance Fund has been reducing steadily in recent years. In order to stabilise the position, the estimated contribution to the Fund in 2013/14 has been increased from £500k to £800k. A total of £208k of this is reflected in 2013/14 insurance budgets allocated to service revenue accounts (the balance of £92k is chargeable to schools) and insurance budgets, therefore, show an overall total increase of £175k across the Council.

Resources
DRAFT REVENUE BUDGET 2013/14 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Grant Related Recharges	Total Controllable	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
CHIEF EXECUTIVE'S DEPARTMENT																	
Audit	390,660	0	0	244,010	311,320	0	189,550	0	756,440	0	0	0	0	121,630	878,070	990,980	112,910
Comms	101,900	0	460	12,420	0	0	0	0	114,780	0	0	0	0	28,540	144,320	142,870	1,450
Organisation and Improvement	700	0	0	0	0	0	0	0	500	0	0	0	0	139,990	140,490	486,290	345,800
Human Resources	72,450	0	0	123,310	0	0	55,330	0	140,430	0	0	0	0	42,410	182,840	253,610	70,770
Health & Safety	227,300	0	0	0	0	0	0	0	227,300	0	0	0	0	75,190	302,490	398,100	95,610
HR Management	364,110	0	0	37,940	0	0	15,930	0	366,120	0	0	0	0	90,630	476,750	533,920	57,170
HR Strategy and L & D	818,010	0	5,070	34,840	0	0	268,230	0	589,690	0	0	0	0	420,680	1,010,370	1,049,320	38,950
Operational HR	392,790	0	350	226,340	0	0	0	0	619,480	420	0	0	420	223,530	843,430	795,190	48,240
Management and Other (C.Exec)	124,590	2,170	50	47,730	0	0	0	0	174,540	6,000	0	0	6,000	164,840	345,380	344,870	510
Mayor	1,800,000	0	0	106,000	8,900,000	0	106,000	0	10,700,000	0	0	0	0	159,230	10,859,230	0	10,859,230
Public Health	4,992,510	2,170	5,930	832,390	9,211,320	0	635,640	0	13,709,280	6,000	420	0	6,420	1,667,670	15,183,370	4,995,130	10,188,220
Sub Total - Chief Executive's Department																	
RESOURCES DEPARTMENT																	
Financial Services & Procurement	737,600	0	15,390	24,080	768,420	0	2,070	28,000	1,515,420	0	0	0	0	366,960	1,882,380	1,926,630	44,230
Exchequer - Payments & Income	391,870	0	1,830	1,839,910	6,662,740	19,856,970	23,060,680	0	5,692,640	0	0	0	0	3,163,650	8,856,290	7,210,920	1,645,370
Exchequer - Revenue & Benefits	151,410	0	280	37,520	0	0	7,710	0	181,500	0	0	0	0	58,400	239,900	245,460	5,560
Finance Director and Other	409,250	0	200	162,420	0	0	38,980	0	532,890	0	0	0	0	174,430	707,320	767,170	59,850
Financial Accounting	1,690,880	0	7,710	413,190	560	0	429,540	0	1,692,800	0	0	0	0	870,030	2,562,830	2,518,930	33,900
Management Accounting & Systems	194,390	0	970	14,400	246,780	0	93,440	0	337,300	0	0	0	0	132,190	469,490	552,370	82,880
Procurement	1,166,420	0	1,310	1,446,450	1,918,780	0	0	0	4,552,960	2,300,000	0	0	2,300,000	398,110	7,242,070	7,178,990	63,080
Information Systems and Telephony	0	0	560	22,590	0	0	23,150	0	0	0	0	0	0	0	0	0	0
Operational Property Services	114,180	0	0	27,490	0	0	0	0	141,670	0	0	0	0	65,230	206,900	162,760	44,140
CDM	251,300	0	8,110	5,370	0	0	54,240	183,040	27,500	330	0	0	330	140,560	168,390	425,970	257,580
Client Specific Services	419,240	183,440	37,360	19,650	0	0	630,410	0	39,280	0	19,230	0	19,230	179,610	238,120	277,700	39,580
Property Services Planned	2,124,540	0	0	0	0	0	0	0	2,124,540	0	0	0	0	0	0	0	0
Property Services Reactive	123,720	0	100	61,190	0	0	2,330	0	182,680	0	0	0	0	63,710	246,390	244,560	1,830
Repairs & Maintenance (All LBB)	837,600	0	80	37,320	0	0	0	25,330	849,670	0	0	0	0	267,700	1,117,370	1,168,130	50,760
Customer Services and Bromley Knowledge	341,790	0	8,520	1,174,470	0	0	510	0	1,524,270	0	0	0	0	672,350	2,196,620	2,346,990	150,370
Customer Services and Bromley Knowledge	218,010	0	0	94,060	0	0	4,780	0	307,290	0	70	0	70	525,870	833,220	323,340	509,890
Contact Centre	1,301,480	0	430	398,270	0	0	196,300	20,000	1,483,890	2,660	2,660	0	2,660	379,640	1,866,180	1,808,740	57,440
Legal Democratic and Registration	428,800	0	550	24,490	0	0	544,860	0	91,020	0	0	0	0	154,340	63,320	0	63,320
Demographic Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Electoral	115,610	1,621,140	3,620	170,530	0	0	117,250	0	1,793,650	223,000	99,760	255,770	66,990	847,140	2,707,760	2,601,580	106,200
Legal Services	357,940	0	290	129,360	0	0	14,350	0	473,240	0	0	0	0	268,320	741,560	694,510	47,050
Registration of Birth Death and Marriage	158,000	0	50	4,330	0	0	0	0	162,380	0	0	0	0	270,990	433,370	444,570	11,200
Customer Service Development	9,929,490	3,939,120	87,360	6,078,290	9,600,280	19,856,970	25,220,600	256,370	23,515,540	2,523,000	2,002,490	255,770	264,740	8,990,230	32,769,510	30,899,330	1,870,180
Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facilities & Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management and Other (Resources)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total - Resources Department																	
RENEWAL & RECREATION DEPARTMENT																	
Strategic Property Services	0	281,910	0	106,090	0	0	10,180	0	387,820	20,000	139,560	5,014,100	4,854,540	592,600	3,874,120	0	3,874,120
Investment and Non-Operational Property	615,670	0	9,720	49,970	0	0	13,180	56,020	606,160	0	420	0	420	243,730	850,310	916,410	66,100
Strategic Property Services	615,670	0	9,720	49,970	0	0	13,180	56,020	606,160	0	420	0	420	243,730	850,310	916,410	66,100
Rental Income (All LBB)	0	0	0	0	0	0	5,977,310	0	5,977,310	0	0	0	0	0	0	0	0
Sub Total - Renewal & Recreation Department																	
TOTAL																	
Total Departmental Budgets	14,337,670	4,233,200	103,010	7,066,740	18,811,600	19,856,970	31,856,310	312,390	32,240,490	2,549,000	1,862,090	707,440	1,394,350	11,294,230	44,929,070	36,810,880	8,118,190
CENTRAL ITEMS																	
CDC & Non Distributed Costs	7,612,740	0	0	0	0	0	0	0	7,612,740	0	0	0	0	5,899,410	13,512,150	0	13,512,150
Concessionary Fares	7,612,740	0	0	0	20,720	9,637,960	0	0	9,658,680	0	0	0	0	0	9,658,680	0	9,658,680
Total Central Items	15,225,480	0	0	0	20,720	9,637,960	0	0	17,271,420	0	0	0	0	5,899,410	23,170,830	0	23,170,830
RESOURCES PORTFOLIO TOTAL																	
	21,950,410	4,233,200	103,010	7,066,740	18,832,320	29,494,930	31,856,310	312,390	49,511,910	2,549,000	1,862,090	707,440	1,394,350	17,193,640	66,099,900	36,810,880	31,289,020

