

Decision Maker: **Executive**

Date: **14th January 2015**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2015/16 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2016/17 to 2018/19

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Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report seeks approval of the initial draft 2015/16 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 2015/16 Council Tax levels.
 - 1.3 The report also includes savings to be considered by Executive.
 - 1.4 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2015/16 Council Tax report to the next meeting of the Executive.
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2. RECOMMENDATIONS

2.1 The Executive is requested to:

- 2.1.1 Agree the initial draft 2015/16 Budget, including the savings detailed in Appendix 4;**
- 2.1.2 Refer the initial draft 2015/16 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 2.1.3 Note the financial projections for 2016/17 to 2018/19;**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2015/16 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 (see section 14.1.4);**
- 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 £339,919 in 2015/16 to the London Boroughs Grant Committee (see section 8);**
- 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 6;**
- 2.1.9 Note the outcome of the 2015/16 Local Government Financial Settlement (see section 18);**
- 2.1.10 Note the significant budget gap remaining of an estimated £53.3m per annum by 2018/19;**
- 2.1.11 Note that any final 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 4
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £129m Draft 2015/16 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 7 for overall funding of Council's budget
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Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2015/16 Financial Control Budget to be published in March 2015
 2. If from existing staff resources, number of staff hours – N/A
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Legal

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

Estimated number of users/beneficiaries (current and projected) - the 2015/16 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, Financial Context and Economic Situation which can impact on public finances

- 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. 2016/17 to 2018/19.
- 3.2 Economic growth has returned and the UK is now seeing a faster increase in economic activity than the rest of the Eurozone. National debt is expected to fall but tax revenues remain weak. The pace of spending reductions will be faster than previously expected to reflect the latest position indicated by the Autumn Statement with no real increase in public spending expected until at least 2020. With the ongoing protection of health, overseas aid and possibly education, the significant austerity programme for local government will continue beyond the current financial forecast period i.e. beyond 2018/19 (further details in Appendix 1) . The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing until beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, unprecedented in recent times, and the high expectation from Government that services should be reformed and redesigned. There is also an on-going 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 2015/16 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.
- 3.3 The Council receives a low level of government funding and has maintained the lowest Council Tax level in outer London (Band D equivalent, using ONS categories) by having the lowest spend per head of population in London. Further details are provided in Appendix 2. 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. Any decisions will need to take into account the longer term impact on the Council’s financial position – financial sustainability will be key in order to protect key services to Bromley residents.

4. Changes that impact on the financial forecast

- 4.1 The 2014/15 Council Tax report reported to Executive in February 2014 identified a significant “budget gap“ over the four year financial planning period. The forecast was updated to inform the public meetings held in November 2014. Some key changes are summarised below:
- (a) The Autumn Statement was published on 3rd December 2014 and subsequently the Local Government Financial Settlement was provided on 18th December 2014. Details of the key changes are shown in Section 18.

(b) The Council's tax base has been updated to reflect an increase in properties compared with the previous year;

(c) Inflation is at a twelve year low, using inflation data published in mid-December, which has now been reflected in the latest financial projections;

(d) There continue to be significant cost pressures in social care which is reflected in the 2014/15 Financial Monitoring report submitted to a previous meeting of the Executive. The majority of the full year impact of the in-year overspends on social care are reflected in the 2015/16 Budget, including the impact of action to reduce the overspend and it's associated full year effect;

(e) The implications of the Better Care Fund, reported previously to the Executive, including the jointly agreed cost plan have been reflected in the Draft 2015/16 Budget;

(f) The Government have confirmed funding for the first year of the implementation of the Care Act of £1.8m which is in addition to funding of £0.75m available from the Better Care Fund – details were previously reported to Care Services PDS Committee meeting in October 2014;

(g) The Draft 2015/16 Budget assumes the impact of the transfer of 0-5 year old services (health visitors etc.) from NHS England will be cost neutral i.e. funding matching the new cost responsibilities. A sum of £1.9m has been assumed for 2015/16 which will increase to £3.8m per annum in the full year;

(h) There are financial implications following a Supreme Court judgement relating to Deprivation of Liberty Safeguards and deprivation of liberty to individuals which has resulted in an increase in the Deprivation of Liberty applications submitted to Court with potential additional annual costs of £0.6m, compared with the 2014/15 Budget. Further details were reported to the Executive in June 2014;

(i) Revisions to the Council's Treasury Management Strategy will result in potential additional income of £1.15m compared with the 2014/15 Budget;

(j) The Government issued a consultation paper in December 2013 on local authority parking strategies and enforcement arrangements. Options suggested range from banning CCTV enforcement, grace periods for parking prior to penalties being issued and change in appeal arrangements. The draft 2015/16 Budget assumes total cost implications which relates mainly to a reduction in income of £1m per annum. The final outcome and implementation date remains unclear and a prudent approach has been adopted at this stage;

(k) A loss of paper recycling income and overall increases in waste tonnage are resulting in further costs of £0.7m per annum from 2015/16 rising to over £1 per annum from 2016/17.

4.2 There remains a significant "budget gap" in the medium term which is included in the updated financial projections. There remain many variables which will impact on any final outcome. The most significant variations to date are summarised in Appendix 3. 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.

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 continues to be 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);
- (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) As reported in previous years the majority of the Council's spend relates to just a few service areas;
- (d) The Council receives a low level of Formula Grant and, using ONS categories, has maintained the lowest Council Tax levels (Band D equivalent) by having the lowest spend per head of population in outer 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 remains many variables which will impact on any final outcome. The most significant variations to date are summarised in Appendix 3 with examples highlighted below:

- (a) The ongoing scale of schools transferring to Academies will result in further significant reductions in the Government's LACSEG funding (now known as Education Services Grant) although the pace of transfer has been less than previously estimated. The ongoing transfer is expected to lead to an ultimate loss of £6m per annum between 2013/14 and 2016/17;
- (b) Previous market assumptions about interest rates increasing have not materialised which is impacting on Income from interest on balances. Low lending rates are expected to continue over the next year due to, for example, the continuation of "funding for lending" , Bank of England is expected to keep the base rate low, and limiting the lending period to banks to reflect cautionary advice from credit rating agencies. The Treasury Management policy was reviewed and Members agreed alternative lending options including investment in a property fund, diversified growth fund and increasing of lending limits to part nationalised banks which has led to potential additional income of £1.15m per annum. There remains a need to ensure the strategy finds the right balance between Security, Liquidity and Yield – in that order. In a recent survey Bromley achieved the second highest returns against a benchmark group of 12 local authorities. An assumed return of 1% has been included in the financial forecast for bank lending. Some local authorities are achieving returns as low as 0.25% per annum. Alternative investments relating to acquisition of properties as part of a wider investment strategy is expected to deliver additional income of £1m in

2015/16 rising to £2m per annum from 2016/17 (in addition to income of £2m per annum achieved through other property acquisitions);

- (c) The outcome of the review of local government finance, implemented from 2013/14, has led to the localisation of business rates and a new council tax support scheme. These changes resulted in a significant risk transfer from central government to local government. The Council Tax Support scheme implemented from April 2013 had transitional arrangements with client liability of 8.5% which increases to 19% from 2014/15. The draft 2015/16 Budget reflects continuation of the 19% agreed by Full Council on 8th December 2014. The latest estimate from the Council's business rate share is included in the draft 2015/16 Budget and will ultimately be partly dependent on the outcome of appeals on valuations, level of conversion of office accommodation to residential dwellings as well as general trends in business rate income. The Government previously managed the increasing costs of council tax benefit and the risks relating to variations in business rates. The changes on localisation of business rates could provide potential financial benefits in the medium to longer term when the key developments in Bromley are completed e.g. Bromley South development, Crystal Palace etc.;
- (d) Government grants are a key source of income and continue to reduce in future years to reflect planned reductions in public spending;
- (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 with the transfer of 0-5 year old services from 2015/16), welfare benefits, Care Act, first stage of integration of health and social care (using Better Care Fund) and localism (including new powers of competence for Councils to act in the interest of their communities);
- (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.