Budget Consultation Overview as of 5.30pm Monday 17 December 2012

The following is a brief overview of the Council's annual public meetings. The meetings were held during November and this year focused on the future shape and direction of the Council in view of the £30 million to be cut from the Council's budget in the next four years. This is in addition to similar savings made in the last two years. The meetings were branded as 'More Tough Choices' and were widely publicised through local advertising, an open letter from the Leader of the Council to the residents of Bromley, press releases, residents' associations, voluntary and community groups, a poster and flyer campaign, the web, ad shells and social media.

The following is a brief summary of the themes and issues raised; this summary also includes the 28 responses sent directly to the Leader of the Council and through social media as of 17 December 2012. Over 420 attended the meetings. In terms of organisations, the Bromley Youth Council and Bromley Parent Voice sent in written responses. These have been attached to this appendix and the points made incorporated in the following summary:

Resources

- Potential increase in Council tax to protect frontline services
- Potential re-banding of properties in terms of Council tax
- The need for impact assessments regarding reduced or closed services
- Opportunities for residents to contribute financially to cost of providing services such as freedom passes
- Need to use Council reserves at this time
- Use of advertising by local companies on the Council website to generate income
- Financial impact on Council funding of academies programme
- Selling Civic Centre to move to alternative premises outside Bromley town centre
- Lobbying government concerning a number of grants and funding streams for a fairer deal for Bromley
- Reducing costs such as those related to salaries, Councillor expenses, Councillor numbers, Mayoral functions, back office costs, staffing, floral displays
- Generating income through enforcement of parking restrictions; collection of Council tax; switching off street lights and invest to save initiatives
- Importance of effective contract management and monitoring, procurement processes, auditing
- Need to protect wages of lower paid staff in Council
- In terms of NHS funding issues ensure this does not impact on Bromley residents
- Providing more detailed information about forthcoming budget and details of proposed cuts
- The British Youth Council response – that the Council review contracts to ensure value for money; environmental services such as waste collection, parking could be shared with other boroughs; review the current number of Councillors and their expenses to reduce costs; reduce spending on management information systems and information technology to prioritise spending on key services for vulnerable residents; focus Council spending on the needs of local people particularly children and young people rather than environmental services; Council tax should be increased but any increase should be spent on social care and youth services; streamline the Council's management structure to reduce costs; work with the private sector to deliver high quality services
- Bromley Parent Voice response: for LBB to use whatever discretion and flexibility it has in budget setting and in planning services for children with disabilities to ensure that wherever

possible resources are ring-fenced and protected or failing that any cuts are kept to an absolute minimum

Sustainability and environment

- Concern about increased demand for Council services in areas of new development and the need to protect green belt
- Building new homes to increase government grants and provide affordable housing
- Securing section 106 monies to benefit local communities where development takes place
- Importance of maintaining roads etc in terms of saving money at a later date
- Support for the proposed improvements to public realm in Beckenham particularly and supporting town centres more generally including supporting Bromley retailers to compete with large shopping developments
- Need to deter commuter parking in Bromley
- The British Youth Council response – maintaining parks and gardens should be a low priority for the Council; maintenance could be done thorough the voluntary sector and in partnership with community volunteers; environmental services such as waste disposal to be delivered through private sector or social enterprise

Young people's services

- Concern that support for children with special educational needs and disabilities are maintained including respite and early interventions; also raised Council's statutory responsibilities in respect of these services
- Concern about high level of funding for Bromley Youth Music Trust; counter to this the view was expressed about the importance of maintaining funding
- Urging Council not to repeat cuts in provision for young people
- The negative impact of the closure of children's centres
- Effective gate-keeping of children and young people's services
- Importance of working with the Bromley Youth Council with regard to future development of youth services
- Providing cheap, council run nurseries
- Concern of shortage of primary schools in borough
- The Bromley Youth Council response – children and young people should be at the forefront of any Council decisions; maintain the level of youth service provision; to help reduce costs in the long term by developing services to support reductions in youth unemployment, the numbers of young people needing housing, the numbers of young people in care and reduce crime and anti-social behaviour; increase support for young people concerning career, advice, information and positive activities; potential for shared services with neighbouring boroughs around youth offending, care for disabled young people and social care; reduce costs associated with out of borough fostering placements by working with private and voluntary sector to deliver this service
- Bromley Parent Voice response: to remember that the earlier support and intervention is provided and the better quality and reach of that support, then the lower the longer term costs will be to LBB to support those with disability into adulthood
- Bromley Parent Voice response: outlined a number of guiding principals which should apply when making budget and planning choices regarding disability services as follows:
 - Requirement to meet statutory obligation in good faith regardless of wider cost pressures
 - Overriding focus on individual needs and circumstances
 - Meaningful parental involvement
 - Effective communications about potential service change and where appropriate pre-consultation
 - Areas identified as of concern for Bromley Parent Voice members were: SEND legislation; short breaks services; transition into adulthood; SEN funding

Adult services

- Need to protect services to the most vulnerable Bromley residents
- Importance of support for carers
- Importance of supporting voluntary sector to provide adult services
- Importance of continuing brokerage for adults with learning disabilities and the continuation of their bus passes

Voluntary sector

- Need to protect funding to voluntary sector in Bromley
- Increased opportunities for Bromley residents to volunteer, including the Council's Friends initiatives; the potential contribution of over 65s was raised
- Providing core funding for local charities

Recreation

- Importance of maintaining facilities at Norman Park
- Issue of closed toilet facilities in the borough
- Important of maintaining library services potentially through new service delivery models
- Potential support for Olympic legacy by encouraging young people to engage in sport
- The Bromley Youth Council response – libraries should be kept open; by working with local businesses and other organisations increase facilities at libraries to become information hubs with coffee shops and job centre/careers advice

Community safety

- Need to promote youth activities such as Duke of Edinburgh awards
- Impact of reduction of PCSO in schools on bullying and crime

Bromley Youth Council response to the consultation on tough choices in Bromley in December 2012

Dates of the meeting where responses were gathered
Wednesday 7th November – Wednesday 5th December 2012

Duration of the session / meetings
4 hours

Background.

Bromley Youth Council provides a voice for young people who are educated, living in the borough or are accessing other services in Bromley. BYC is representative of a cross section of the youth population aged 11-19 and the sixty-five members are elected from a range of schools, colleges and youth projects across Bromley and are from diverse backgrounds. They meet monthly to discuss youth matters.

The Government believes that children and young people should have opportunities to express their opinion in matters that affect their lives. It is committed to children's rights and their implementation of the United Nations Convention on the Rights of the Child (UNCRC). Article 12 of requires that children should be assured that they have the right to be heard, to express their views freely in all matters affecting them, and for these to be respected by adults when making decisions on matters that affect them.

BYC supports and gives the opportunity to young people to influence decision making directly and enable them to lead change, it helps encourage a more positive relationship with their communities. It advocates for national policies and local services to be best configured to meet the needs of young people – young people want services that listen and respond to their views.

Background information supplied to young people

Bromley Council has to make some difficult choices. Each year Bromley Council spends £198m providing services for the residents of Bromley. These services range from collecting rubbish to providing support and care for vulnerable people. Bromley Council plays a part in every aspect of your everyday life.

Bromley Council now has to reduce the amount it spends on these services by a further £30m over the next four years. This is because we receive less money from central government, our costs are going up for a number of reasons including inflation, low interest rates, the cost of losing over £2 million as the benefit scheme is localized, losing our financially because of academy schools. At the same time, demand for services is increasing. Therefore, briefly the council receives less money to do more work which is costing more.

This means that over the next four years the council has to save £30m and in doing so will have to make some difficult choices, which may mean that some members of the community will lose out but these reductions have to be made.

BYC views – Tough Choices

Question: - What services would be better delivered through the private sector, through a social enterprise or the voluntary sector?

BYC members had a long debate on the various services delivered through the private, voluntary or social enterprise sector. It was felt that services including environmental, leisure could be better delivered through these sectors as members felt that the Bromley Council currently spend a large amount of funds on these services. In the Leaders letter, it states that Bromley Council spends 35 million on the environment, compared to just 26 million on children and young people services. Again, the Bromley Youth Council would like to see the Council prioritise it's funding for services within the Council and invest in children and young people as the future residents of this borough and of this country.

Bromley Youth Council members discussed that many of the services under environmental could be done through private sector or social enterprise organisations. An example of this is waste disposal.

Bromley Youth Council also suggested The Council look at and review its current contracts considering value for money. It is key to think about value for money when taking out future contracts for the council.

Bromley Youth Council suggested that it would be good for the private and voluntary sector to invest in Social Care and perhaps create children's homes, look at providing local foster careers and families within the borough. This would reduce costs around travel, education, expenses, housing, visits with family's etc. Bromley Youth Council members felt that too much money is wasted on moving young people out of the borough, and in most cases too far, as there are limited resources within Bromley. A competitive private organisation that had foster families or housing placements for young people locally, would possibly reduce the cost of young people being in the care system. Alternatively, Bromley could look at innovative ways to recruit more local foster carers as oppose to using costly out of borough resources.

Question: - Are there more services we could share with our neighboring boroughs?

BYC members discussed this question in length and looked at the positive and negative impacts this might have on members of the community accessing the right services for them.

Services being delivered for young people in Social Care, Youth offending and caring for disabled young people could be shared cross borough. Often the young people could live in neighbouring boroughs and could benefit from a more 'South London' service than being caught in a trap of borough boundaries and who pays the financial bill.

Other services that could be shared could be environmental services – waste collection, parking services. This can be shared between local boroughs, this would reduce the cost in management and provide more funding to run the service.

Question: - Should we keep maintaining our parks and gardens?

BYC members felt that children and young people should be at the fore font of all council decisions. The young people felt that this is a very low priority and in short the answer is no.

Most youth Councillors feel that this could be done through the voluntary sector and could work more in partnership with community volunteers, The Probation and Youth Offending Team and other organisations. This will then help to maintain the parks and grounds in Bromley through more cost effective schemes.

Question: - Should we keep all our libraries open?

BYC Members felt that the Libraries are a valuable resource and part of the community and that we should keep our libraries open.