7. 2014/15 Budget Monitoring

- 7.1 A significant service pressure area impacting on 2014/15 relates to welfare reform and homelessness. Details were reported to the October meeting of the Executive. The report requested the release of £653k from the 2014/15 Central Contingency Sum for cost pressures and a one off sum of £563k for the development of Manorfields as temporary accommodation. For ongoing cost pressures, a further sum of £1.1m has been assumed for 2015/16 rising to £4.3m per annum by 2018/19.
- 7.2 The 2014/15 Budget Monitoring report to the previous meeting of the Executive identified significant cost pressures relating to social care with a projected overspend of £2.7m and a full year impact of £4.2m. Some measures have been taken by the Director of Education Health and Social Care to reduce the full year impact resulting in net additional costs of £3.0m being reflected in the draft 2015/16 Budget. Further details will be reported to the next meeting of the Executive.
- 7.3 Other variations, including, for example, the future containment of costs within Portfolio Budgets have been reflected in the draft 2015/16 Budget. Directors continue to identify options to manage these other cost pressures.

8. London Boroughs Grant Committee

- 8.1 London Councils require formal notification of the Council's agreement to their contribution for 2015/16. The London Councils Grants Committee has proposed a Budget for 2015/16 comprising total expenditure of £10.5m that is met by contributions from Boroughs of £9m, European Social Fund grant (£1.25m) and transfer from reserves (£0.25m).
- 8.2 Bromley's contribution to this Committee was £340,182 in 2014/15 (which was reduced to £309,944 after allowing for a one off reduction of £30,238). The contribution for 2015/16 is £339,919 which represents a reduction of £263 compared with 2014/15.
- 8.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2015/16 budget. If it is not agreed by the end of January 2015, the overall level of expenditure is deemed to be the same as approved for 2014/15.

9. Latest Financial Forecast

- 9.1 A summary of the latest budget projections including further savings required to balance the budget for 2015/16 to 2018/19 are shown in Appendices 4,5 and 6 and summarised below:

Variations Compared with 2014/15 Budget

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Cost Pressures				
Inflation	4.1	8.6	13.2	17.9
Grant Loss	11.0	22.1	37.1	44.1
Real Changes (see Appendix 5)	6.4	11.9	14.6	17.8
Total Additional Costs	21.5	42.6	64.9	79.8
Income/ savings				
Saving proposals detailed in Appendix 6	-8.8	-11.7	-11.7	-11.7
Funding from Better Care Fund towards protection of social care	-3.3	-3.3	-3.3	-3.3
Impact of revised Treasury Management Strategy	-1.1	-1.1	-1.1	-1.1
Increase in property numbers (council tax base)	-0.9	-0.9	-0.9	-0.9
Total income/ savings	-14.1	-17.0	-17.0	-17.0
Other Proposed Changes				
New Homes Bonus	-4.4	-4.7	-4.7	-4.7
New Homes Bonus – contribution to Investment Fund	4.4	4.7	4.7	4.7
Collection Fund Surplus (2012/13) set aside as one off support towards meeting funding shortfall in 2015/16	-3.0	0.0	0.0	0.0
Collection Fund Surplus 2013/14	-2.3	0.0	0.0	0.0
Reduction in business rate share	0.5	0.5	0.5	0.5
	-4.8	0.5	0.5	0.5
Impact of 2.0% increase in Council tax	-2.5	-5.0	-7.6	-10.0
Remaining "Budget Gap"	0.1	21.1	40.8	53.3

The above table shows, for illustrative purposes the impact of a council tax increase of 2% in 2015/16. Each 1% council tax increase generates on-going annual income of £1.26m.

- 9.2 Appendix 4 highlights that the Council, on a roll forward basis, has a “structural deficit” as the on-going budget has increasing costs relating to inflation and service pressures as well as the on-going loss of Government grants. These changes are not being funded by a corresponding growth in income. The above projection includes savings to reduce the “budget gap”.
- 9.3 The above table highlights a balanced budget in 2015/16 assuming a 2% council tax increase with a budget gap rising to £53m per annum by 2018/19. The projections from 2016/17 have to be treated with some caution as the future funding will be dependent on the outcome of the next Comprehensive Spending Review expected in the autumn of 2015 following the General Election in May 2015. The different national political parties have different approaches in reducing the national debt and eliminating the annual national deficit although it is certain that there will be ongoing reductions in government funding.
- 9.4 The Council has to continue to plan for a very different future, i.e. several years of strong financial restraint. The future year’s financial projections shown in Appendix 4 include a planning assumption of ongoing reductions in Government funding between 2016/17 and 2018/19, although it is expected to continue until at least 2020. 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.
- 9.5 The key growth pressures, detailed in Appendix 5, are summarised below:

	2015/16 £'000	2018/19 £'000
Full year effect of social care overspends in 2014/15	3,022	3,022
Homelessness/impact of welfare reforms	1,100	4,300
Increase in net cost of waste services	871	1,569
Removal of contracted out national insurance from 2016/17	0	1,300
Changes in parking enforcement – reduction in income	1,000	1,000
Impact of auto enrolment	100	700
Deprivation of Liberty	628	628
Cost of freedom passes (mainly usage)	245	1,745
Provision for future years cost pressure not included above		1,700
Reduction in rate of schools converting to academies compared with 2014/15 Budget assumptions	-956	45
Other growth pressures (net)	347	1,840
Total	6,357	17,849

- 9.6 In considering action required to address the medium term “budget gap”, savings for 2015/16 and 2016/17 have been identified including the impact of the “baseline reviews”. These additional savings, summarised in the table below, will also require more detailed consideration through PDS Committees and their comments will be included in the 2015/16 Council Tax report to the Executive.

	2015/16 £'000
Reduction in staffing and further efficiencies	3,200
Additional income	2,055
Changes in service delivery	1,893
Contract Efficiencies	1,454
Funding of staff costs through Growth Fund, Investment Fund & TFL funding	164
Total	8,766

The savings of £8,766k increase to £11,669k per annum by 2016/17.

9.7 Further details are provided in Appendix 6

10. Detailed Draft 2015/16 Budget

10.1 Detailed draft 2015/16 Budgets are attached in Appendix 7 and will form the basis for the overall final Portfolio/Departmental budget after the allocation of further savings, identified in this report, 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 7 sets out the draft 2015/16 budget for each Portfolio as follows:

- A summary of the Draft 2015/16 Revenue Budget per Portfolio
- A high level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2015/16 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2013/14 expenditure, 2014/15 budget, 2015/16 budget and overall variations in planned spending between 2014/15 and 2015/16;
- A summary of the main reasons for variations, per Portfolio, in planned spending between 2014/15 and 2015/16 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 on-going 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.

11.2 Community Infrastructure Levy (CIL)

11.2.1 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, usually linked to the Local Plan, 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 before adoption. The levy also partly mitigates against future reduced income from Section 106 monies. Potential income of £3m per annum could be raised with expected implementation from late 2015.

11.3 New Homes Bonus

- 11.3.1 The New Homes Bonus (provisional estimate of £6.2m) 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 was 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. 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 including economic development in the future that do not require on-going funding. Further details of the reasons for this approach were reported to Executive in January 2014. Factors were identified that increase the risks relating to fully utilising new homes bonus to support mainstream spend. The forecast for 2015/16 assumes that the monies will continue to be set aside for the Council's Investment Fund to reflect the uncertainty of future funding. Both the Labour Party and the current government have indicated that the future of New Homes Bonus, particularly from 2016/17 remains uncertain. The Government have previously indicated that there will be a full evaluation of the New Homes Bonus Scheme which could lead to further changes in the future.
- 11.3.2 The level of New Homes Bonus will be reduced (top-sliced) by around 28% (£1.8m) from 2015/16 which will enable the equivalent reduction in funding to be utilised towards funding Local Enterprise Panel. The Council currently has some influence on how such monies are utilised although the future arrangements remain uncertain.
- 11.3.3 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.
- 11.3.4 Future grant funding will be dependent on the future delivery of additional occupied homes within the borough. For 2015/16, the Council is expected to receive £4.4m for New Homes Bonus after allowing to the "top slice" reduction.
- 11.3.5 Executive agreed in November 2012 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.

11.4 Localisation of Business rates

- 11.4.1 Details of the localisation of business rates scheme were reported to the Executive in June 2012. The Council retains 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 funding "baseline" will be reset in 2020 and every 10 years thereafter. 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. The draft 2015/16 Budget assumes a loss of £0.5m in the Council's business rate share.

11.4.2 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.

11.5 Asset Review

11.5.1 The Executive had previously commissioned an asset review which sought to:

- Optimise value and maximise capital receipts;
- Identify opportunities for disposal;
- Confirm properties which provide value to the community and remain in essential use.

11.5.2 Where assets no longer provide value to the community or support priorities or services in future it will be essential to look at options for disposal.

11.5.3 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. The outcome of the external review were reported to the Executive in September 2014.

11.6 Growth Fund and Investment Fund (previously Economic Development and Investment Fund)

11.6.1 A key priority for the Council is economic development. Economic development creates employment opportunities, potentially reduces the cost of council tax support and generates income through business rates and new homes bonus. There will be other opportunities to support economic development through the Community Infrastructure levy and Section 106 monies set aside for employment opportunities. The 2014/15 Final Accounts report will also explore the scope for further funding opportunities to increase the Investment Fund to support continuation of the purchase of investment properties.

11.6.2 At a November meeting of the Executive, Members agreed to set aside a Growth Fund totalling £10m to be ringfenced for investments which support the growth initiatives in Biggin Hill {Strategic Outer London Development Centre} (£3.5m), Cray Business Corridor (£3.5m) and Bromley Town Centre (£3m). In addition, the opportunities identified with a potential development in Crystal Palace reported to Executive in October 2013 could also provide significant employment and business rate income share opportunities in the future. The balance of the Economic Development and Investment Fund will be used for primarily property investments to enable the Council to achieve sustainable investment income which exceeds treasury management rates. An uncommitted balance of £30.7m remains for the new Investment Fund. It is also proposed that, as part of a wider investment strategy that uncommitted capital receipts of £20m be set aside to supplement the acquisition of investment properties. To date, property acquisitions have generated income of £2m per annum with the draft budget assuming further income of £1m in 2015/16 rising to £2m per annum by 2016/17 through further investment property acquisitions. Details of the future

approach to acquisitions and the value of acquisitions required to generate this income was reported to the September meeting of the Executive.

- 11.6.3 The savings detailed in Appendix 6 includes proposals to fund various staffing costs through the Growth Fund and Investment Fund instead of through the Council's revenue budget.

11.7 Procurement

- 11.7.1 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.

11.8 Commissioning Authority

- 11.8.1 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".

- 11.8.2 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.

- 11.8.3 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.

- 11.8.4 The work is on-going and the Director of Transformation and Regeneration provided an update to the October meeting of the Executive which included arrangements for the Facilities Management. No savings have been assumed in the forecast at this stage. More detailed work would be required to determine the level of savings that can be achieved. There may be a future requirement for one off funding to meet the set up cost of these changes. Further updates will be reported to a future meeting of the Executive.

12. Identifying further savings

- 12.1 There were 1,335 statutory duties as at June 2011, as identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite significant funding reductions.

- 12.2 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.

- 12.3 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.

- 12.4 A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended

consequence' of reducing discretionary services adversely impacting on the cost of statutory services.

- 12.5 Savings proposals are detailed in Appendix 6 and Chief Officers are continuing to explore the opportunities for further savings to address the medium term budget gap. Any further savings available will be reported at the meeting of this Committee.

13. Future Local Authority Landscape

- 13.1 London Councils as part of their Autumn Statement submission reported that the current local government finance system is unsustainable and that “by 2018/19, London local government is facing a reduction in core funding of 60% in real terms compared with 2010/11. Combined with a rapidly increasing demand for local services, London local authorities face a funding pressure of up to £3.4 billion by the end of the decade”.
- 13.2 The Chartered Institute of Public Finance and Accountancy (CIPFA), as part of a CIPFA Manifesto 2015, refer to a “call for sustainable public finance”. The National Audit Office published a report on “Financial Sustainability of Local Authorities 2014” which referred to inadequate monitoring by the Department of Communities and Local Government (DCLG) on the impact of funding cuts on local authorities and that the DCLG cannot establish how local authorities will cope with further cuts.
- 13.3 To give an indication of the scale of challenges facing local government the Office for Budget Responsibility recently indicated that 60% of cuts are still to come and that public spending , as a percentage of GDP, is set to fall to its lowest level for 80 years by the end of the decade.
- 13.4 A fundamental review of the role of local authorities and the role of state together with the arrangements for funding will be essential to address this bleak picture. Greater devolution of powers and funding to local authorities to enable a greater lead role with other public sector organisations will help partly address the challenges in the future landscape.
- 13.5 Local Government cannot afford the future unless it changes what it does. Changes for the future will need to include operational mergers between authorities for services, greater use of private and voluntary sector, devolution of powers and funding to local authorities as community leaders, a fundamental change in the role of State and implementing opportunities to join up with health and other public agencies (community budgets etc.). Any major change may require the investment of one-off resources. After the delivery of cost savings and efficiency, there is a greater need for transformation, demand management and income enhancement. The scale of the funding reductions may also result in the need to stop or reduce services in the longer term.
- 13.6 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.

14. Other key Changes/Issues

14.1 The Schools Budget

- 14.1.1 Since 2003/04, the Council has received funding for Education services through the 'Schools Budget' through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 14.1.2 DfE have published a number of documents outlining their plans for School Funding Reform. This is a first step towards the introduction of a new 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. This process began in 2013/14 with the simplification of local funding arrangements and has continued in 2014/15. DfE consulted on fairer funding for schools in March 2014 in order to try and address the imbalance of funding across the country. Additional funding was added to the overall schools funding pot to enable authorities to be paid at the same cash level per pupil. The consultation ended in the summer of 2014. Bromley has received low levels of funding for schools over the years and this was acknowledged with an announcement of an additional £19.5m to be added to the schools block for distribution to schools for 2015/16.
- 14.1.3 Although these new proposals do not represent the full implementation of a national funding formula as expected for 2015/16, it is the biggest step towards it for some years and put DfE in a much better position to implement it when they feel the time is right. However the proposal relates to 2015/16 only. Beyond 2015/16 the allocation of funding is a matter for the spending review
- 14.1.4 The DSG continues to be ringfenced and means that there continues to be minimal scope to redivert School Budget to other services. In previous years the Portfolio Holder has agreed a package of funding to set the Schools budget following consultation with Schools Forum, headteachers and Governors. The Executive is asked to agree that this process should take place again for 2015/16. The budget is ringfenced for funding the provision of Education in Schools. Current estimates suggest that the DSG will be £251.7m for 2015/16. The vast majority of this has to be passed directly to maintained schools and academies.
- 14.1.5 In 2013/14 the Education Services Grant (ESG) was introduced by DfE. The Education Services Grant (ESG) replaced LACSEG as the tool to fund local authorities and academies for certain functions carried out by the authority that transfer to academies when schools convert. Bromley receives £15 per pupil regardless of where they are for statutory functions such as tracking children missing from education, strategic planning of education services and other services that do not transfer to academies on conversion. Bromley then receives an additional sum for each child in a maintained school (£87 for mainstream, £326 for PRU and £370 for a special school for 2015/16). At the start of the year Bromley were predicting to receive £2.7m of ESG grant.
- 14.1.6 Although it is difficult to accurately predict, the 2015/16 Draft Budget assumes ongoing conversion of remaining maintained schools to academies. Any grant is re-calculated on a quarterly basis, so the grant will reduce in-year as schools convert to academies.
- 14.1.7 As all schools convert to academies the grant levels will diminish to the statutory payment only amounting to £727k. This will have to be managed carefully by the department as services/functions will need to reduce as far as possible to compensate for this.