Young people suggested maximising these and joining with local business to provide other schemes out of the libraries. Young people suggested working with Starbucks or Costa coffee to have coffee shops, perhaps have Job centre/careers advisors and to make more use of these information hubs around the borough.

Question: - Should we keep the same level of youth provision?

In short – yes! It is now as minimal as it can be. There needs to be more support for young people within the borough around careers, advice, information, job search, life skills, and places for young people to go and positive activities for young people in Bromley.

Bromley Youth Council feel that if young people have places within the borough that can help young people growing up and supporting them through all the problems they face, this will reduce costs for the borough in the longer term. It will support the reduction of youth unemployment, reduce the number of young people needing housing, benefits, reduce number of young people going into care and reduce crime and anti-social behavior. The young people feel it is important to invest in the youth population today to prevent increase in social problems that affect young people, which would lead to greater pressure on the council budget in the future.

Question: - How do we meet the growing demand to support the most vulnerable in our community?

Bromley Youth Council members debated this at length as they feel that council tax should pay for and provide front line services for vulnerable people. They feel that it would be justified to increase council tax to support these services. Young people feel that there should be a review into the management structure to streamline this and provide more on the ground services for the vulnerable.

Young people also discussed working with private companies to also look at delivering affordable, excellent qualities and perhaps delivering these with other local councils who may have an excellent service.

Question: - What do you think the borough could do better or more cheaply, what things do you think the borough should stop doing.

The Bromley Council could do more cheaply is the environmental services and park maintenance in short. The young people feel that Bromley Council currently has its priorities wrong in putting its image before the needs of its local people.

They feel things that need to be done better and cheaper they should review the current number of Councilors and their expenses. Review the Chief Executive post and consider combining this with another local authority.

They feel that too much money is spent on the management information systems and IT for the borough. This should be reviewed and cost is cut to put more money and resources into key services working for the vulnerable.

Question: - Should there be a modest increase in council tax to pay for services?

This question again was quite a difficult topic to debate.

BYC members all felt that young people have been hugely affected by the severe cuts over the last few years and feel there is less support and services to help them make the right life choices. Young people have been a part of the changes and experienced the full effects.

In light of this, there was a majority vote to increase Bromley Council tax, however for it to be spent on front line services including Social Care, Youth Offending Team, Bromley Youth Support Programme, Services for Disabled Young people and the elderly. Bromley Youth Council were clear that they did not want a rise in council to tax to pay to maintain parks and open spaces in the borough as this was not seen a top priority.

Other comments:

These are our views from the Youth Council. We believe that council tax should be increased, however, if the council decides to increase the tax they should do it at a reasonable price that is affordable and consider people who do not have the funds to pay higher taxes.

We would really like it if the important frontline services were kept to support young people in Bromley. It is crucial that the various youth support services and the Bromley Youth Council are supported and maintained in order for the voices of young people in Bromley to be heard.



Stephen Carr
 c/o Member's Room
 Civic Centre
 Stockwell Close
 Bromley BR1 3UH

17 December 2012

Dear Sir

BPV submission as part of the LBB Tough Choices Consultation

Bromley Parent Voice ("BPV") is a forum which aims to be a voice to inform service providers and service commissioners of the needs of children and young people with a disability or additional need and their families. The forum's role is to provide feedback on services, identify unmet needs and shape decision making and planning for future service provision. Accordingly, BPV seeks to work co-operatively and constructively with LBB in order to ensure that the design and delivery of services to children with disabilities are informed by reference to parental views. BPV are also a partner organization to LBB in connection with the current SEND pathfinder process.

We note that concerns over the continued provision of care and education services to children with disabilities were raised by attendees at each of the recent Tough Choices consultation meetings, with a number of related questions being asked of the panel. These questions reflect the extent and depth of concerns which our members have as regards such services. In the light of these concerns we have detailed below a submission to the Tough Choices consultation.

Context

As you will be aware, there is predicted to be a growth in the incidence of many disabilities and as such there will be an increase in demand for services to support children and young people with disabilities. However, this growth in demand for services is against a context of severe financial constraints both for LBB but also for families and the local economy in general. BPV fully acknowledge the challenges faced by LBB in trying to balance the books and is mindful of the need to ensure that that services must be planned and delivered in a way that is creative, flexible, focused on greatest need and cost efficient in order to ensure maximum value and reach is extracted from limited resources.

BPV is keen to work closely with LBB to advise and provide insight, as well as to challenge, in order to ensure those objectives are met. We do accept that in some cases this means that services may be reduced. However, by definition children with disabilities are some of the most vulnerable in society and as such we all have a duty to ensure that any reduction in services to such children are kept to an absolute minimum with any negative consequences mitigated as much as possible.

Although, however efficiently services are planned and targeted, in the light of a growth in demand, even maintaining resources at current levels results in a reduction in services. If resources to provide services to children with disabilities are subject to cuts then this will represent a significant real reduction in services and hence in the support which such children need. We therefore make the following overriding requests:

- For LBB to use whatever discretion and flexibility it has in budget setting and in planning services for children with disabilities to ensure that wherever possible resources are ring-fenced and protected or failing that any cuts are kept to an absolute minimum.
- To remember that the earlier support and intervention is provided and the better quality and reach of that support, then the lower the longer term cost will be to LBB to support those with disability in adulthood.