14.2 Better Care Fund and the Care Act

- 14.2.1 The Draft 2015/16 Budget reflects the utilisation of the Better Care Fund totalling £20.8m which includes utilisation of social care costs and costs relating to the Bromley Clinical Commissioning Group which is funded by Central Government. This supports key services within social care and key preventative service such as, for example, rehabilitation and reablement services. These key services reduce the demands on the acute sector. For Bromley the majority of this funding reflects existing government funding available to the Council and Bromley CCG, combined with further savings from Bromley CCG. There are new responsibilities and costs attached to using the fund which includes, for example, providing services extended to 7 days a week and funding additional services that reduce cost pressures on the acute sector. The Better Care Fund provides income of £3.25m towards “protecting social care” as well as £750k towards the additional costs of the Care Act for 2015/16
- 14.2.2 The Care Act received royal assent in May 2014. Its provisions commence on the 1st April 2015 and the 1st April 2016. A report to the Executive in November 2013 titled “Adult Social Care – Impact of the Care Bill and Future NHS Funding” and a further report to Care Services PDS in October 2014 titled “Care Act 2014 Impact” provided details of the potential changes to adult social care proposed in the Care Act as well as changes relating to the Government’s proposal to further integrate health and adult social care.
- 14.2.3 The Care Act has significant cost implications on adult social care. Current estimates are that the gross costs will be £2.876m in 2015/16 rising to £4.516m in 2018/19. From 2019/20 costs rise substantially as older people reach their care cap and the burden reverts to the Council. For 2015/16 this will in part be offset by £1.848m in specific government grant and £750k contribution from the Better Care Fund resulting in net estimated costs of £278k in 2015/16.

14.3 Homelessness and Welfare Reforms

- 14.3.1 A sum of £1.2m was set aside in the 2014/15 contingency budget to reflect additional homelessness costs. In October 2014 Executive agreed to drawdown £653k to meet cost pressures. A report titled “temporary accommodation update – use of Manorfields as temporary accommodation” was taken to Executive which proposed the use of the remaining contingency as a capital contribution to use for Manorfields and temporary accommodation which will generate a revenue savings and avoid costly bed and breakfast accommodation. The financial forecast assumes further costs of £4.3m per annum from 2018/19 compared with the 2014/15 Budget.
- 14.3.2 The rising costs of homelessness is affected by the impact of welfare reforms, including the changes arising from universal credit, and the availability of low cost rented accommodation, particularly whilst rents in the private rented sector remain buoyant in Bromley. There remains a risk that ongoing reductions in welfare benefits could have a knock on effect on the cost of various council services period, particularly within social care and housing.

14.4 Consultation on Local Authority Parking

- 14.4.1 The Government issued a consultation paper in December 2013 on local authority parking strategies and enforcement arrangements. Options suggested range from banning CCTV enforcement, grace periods for parking prior to penalties being issued and change in appeal arrangements. It is not clear, at this stage, how the Government will implement the changes

and the associated implementation date. The total cost implications which relates mainly to a reduction in income could exceed £1m per annum which has been reflected in the Draft 2015/16 Budget.

14.5 Council Tax Base

14.5.1 Latest projections indicate a tax base of 125,130 Band “D” equivalent properties for 2015/16, which assumes an allowance of 2.35% for non collection. The revised baseline reflects the “technical changes” arising from the technical reforms of council tax and the new council tax support system which were implemented from 2013/14.

14.6 Collection Fund

14.6.1 The 2014/15 Budget included the one off release of a surplus of £3.853m of which £0.889m relates to the GLA precept and allowed for the net sum of £2.964m to be set aside to reduce the “budget gap” in 2015/16. In addition, there is a sum of £2.3m, as reported in the Provisional 2013/14 Final Accounts report to Executive in June 2014 consisting of a council tax collection fund surplus of £2.9m offset by a business rate share deficit of £0.6m.

14.7 Council Tax Support

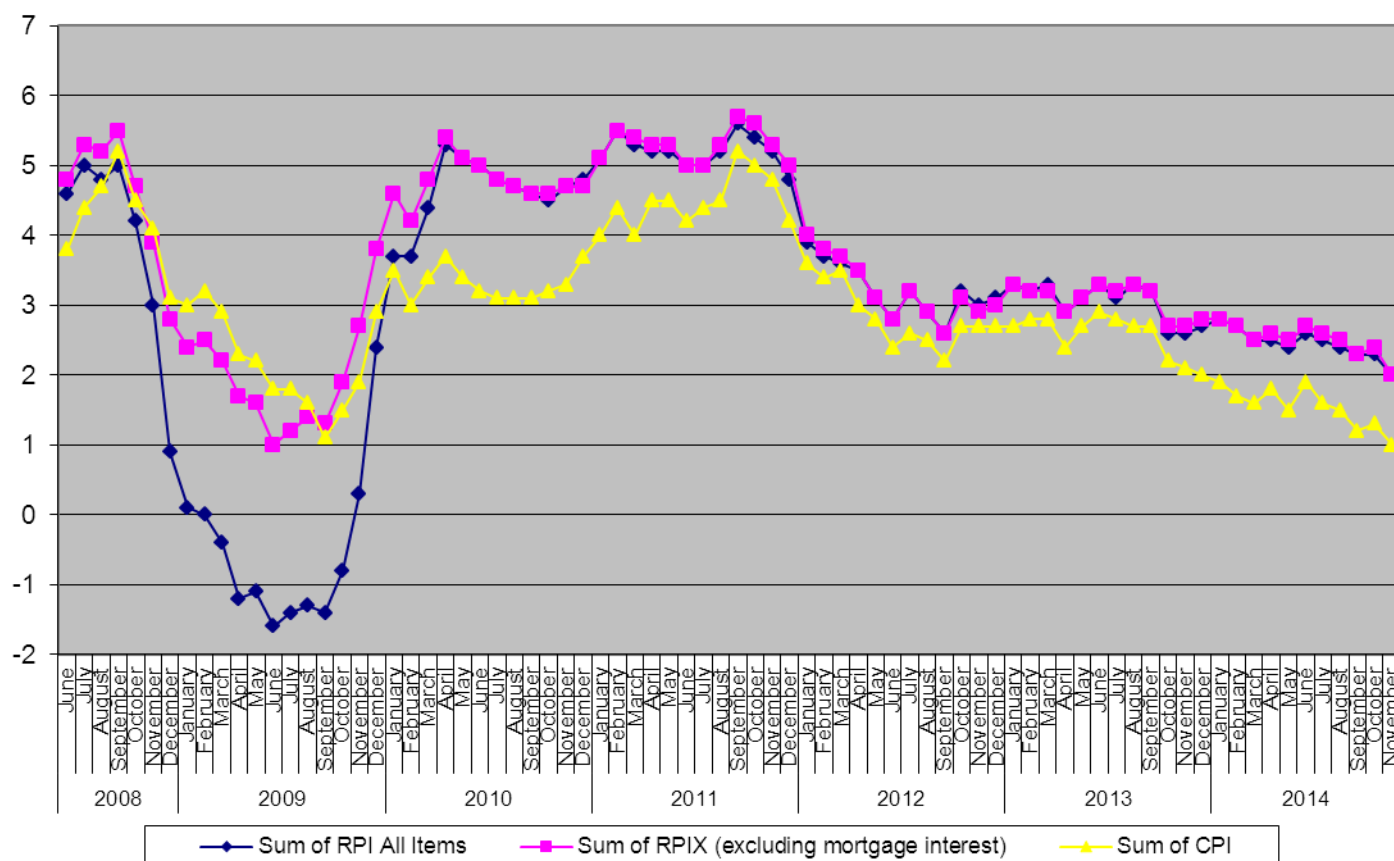
14.7.1 At the Council Meeting of the 8th December 2014, Members approved the adoption of a Council Tax Support scheme for the financial years 2015/16. The Council Tax Support scheme implemented from April 2013 had transitional arrangements with client liability of 8.5% which increased to 19% from 2014/15. The scheme for 2015/16 continues with client liability at 19%. Any variation to the scheme are restricted to amendments required as a result of Government legislation/instruction and/or the annual uprating of benefits. Details of the scheme were provided along with the report to the Executive on 26th November (report titled “Council Tax Support/Reduction – 2015/16”).