Guiding principals

With the above context in mind, BPV suggests that certain guiding principals should apply when making budget and planning choices with regard to disability services as follows:

- **Requirement to meet statutory obligations in good faith regardless of wider cost pressures:** The majority of services to children with disability are in fact cemented in law and as such LBB has an obligation to provide services, regardless of wider cost pressures and budget limitations. Parents are very experienced in the ways in which local authority officials try to minimize its obligations. We believe that it should never be acceptable for LBB to seek to avoid meeting its statutory and other legal obligations by applying inappropriate interpretations of eligibility criteria, over zealous gate keeping controls, poor information and communication processes or by not meeting previously assessed needs simply due to wider cost pressures.
- **Overriding focus on individual needs and circumstances:** In our experience, it is often very small things that can make a big difference to children and families with disabilities. Indeed, certain small things if denied or taken away can have a disproportionately negative impact and create undue hardship and suffering on those least able to cope and sometimes create enhanced longer term support needs. Accordingly, however eligibility criteria for services are drawn up and interpreted, we believe that they should be applied in a flexible way that fully takes into account individual needs and wider family circumstances.
- **Meaningful parental involvement:** BPV firmly believes that there are real benefits for all parties to be gained from meaningful parental involvement. Plans for service delivery and funding will be better informed, areas of concern will be identified earlier and addressed, enhanced understanding of the drivers and options will help sell difficult decisions, and all parties will be better informed and hence better prepared for any changes. Indeed LBB and council members forever state that they seek to involve parents in all aspects of planning and delivery services to children with disabilities. Reality on the ground is very different. If required, BPV could quote many examples where this is not happening and indeed it often seems like LBB officials are going out of their way to avoid meaningful involvement or even effective communication. This has to change if parents and LBB are to move forward in partnership and in partnership is the only way that any tough decisions will be effectively implemented.
- **No surprises:** If services to children with disabilities are to be withdrawn or significantly reduced, this should be communicated in advance to parents and where appropriate involve pre-consultation. This will enable parents and carers to plan ahead. There should be no unannounced cuts via the back door. Unfortunately, parents have already experienced the removal of services without any advanced communication to those affected. If one is going to make a difficult decision then one presumes that it is done with proper consideration and consultation such that however hard it may be to accept at least it can be justified. Withdrawing services without advanced communication simply because it makes the job of LBB officers easier is unacceptable and should not be repeated.

Principal areas of concern

For your information, the principal areas which are causing our members most concern at present are as follows:

- **SEND legislation:** Despite the current pathfinder activity and parental involvement therein, parents are very concerned as to the nature of the new SEN landscape especially as there remains little clarity

as to how certain aspects of the new proposals will operate. In particular, how healthcare needs are to be accommodated within single plans and how the needs and rights of the many SEN children who will not be eligible for single plans are to be assessed, delivered and protected.

- **Short breaks:** Short break services provide vital relief and respite for families that have to cope with very challenging circumstances. LBB has a statutory duty to provide such services and many families have been assessed and been receiving services following the establishment of the local offer last year. Unfortunately, the conclusion from the proposals set out in the LBB report dated July 2012 is that there will be reductions in the level of short breaks services albeit as is usual the proposals are couched in fairly euphemistic terms.
- **Transition:** Given that the level of support services available to disabled children once they become adults is dramatically reduced, transition planning is an area that is vital to children with disabilities and an area that is of concern to parents. Again this is an area where support is enshrined in law and yet parents are unhappy with the current arrangements provided by LBB before any saving cuts come into force. As with the proposals for short breaks, parents are waiting on details of LBB's revised transition strategy which has been delayed despite a consultation exercise on the draft strategy held at the beginning of the year.
- **SEN Funding:** New funding arrangements for SEN come into play from 1 April next year. Allocating funds to schools based on centrally determined parameters rather than the current system based on assessments of individual needs results in winners and losers. The scale of the loss for the losers in many cases represents a significant portion of a school's SEN budget which is likely to result in staff reductions and hence reduced levels of support to children with disabilities. We request that LBB utilizes whatever discretion it has in implementing these central government directives and whatever flexibility it has in determining wider school funding arrangements to minimize the negative impact of these proposals. As LBB retains the obligation to provide the necessary support that children with disabilities need, parents are keen to understand how in practice it will do this under the new arrangements and in particular how it will ensure that schools (especially academy schools) whose funding will be reduced will be able both to provide the appropriate level of support and remain open to accepting additional SEN children.

Parental involvement in Bromley

The importance of meaningful parental involvement has been stressed above.

On 2 December 2009 at a meeting of the former CYP PDS, the then CYP portfolio holder in response to a question about the need for parental involvement in the development of SEN proposals, the portfolio holder stated "We will continue to involve parents in decision making around SEN as appropriate and will look to devise a mechanism for this through the newly formed Parent Voice."

Since then, BPV has developed, establishing a steering group, membership, parental representation on many groups and forums, held annual conferences and played a role in several consultation exercises etc... BPV also agreed a written protocol with LBB to ensure clarity on how parents are to be treated to ensure meaningful parental involvement. All this time BPV has strived to try and achieve a level of constructive and meaningful involvement with LBB.

The SEND pathfinder process should have provided an opportunity to pursue and develop the objective of meaningful parental involvement so that it was embedded into the culture and the way the LBB and BPV operated. Alas LBB launched its pathfinder bid document (which was founded in part on parental involvement with BPV) without involving BPV in that bid process or even informing BPV of it. In response, the then chair of BPV set out in a letter to the then director for children and young people (copied to various key council members) setting out BPV's concerns that the interaction between LBB and parents remained well short of meaningful parental involvement. Unfortunately despite the genuine concerns expressed therein no response, nor even any acknowledgment, was received to that letter.

The pathfinder is now in progress and there are some many good examples of effective working, communication and involvement between parent representatives and LBB officers. However, this is not consistent and overall BPV considers we have still a considerable way to go to achieve the objective of

meaningful parent involvement. Even getting answers and explanations to reasonable questions proves very difficult at times. It is important for you and your fellow members to understand this and not to accept what you hear from LBB officers at face value.

BPV remain keen to work co-operatively and constructively with LBB and council members.

Yours faithfully

Charlie Carpenter
Vice Chair, Bromley Parent Voice

RISK AREAS WITHIN RESOURCES PORTFOLIO 2013/14 ONWARDS

Interest on balances

A rate of 1% has been assumed for interest on new investments in the financial forecast for 2013/14 through to 2016/17. This assumption is partly based on an interest rate forecast from our external treasury advisers, Sector, partly on officers' views on interest rate movements and partly on counterparty availability. The credit ratings agencies, and indeed the markets in general, continue to be very nervous about the financial climate and cautious with their ratings. They have downgraded a number of UK banks in the last year or so, which has resulted in reductions to counterparty limits, both financial and duration, in our Investment Strategy. This has led to larger deposit balances with money market funds, which pay considerably lower rates in exchange for instant access to cash. In line with Sector's advice and with our approved strategy, we are currently able to invest for up to 1 year with the part-nationalised banks Lloyds TSB and RBS, but, since the recent ratings downgrades, for only 3 months with the other UK banks and building societies on our lending list (now only HSBC, Barclays and Nationwide). This has impacted on our ability to earn interest on investments in 2012/13 and will do so in later years, particularly as there is no longer an expected Bank of England increase in base rate in the medium term.