14.8 Inflation

14.8.1 Inflation is now below the Bank of England target of 2% - inflation has previously remained above the target since the end of 2009. Inflation is expected to remain at target level for some time. 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 up to 1% above the Consumer Price Index (CPI) level. The Draft 2015/16 Budget assumes contract price increases of 2.0% which compares with the existing RPIX of 2.0%. Contract price increases of 2.0% have now been assumed for 2016/17 and future years.

14.8.2 In December, CPI fell to 1% which is its lowest level in last 12 years. RPIX fell by 0.4% with a reduction of 0.4% for RPI. The recent significant drop in oil prices has had an impact on current inflation levels but it remains difficult to judge whether that would be sustainable. Details of inflation movements over the last 7 years are shown below.

RPI, RPIX, CPI



14.9 Other Changes

There remain a significant number of areas of uncertainty that could impact on the Council's finances. Further details are provided in Appendix 3.

15. General and Earmarked Reserves

15.1 The Council has general reserves remaining of £20m as at 31/3/2014. A full breakdown of reserves including earmarked reserves will be reported to the next meeting as part of the 2015/16 Council Tax report. Reserves have reduced from £131m in 1997. The Council has reduced its level of general reserves towards funding an invest to save fund and to create and economic development and investment fund (now split into separate Growth Fund and Investment Fund). Reserves are one off monies and are utilised to resource investment in schemes that will deliver long terms savings, support economic development, create employment opportunities and enable income opportunities as well as have sufficient resources to manage financial risks during this unprecedented period of austerity.

15.2 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.

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

16. Council Tax Freeze Grant

16.1 The Government offered a council tax freeze grant in 2011/12 which included ongoing funding throughout the spending review period.

16.2 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.

16.3 In October 2012 the Chancellor announced that councils that froze or reduced council tax in 2013/14 would receive a grant equivalent to a 1% council tax increase in each of 2013/14 and 2014/15. The funding would fall out beyond 2014/15. This offer was subsequently extended for council tax freeze in 2014/15 and 2015/16 (i.e. funding of 1% per annum for two years only). As part of the 2014/15 Local Government Financial Settlement, council tax freeze grant for 2014/15 was now included in future years base funding which represented a new approach by the Government. The Council received a council tax freeze grant of £1.38m in 2014/15. A council tax increase of 2% equates to income of £2.5m. Compared with a Council tax increase of 2% the Council would forego ongoing income of £1.1m by adopting a council tax freeze.

16.4 For illustrative purposes, the forecast assumes council tax increases of 2% per annum from 2015/16.

17. Issues for Future Years

17.1 The key issue to consider in the options identified above is the need to ensure long term sustainable finances to help ensure the Council can provide priority services in the longer term. Any final proposals as part of the 2015/16 Council tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2015/16 but to also deal with the medium term financial position as well. Even allowing for the options in this report a budget gap of £53.3m per annum remains from 2018/19. All the measures identified in Appendix 4 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.

17.2 The Council faces the most challenging budget process in recent times with the current economic and financial environment providing 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.

18. Core Funding, Specific Grant, Schools Budget and Council Tax Limits.

18.1 The key changes, impacting on Bromley, announced in the Chancellor's Autumn Statement are shown below:

- The Council Tax referendum threshold for 2015/16 remains at 2% (it was 2% in 2014/15);
- Council tax freeze grant will continue to be included in future years base funding. A 1% council tax increase provides income of £1.26m which compares with revised council tax freeze grant of £1.39m. The reason for the difference is due to the council tax freeze grant excluding the impact of residents in receipt of the council tax support scheme. This anomaly in the calculation of the council tax freeze grant is more beneficial than the equivalent 1% increase. If the council did not progress with a 2% increase it would forego income of over £2.5m per annum but would receive alternative funding of £1.4m (a difference of £1.1m);
- The allocation for New Homes Bonus (NHB) income is estimated at £6.2m in 2015/16 with an expected "top slice" reduction of £1.8m to the GLA resulting in net income of £4.4m. The top slicing of about 28% of NHB will be payable to the London Enterprise Panel – the GLA has sought bids from Bromley for use of top slice funding for local schemes;
- The Council will lose core funding of an estimated £10.99m in 2015/16;
- Estimated funding of £20.8m for the Better Care Fund remains unchanged for 2015/16
- The fall out of funding for the Welfare Fund has been confirmed although the Government have provided a "notional" allocation from core funding to local government. There is no ongoing funding and this still results in the fall out of funding of £978k as assumed in the Council's financial forecast;
- No settlement details have been provided for 2016/17. The outcome for funding in 2016/17 will not be known until the next Comprehensive Spending Review after the general election (expected in Autumn 2015);
- Dedicated Schools Grant (mainly ringfenced for schools and Special Educational Needs placements) will increase by £19.5m for 2015/16 compared with 2014/15 to reflect a fairer level of funding for Bromley – the Government have recognised the low level of funding for Education to Bromley. This represents ringfenced funding and was expected following the outcome of a consultation document earlier in the year;
- Various business rate changes were announced which are expected to be fiscally neutral:
- The Government will carry out a review of the future structure of business rates and report by Budget 2016. This could result in changes to the business rate reset period of 2020 i.e. bring that reset date forward;
- The principles of the Troubled Families Programme is expected to be expanded to cover other client groups with complex needs requiring multi agency support etc. from the next Spending Review Period;
- Government will introduce measures to speed up section 106 negotiations to accelerate the planning process;

- The Autumn Statement does not give indications of future devolution of powers to local government despite the impact of the Scottish referendum – many local authorities are seeking more devolution of powers and associated funding. The Chancellor has separately indicated that the door was “open” to consider further devolution;
- The government has indicated that it will seek to give local authorities and CCGs indicative multi-year budgets during the next spending review period;
- New targets are being set for releasing public sector land for housing delivery – although this relates mainly to Government departments, this could be extended to local government land in the future;
- There are further details still awaited at the time of writing this report relating to the detailed grant settlement. Any updates will be reported at the meeting.

18.2 Historically, the council has been able to balance service pressures, whilst receiving low Formula 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 met and written to three local MPs to express concern about the levels of low funding reflected in the previous Formula Grant settlement.

18.3 Since 2003/04, the Council has received significant increases for the “schools budget” through ring fenced grant (more recently Dedicated Schools Grant). A further increase of £19.5m was made available for 2015/16. The ring fencing of this grant results in a continuation of minimal scope to redirect any resources from the schools budget to other services.

19. Council Tax, Funding and Spend Comparisons

19.1 Details of council tax, funding levels and cost comparisons between councils are shown in Appendix 2.

19.2 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London.

19.3 For the period 2009/10 to 2014/15 the “Bromley element” of the Council tax has increased by 6% compared with CPI inflation of 20% (22% for RPIX).

19.4 If Bromley’s council tax was the average for the 6 other low grant funded authorities, or received the average grant funding for London, its annual income would increase by £26m and £87m respectively.