Rental Income

Investment in new commercial properties assumes a 6% to 7% return and the 2012/13 Budget assumed that there would be further investments in commercial properties beyond the original £10m investment fund by the generation of additional monies from asset disposals.

For existing investment properties, not funded from the investment fund, some tenancy agreements do not allow for annual inflation price increases and some new tenants are negotiating reduced rents. Besides, lease agreements vary depending upon rent reviews and market conditions. As a result, there is a real risk that rental income from property lettings is likely to generate a shortfall in 2013/14.

Provision for Bad Debts

There may be the need to increase the bad debt provision for specific areas within Corporate Services such as rental income, as recovery of debts is likely to become problematic as customers' financial circumstances continue to be challenging into 2013/14.

Pension Costs

The current projections for employer contributions and the pension deficit are fixed until 31 March 2014 following the triennial actuarial valuation which took place in 2010. The requirement for budget savings and the risks connected with investment returns and potential legislative changes mean this is an area of volatility for the future. Employer contribution and deficit contributions from 1 April 2014 will be set by the actuary in the next fund valuation as at 31 March 2013.

Admin Subsidy

It is expected that the DWP will continue the reductions in subsidy experienced over recent years. In addition, admin subsidy will be greatly affected by the following changes; although the levels have not yet been published.

Benefit Changes

Housing Benefit starts to be phased out from October 2013, with full movement over to Universal Credit (administered by DWP) by 2017. Decision is yet to be made as to where face-to-face contact will take place together with other ways the Authority will be involved in the process. This fundamental change to the service will have major contractual implications.

The above change will also make HB overpayments far more difficult to recover as currently the vast majority is recovered by means of claw-back from ongoing entitlement. Once claims transfer over to Universal Credit the opportunity for this form of recovery will be severely reduced.

From April 2013 Council Tax Benefit (CTB) ceases to exist and is replaced by a locally devised scheme. A requirement of the scheme is that the level of assistance given to Bromley residents is reduced and details of the scheme are reported elsewhere on this agenda. Any final impact on council tax collection rates will not be known for some period of time. Council Tax will have to be collected from some of our most vulnerable residents which could have a negative impact on collection costs and levels of income received.

It is expected that the HB and wider welfare reforms may result in claimants leaving central London and moving to areas such as Bromley. For our existing claimants, many will experience a reduced entitlement making maintenance of their tenancy difficult/impossible. An increase in the numbers reporting as homeless is expected. The impact is starting to be noticed and will increase steadily.

Budget Savings

The main issues surrounding the savings proposals are risks around resilience and ability to support key corporate initiatives following savings taken.

CARE SERVICES PORTFOLIO RISKS

Ageing Population

The number of people aged over 85 years in Bromley's population continues to increase, and during the past year the department has faced increasing demands for assessments and numbers of safeguarding alerts needing investigation. This will put a significant strain on resources during 2013/14 as we seek to keep on top of and improve performance in these areas. Officers will continue to manage this cost pressure by effective implementation of eligibility criteria, and maximising opportunities for maintaining people's independence – minimising the need to use residential and nursing care placements and helping more people remain in their own homes through direct payments and domiciliary care packages.

Based on the evidence of the current year and the continuing increasing numbers of older people within the population, and continuing pressures from young disabled people reaching adulthood with significant care needs, 2013/2014 will be another very challenging year financially.

Bed and Breakfast Accommodation

Forecasts based on the latest activity available show an increase in the demand on Bed & Breakfast accommodation for 2012/13 which is forecast to continue into 2013/14. The projected full year cost pressure of £1,000k is included in the four year financial forecast for 2013/14.

An invest to save initiative is currently in place which has helped to minimise the growth as far as possible. Without this in place the growth would be greater. Officers continue to explore alternative options around managing these cost pressure down but this remains a key pressure area for 2013/14.

Learning Disabilities

Learning Disabilities continues to show growth over future years. A sum of £1,003k is included in the budget for 2013/14 which reflects the number of people with complex learning disabilities going into residential care. Work is ongoing to review all high cost placements and ensure that a number of people with learning disabilities can move into supporting living schemes in the Borough. Moving people from existing placements into supported living is a complicated task which requires careful planning and consideration

Welfare Reform

The Government is planning fundamental reform of the welfare benefits system in order to simplify the existing system and improve work incentives. The cornerstone of these reforms are benefit changes and the introduction of the Universal Credit, from 2013.

There is a potential for demands for many services which the Council provide to increase as a result of the implementation of these changes. This may be particularly acute in Housing, but may lead to demand for other services such as social care

It is too soon to be able to quantify the impact that the reforms may have but £1m has been put into contingency to mitigate any potential effects.

Budget Savings

The achievability of savings arising from efficiency targets with suppliers is critically dependent upon successful commissioning activity and negotiations with external providers for below inflation increases, no increases or reductions in annual costs. The department delivered significant savings in 2012/13 through contract negotiations and the 2013/14 budget assumes that this will continue.

Challenging targets have been set and officers will continue to review services to ensure that they deliver in the most cost effective way that generates the budget savings.

RISK AREAS WITHIN ENVIRONMENT PORTFOLIO FOR 2013/14 ONWARDS

Waste Services

Landfill Tax

Landfill Tax currently stands at £64 per tonne, and will increase by a further £8 per tonne in 2013/14. The government have confirmed that this will continue to rise at the same rate in the future until it reaches £80 per tonne.

The government have remained silent on the option of further increasing landfill Tax beyond this level. However, the decision to remove the Landfill Allowance Trading Scheme from 2012/13 onwards, with the justification that Landfill Tax is a more effective methodology for landfill diversion, suggests that this option may be pursued.

Similarly, the government has not published any plans for instituting an Incineration Tax, but remain unwilling to rule it out. Their admission that declining Landfill Tax returns (as overall waste tonnages continue to fall (municipal landfill tonnage fell by 668,000 tonnes between 09/10 and 10/11, reducing government landfill tax income by £32 million)) are an issue for the treasury suggest that alternative income may yet be sought.

Increasing property numbers

Growth in the number of properties, which requires extra collection activities and generates additional waste, incurs additional expenditure. Each new property attracts a charge of £68 per year for collection (refuse, recycling and food waste), and an average of £78 per year to dispose of the waste. Each new property thus represents a potential additional cost of £146 per year. On average, the number of properties in the borough has increased by 500 each year (although November 2012 shows an increase of 909 compared with November 2011).

Municipal Waste Tonnages

The tonnage of municipal waste collected in Bromley is estimated to increase slightly in 2012/13:

2007/08	163,981
2008/09	157,225
2009/10	149,720
2010/11	144,890
2011/12	139,836
2012/13	140,000 (projected)

This is partly due to the impact of the recession, to a degree which cannot be quantified. Whilst the impact of the incremental introduction of CfA and local and national waste minimisation campaigns

are also a contributory factor, there is a substantial risk that waste tonnages will rise once the economy begins to revive.

The current average cost of waste disposal is £78 per tonne. Each 1% increase in waste tonnage would thus increase disposal costs by £114k per annum.

Recycling Income

The fall in overall waste tonnages also impacts on the tonnages of recycling materials available for collection.

Paper tonnages are sold to Aylesford newsprint at £67 per tonne

Paper tonnage for 2011/12 was 15,690 tonnes. Each 1% fall in paper tonnage will thus reduce income by £11k.

The introduction of more regular paper collection as an element of the CFA scheme has stabilised paper tonnages at present, but further declines in municipal waste tonnages may have negative impacts on this income stream.

Changes to contractual prices and targets

The Waste Management Contract was originally let in 2001. A pricing schedule for landfill, recycling, composting and incineration was agreed for each year of the Contract through to 2016 (with a possible extension to 2019, which has been agreed). This was required to provide budgetary certainty, leaving the tonnage collected as the only cost variable.

Veolia took a long-term view of their disposal costs, allowing for diminishing landfill capacity and the resultant pressure on incineration capacity. The contract payment mechanism thus incorporates step changes in the cost and proportion of landfill and incineration. The cost of incineration no longer underwent a major step change in 2012/13, but this was balanced by a reduction in the tonnage sent to this route. The balance of these two elements contributed to the declared budgeted savings.

Alternative disposal options

The pricing schedule in the Waste Management Contract specifies a set minimum tonnage each year to be sent for incineration. Patently, in terms of Landfill Tax it would be beneficial to send more of Bromley's waste to incineration. However, with all disposal authorities facing similar pressures, current incineration capacity is at a premium. Officers are currently exploring additional incineration capacity, both through Veolia and independently. We are also exploring the opportunity to send some of our waste to MBT or Autoclaving as an alternative disposal point for our landfill based waste. Discussions regarding this have commenced with Veolia (Southwark) and Viridor (Croydon), as well as with London Borough of Lewisham and Kent County Council.

Street Environment Contracts

The Street Environment Contracts have recently been let following a tender process. The lowest tender total (Kier Services) for Lot 1 Street Cleaning of £3.160m compares with a budget of £4.270m for 2012/2013. This is a significant reduction (26%) in the current budgetary provision and has been achieved through variations in operational methodology and reductions in the frequency of carriageway and footway cleaning in a number of roads within the borough.

Officers have revised the frequency of cleaning based on their operational knowledge and experience of local considerations across the borough. However, it should be recognised that given such a significant budget reduction and changes to frequency of cleaning in some roads, it will be necessary to review the schedule of cleaning in light of any concerns about standards of cleanliness resulting from changes in frequency. This may result in a need to change the operational methodology and/or the frequency of scheduled cleaning included within the contract.

To manage this risk a budget of £200k has been held in the street cleaning revenue budget to mitigate against any need to increase frequency of cleaning or revise operational methodology. This budget allocation provides an element of flexibility to incorporate non-scheduled programmes of works (e.g. weekend sweeping, additional litter picking and bin emptying), whilst retaining a degree of budgetary provision to manage risk. A further £200k has been held in Central Contingency should there be a need to increase frequency of cleaning.

Street works

LB Bromley has a responsibility under the New Roads & Streetworks Act to monitor the works of Statutory Undertakers (SU's) that affect the highway infrastructure. When defects are identified within road or footway reinstatements, a defect notice is issued and a charge made on the SU concerned to cover additional inspections.

Income levels have varied during the last five years in line with the performance of Utility companies. The quality of works undertaken by Thames Water Utilities (TWU) has deteriorated in recent years, which led to an over performance in income between 2007/8 and 2010/11, however TWU have been working hard this year to improve their performance, and have introduced new contracts to minimise defective works in the future.

Income dropped significantly by £456k from 2010/11 compared to 2009/10 and a further drop of income of £165k from defect notices for 2011/12 and £120k for 2012/13. Officers feel that Thames Water will continue to improve their performance in 2013/14.

Winter service

The last 2 years have seen a significant increase in expenditure on winter service, following several years with little or no snow. Budgets have historically been based on patterns of spend for precautionary salting, primarily for frost or ice, with relatively little actual snow clearance. As a result of the protracted snow, ice and sub-zero temperatures during the winter of 2010/11 winter maintenance budgets were overspent by £706k, with extra costs incurred for tree maintenance of £35k as well as for waste collection costs of £77k.

It is unclear at this stage whether this is a permanent shift in weather patterns or a one-off, although government have commissioned some research to try and clarify this. In the mean time there is a significant risk of incurring additional expenditure on winter service.