19.5 Despite being a low cost authority, Bromley has achieved savings of over £60m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

19.6 The Council has achieved a low council tax level despite low levels of Government funding by keeping spending low as illustrated in Appendix 2.

19.7 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 including GLA Precept

- 20.1 The GLA's 2015/16 Draft Budget has been issued for consultation and includes proposals for a reduction of 1.3% in existing GLA precept levels for 2015/16. The final GLA precept for 2015/16 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 23rd February 2015.
- 20.2 For 2015/16 every £1m change in income or expenditure causes a 0.8% variation in the "Bromley element" of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.26m.
- 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 increase that exceeds 2% in 2015/16 (2% in 2013/14 and 2014/15, 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 of 2% and above then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £400k.

21. Consultation

- 21.1 Two separate resident association meetings and two wider public meetings relating to "Our Budget Your Views" in November 2014 with a new web survey seeking the public's views online (with a closing date of 7 December 2014) were held and the outcome is summarised in Appendix 8.
- 21.2 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 11th February 2015 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 23rd February 2015 where the 2015/16 Budget and Council Tax will be agreed.
- 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 homelessness and 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 9. The level of balances held by the Council provides significant safeguards against any adverse financial pressures.

23. POLICY IMPLICATIONS

- 23.1 The Council's key priorities are included within the Council's "Building a Better Bromley's 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
- 23.2 "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".

24. PERSONNEL IMPLICATIONS

- 24.1 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

25. LEGAL IMPLICATIONS

- 25.1 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.
- 25.2 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 will apply.
- 25.3 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 25.4 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.

- 25.5 Executive are being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education Portfolio Holder
- 25.6 The making of these budget decisions is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases.
- 25.7 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 2015/16 Council Tax report to be reported to the February meeting of the Executive.

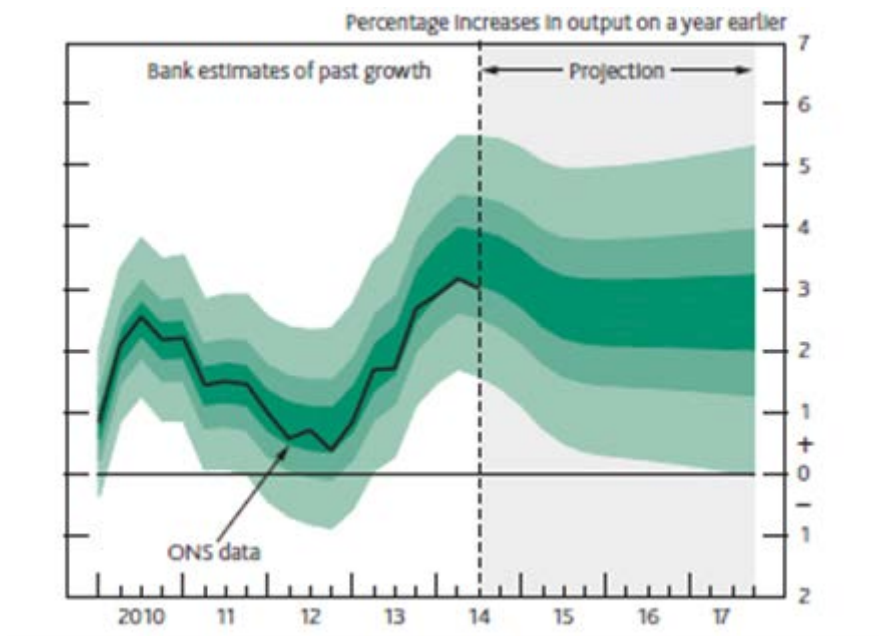
26. CONCLUSION

- 26.1 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 (new homes bonus) 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 service provision, release the necessary revenues and mitigate against the cost pressures currently being forecast.

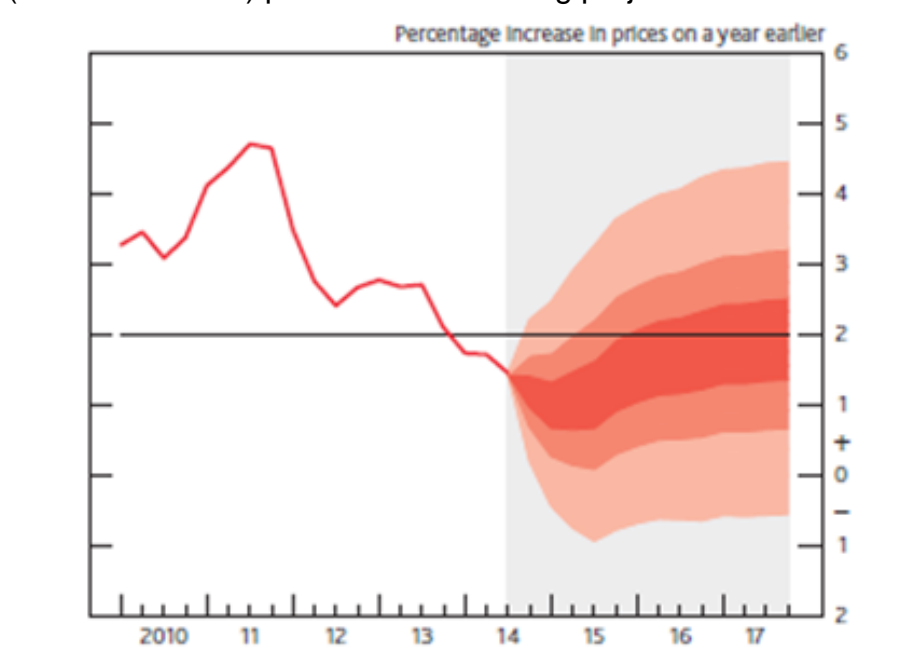
<p>Background documents</p>	<p>Council Tax Support/Reduction – 2015/16, Executive, 26th November 2014 Capital Programme Monitoring – 2nd Quarter 2014/15, Executive, 26th November 2014 Growth Fund Update, Executive, 26th November 2014 Temporary Accommodation Update – Use of Manorfields as temporary Accommodation, 15th October 2014 Homelessness and Welfare Reform Draw Down from Central Contingency, Executive, 15th October 2014 Treasury Management – Investment Strategy Review and Q1 Performance 2014/15, 15th October 2014 Care Act 2014 Impact, Care Services PDS Committee, 2 October 2014 Approval of Better Care Fund Financial Arrangements, Executive, 19th September 2014 Acquisition of Investment Properties, Executive, 10th September 2014 Operation Property Review and Disposal Opportunities, 10th September 2014 Acquisition of Investment Properties, Executive, 10th September 2014 Provisional Final Accounts 2013/14, Executive, 16th July 2014 Economic Development and Investment Fund, Executive, 16th July 2014 Deprivation of Liberty Safeguards – Funding Request, Executive, 16th July 2014</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