Highways & Street Lighting Contracts

We currently have three contracts for highways and street lighting maintenance, with an annual spend in 2012/13 of £6.6m. These contracts have price fluctuation clauses based on actual cost indexing whereas budget increases are based on CPI. Although the budgets are cash limited, the variation between the two will lead to a reduction in spending power in real terms.

Parking

Charges/tariffs for on- and off-street parking places are set by LB Bromley. A review of Parking was completed by a Working Group of the Environment PDS Committee in June 2009. Subsequently, a fundamental review of the Council's charging policy took place during 2011/12 and Members agreed to increase prices and simplify the tariff structure. Members are aware of the potential impact of a further increase in charges in the current economic climate, whilst recognising the pressure on the service to meet its income targets in the light of reduced demand, inflationary pressures and recent VAT increases.

Concerns continue to be expressed about projected shortfalls in parking income generation in Bromley, principally caused by the recession. It should be noted that the parking service operates in a restricted legal environment which "does not include the maximisation of revenue from parking charges as one of the relevant considerations to be taken into account in securing the...movement of traffic" (Traffic Management and Parking Guidance for London)."

For a number of years there has been a general decline in 'paid for' car parking in the borough. The introduction of new on-street parking schemes and restricted zones has prevented the reduction in use from being even greater. Although new schemes will continue to be implemented to meet localised traffic and parking needs, there is no reason to suspect that the downward trend will be reversed, particularly in regard to off-street parking. Again this puts greater pressure on the service to meet its financial obligations.

During the period 2007-2010 there was a significant decline in the usage and income from our multi-storey car parks within Bromley town centre, although since then usage has stabilised. Further, there was a reduction in the average ticket value which demonstrated that the average length of stay in the multi-storey car parks had shortened, resulting in income being further reduced. Initial estimates show a £560k net shortfall to budgeted income for 2012/13. In the current economic climate it is difficult to make reliable estimates of parking demand in the short to medium term, or forecast the longer term effects of the recession on parking behaviour.

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as budget reductions, contract costs and price increases, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a period of tight restraints on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environmental Services department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All of these service areas are either the lead responsibility of the Environmental Services department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

RISK AREAS WITHIN RENEWAL AND RECREATION PORTFOLIO FOR 2013/14 ONWARDS

Income from Planning Applications

Planning fees are currently projected to show a deficit of £350-380k for the year 2012/13 and this is being contained by keeping posts vacant and reducing other expenditure. The future fee income is dependent on the economic situation in general and the number of major applications that we receive. The Government consulted on whether fees for planning applications should increase nationally or by enabling Local Authorities to set fees locally to recover costs. This resulted in a 15% national fee increase as from 22 November 2012 but there is now no prospect of locally set fees for the near future. Adjustments will be made to expenditure and income to realign budgets to ensure realistic budgets are set from 2013/14.

Income from Building Control

Income from building control notices and first inspection is currently projected to show a deficit of £160-180k below budgeted income for 2012/13 due to a fall in the number of building projects started during this period. This is currently being offset by reductions in expenditure and by holding posts vacant.

EDUCATION PORTFOLIO RISKS

Dedicated Schools Grant (DSG)

During 2012 the DfE has published a number of documents outlining their plans for School Funding Reform. This is the first step towards the introduction of a new national funding formula during the next spending review period which will ensure that similar pupils will attract similar levels of funding no matter where they go to school in the country. In preparation for this the DfE aims to simplify the local funding arrangements for 2013/14 and 2014/15 and to introduce a new approach to high needs funding that will help to improve transparency, quality and choice for young people and their families.

Bromley currently attracts round £220m in DSG, the majority of which is paid directly to Academies or paid to maintained schools. Whilst this in essence will not change the way in which the funding is received will.

The biggest impact of these changes is that the DSG will be divided into three separate blocks; the Early Years Block, the Schools Block and the High Needs Block. The amount of funding allocated to each of these blocks will be based on the local authorities Section 251 Budget statement for 2012/13. Although the DSG is ringfenced, funding for the three blocks will be separately identified, but will not be ring fenced allowing local authorities to move funding between blocks, with the agreement of the Schools Forum, to meet any additional funding pressures in each area.

Changes made to the formulas may have an impact on the level of DSG that Bromley receives. DfE have consulted on the potential changes but further detailed announcements are as yet not forthcoming.

Bromley will have to remain within the funding envelope of the DSG. If there are significant reductions in the level of DSG commensurate savings will have to be made to offset the reduction

Local Authority Central Spend Equivalent Grant (LACSEG)

In July 2012 the DfE issued a consultation on replacing LACSEG in respect of funding Academies and Local Authorities for the functions that are devolved to Academies.

The proposal is to use a national average rate to remove funding from Authorities and passport to Academies. Bromley believes that this method is flawed as it penalises low cost Authorities with high Academy conversion rates, like Bromley, detrimentally affecting those Authorities that have embraced the Academy Agenda and strived to keep costs low.

Members and officers have been in discussion with Ministers and Officers at the DfE to discuss the impact and to look at alternative funding mechanisms. Currently a top slice of Revenue Support Grant takes place. This amounts top £1.46m

No further detailed information has been forthcoming but this is expected to be announced with the Local Government funding settlement.

Officer's estimates were that the national average is around £160 per pupil and Bromley figure stands at £87 per pupil – this reflects the Government's original proposals. Bromley has lobbied other

Authorities and has received support from ten other Authorities in a similar position including Kent and Bexley.

Latest indications are that Bromley is likely to lose £3.3m in addition to the current top slice for 2013/14. Should all schools move to Academy Status then this figure rises to £6m.

Continuing pressures

There continues to be an upward pressure on services, particularly in statutory responsibilities such as Special Education Needs and children with Disabilities. This is a direct consequence of increasing volumes of children, their complexity of their needs and their associated costs.

Officers continue to strive to mitigate these costs by gatekeeping, the management of the eligibility criteria and moving forward with increasing capacity in Bromley Special Schools where appropriate

Budget Savings

Challenging targets have been set across the service. Officers are clear of the savings that are to be made and the plans for achieving these. Proposals are currently underway where possible. A number of proposals will involve consultation with staff and service users, the outcome of which may influence decisions and outcomes.