Update on Economic Situation which can impact on Public Finances

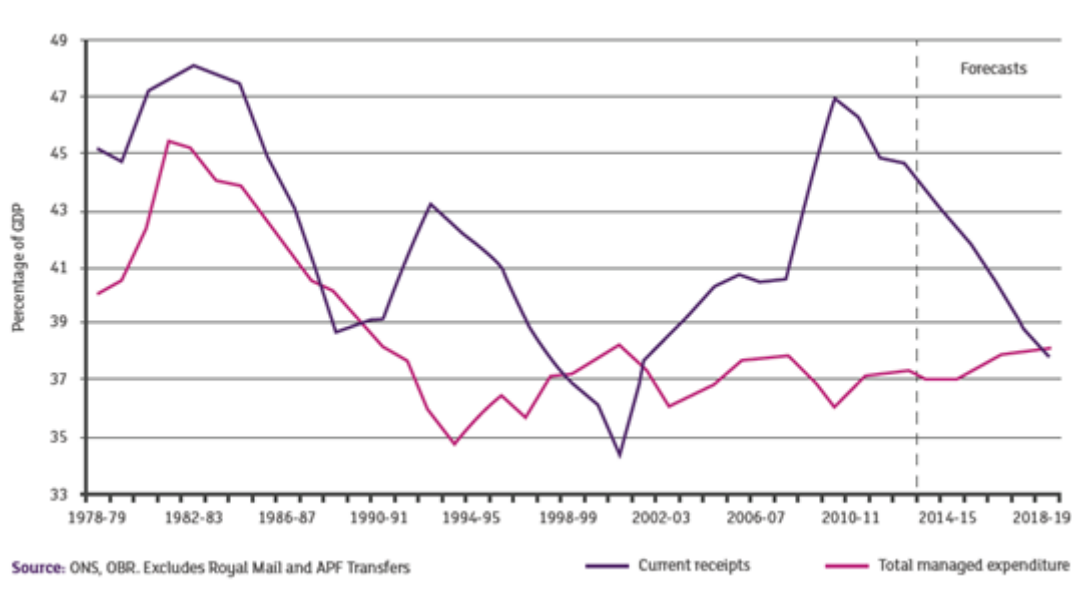
1. The UK economy is now the fastest growing economy among the G7 economies. The Bank of England's inflation report (November 2014) provides the following Gross Domestic Product (GDP) projections.



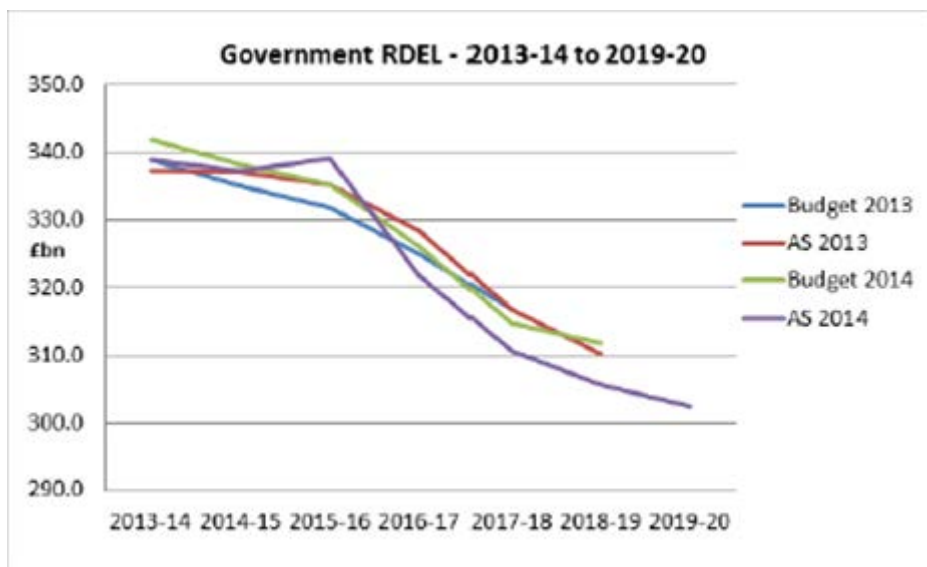
2. The Office for Budget Responsibility growth forecasts for 2014/15 were recently upgraded to 3% with ongoing positive growth with the economy expected to grow by 2.3% per annum in 2019/20.
3. Inflation (as measured by CPI) is at a 12 year low and the Bank of England's inflation report (November 2014) provides the following projections:



4. Office for Budget Responsibility (OBR) are expecting inflation (CPI) to be below the Bank of England's target of 2% by achieving 1.5% in 2014/15, reducing to 1.2% in 2015/16, increasing to 1.7% in 2016/17.
5. The annual deficit has reduced by over 50% since 2010. The deficit is projected to fall from £91.3bn this year (£86.4bn estimated in previous Chancellor's budget) to £75.9bn in 2015/16, £40.89bn in 2016/17, £14.5bn in 2017/18 before reaching a surplus of £4bn in 2018/19. Based on the Autumn Statement 2014 the surplus will increase to £23bn by 2019/20. The annual deficit (gap between total expenditure and managed receipts) is shown in the chart below:



6. In terms of overall national debt which currently stands at £1.5 trillion (80.4% of GDP), OBR advise that it is expected to peak at 81.1% of GDP next year before falling to 72.8% of GDP by 2019/20. Tax revenues remain lower than expected but the impact is offset mainly by reduced welfare bill and lower interest on national debt. Weaker tax revenues are expected to continue which will effectively result in a longer term continuation of the austerity measures required to reduce public debt. The scale of reductions is illustrated below:

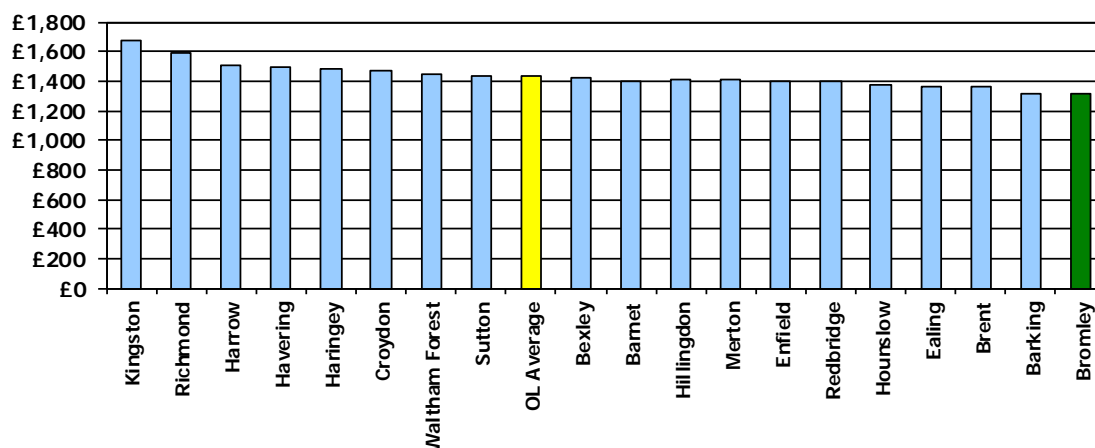


7. Resource Departmental Expenditure Limits is a measure of public spend and with the ongoing protection of health, overseas aid and possibly education, the significant austerity programme (and disproportionate cuts) for local government will continue beyond the current financial forecast period i.e. beyond 2018/19. OBR indicated that 60% of cuts still to come. Real spending per head is expected to fall from £5,650 in 2009/10 to £3,880 in 2019/20. OBR also reveal that public spending, as a percentage of GDP, is set to fall to its lowest level for 80 years by the end of this decade.
8. Public Sector expenditure is expected to fall at the same rate as between 2010/11 and 2014/15 until 2018/19

Council Tax Levels, Government Funding and Spend Levels

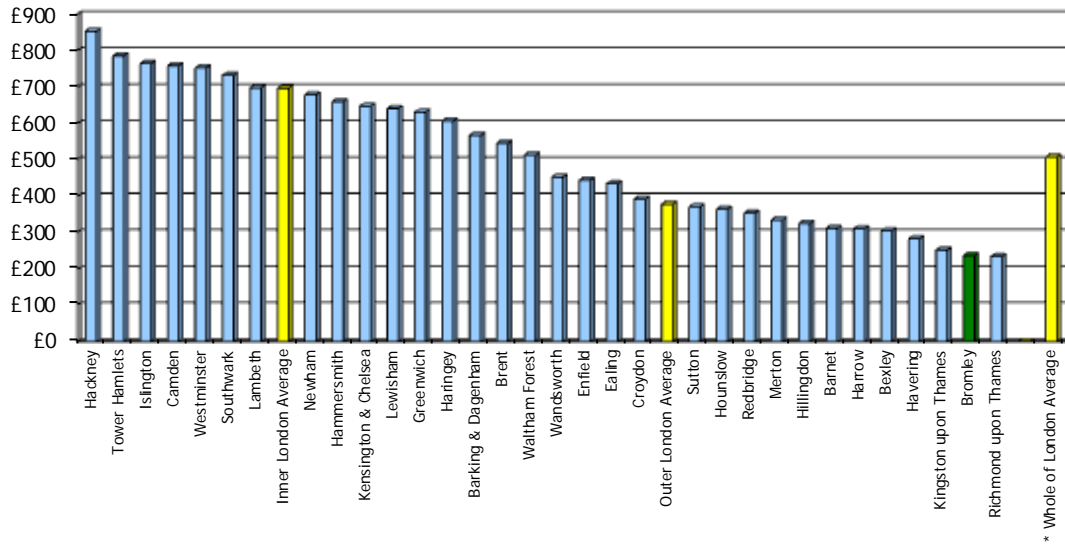
- 1 Historically, the council has been able to balance service pressures, whilst receiving low Formula Grant increases due to the large increase in specific grant for social care services and education up to 2006/07. This trend has been reversed since 2007/08. The situation is worsened with the Council continuing to remain, since 2003/04, at the “grant floor” for Formula Grant.
- 2 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.
- 3 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London.

**Outer London Council Tax Band 'D' Levels 2014/15
(based on ONS Categories)**



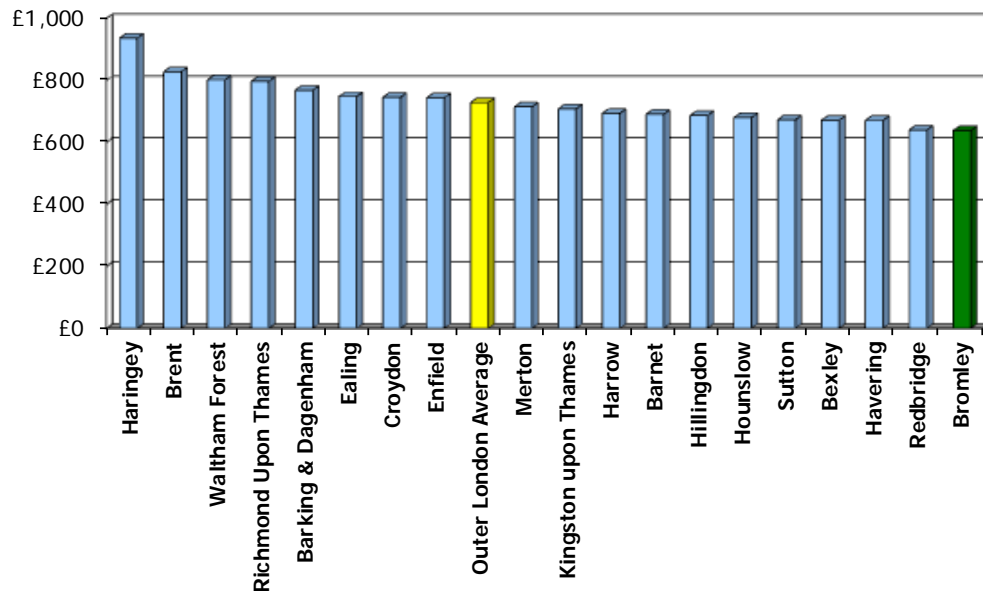
- 4 For the period 2009/10 to 2014/15 the “Bromley element” of the Council tax has increased by 6% compared with CPI inflation of 20% (22% for RPIX).
- 5 Most other low Grant boroughs have responded to low Government funding by setting substantially higher Council tax levels than Bromley, in some cases amongst the highest in London. If Bromley’s council tax was the average for the 6 other low grant funded authorities, or received the average grant funding for London, its annual income would increase by £26m and £87m respectively.

Whole of London Funding per Head 2014/15



- 6 Despite being a low cost authority, Bromley has achieved savings of over £60m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.
- 7 The Council has achieved a low council tax level despite low levels of Government funding by keeping spending low as illustrated below:

Outer London Spend per Head 2014/15



- 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.

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

Description	Notification	Details
Local Authority Central Services Education Grant (LACSEG)		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 were implemented from 2013/14 with the Government reducing the Council's formula grant and providing a direct grant (Education Services 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. A net reduction in funding of £3.8m was assumed in the 2013/14 Budget rising to £6.5m 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 had been identified for 2013/14. The Government will implement further reductions on Education Services Grant from 2015/16 which increases the loss to the Council.
Review of School Funding		Government have approved additional Dedicated Schools Grant funding of over £19.5m for Bromley schools from 2015/16. The grant funding remains ring fenced with very limited impact on the Council's General Fund.
Retention of business rates		<p>Introduced from 2013/14 and 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 only receives 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 which increases the risk of a future reduction in income and it is still not possible to accurately estimate the medium and longer term financial impact of these changes.</p>
Council Tax Benefit Localisation		Bromley received initial funding reflecting a 11% reduction in Government grant. There are no changes to current level of support for pensioners (about one third of claimants). The Council implemented reduction in entitlement of other claimants of 8.5% (partly funded by one off government grant and a contribution from the Council's collection fund). The reduction in entitlement increased to 19% from 2014/15. 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. The Council would be required to bear the take up demand and any increasing costs risk. Further details were reported to Executive in December 2012 and the scheme for 2015/16 was agreed by Council in December 2014.

Appendix 3

Description	Notification	Details
Community Budgets	Various pilots in place	The Government has supported four whole place pilots from 2013/14 (Cheshire West & Chester, Greater Manchester, London tri-boroughs and Essex). Any nationwide reforms are expected to be introduced in stages. Ernst and Young predicted that a roll out of the changes nationally could save £22bn over the next five years. They estimate that 80% of savings from community budgets will come from budgets of central government departments and agencies. As indicated recently by the Government there will be greater opportunities to progress the integration of health and social care services. Care Services Minister Norman Lamb revealed that he intends to ensure social care is "fully joined up" with NHS services by 2018. Any changes are unlikely to impact on the Council's budgets until at least 2016/17. The Better Care Fund (nationally £3.8bn) is likely to further encourage actively progressing Community Budgets.
Inflation	CPI 1%, RPI 2%, RPIX 2% November 2014	Overall 1% increase equates to over £2m if all elements of costs are included e.g. pay awards, income etc. An average increase of 2.0% has been assumed for 2015/16 which compares with RPIX of 2.0%. There remains significant uncertainty in future years inflation levels.
Care Act		The Care Act includes the bringing together of over 40 separate pieces of legislation. The Bill includes new duties to secure provision of information and advice, a national eligibility threshold for service users (expected to be similar to Bromley's current eligibility criteria), new duties to assess carers' need, changes to statutory adult safeguarding boards, new statutory rights on deferred payments, greater portability of care, new duty to ensure integration and support, funding reforms (see note re Dilnot below), dealing with regulating providers and new duties in the event of provider failure. The longer term costs of these changes are expected to exceed any additional funding available. The draft 2015/16 Budget assumes a net cost of £278k in 2015/16 and assumes a significant increase in Government funding from 2016/17 to meet changes detailed below.
Dilnot Review of Adult Social Care	Report produced by Dilnot on adult social care. Government announced proposals in February 2013 – changes will be implemented in 2016/17	Changes as part of Care Act (see above) include: <ul style="list-style-type: none"> (a) A £72k cap on the amount the elderly will have to pay for social care in their lifetime; (b) A rise from £23,250 to £118,000 in the amount of assets people have before having to contribute towards the cost of basic residential nursing care; (c) The £72k cap would only cover the cost of eligible care and support costs - for residential care people would still have to pay for "hotel" costs; (d) There will be a lower cap (not yet confirmed) if a client develops care needs at working age and a zero cap for established care needs at 18 years old. Local authorities will receive funding towards these costs. The expected funding of £1bn (final funding amount awaited) will be split between authorities based on demographic factors. Authorities must then absorb any costs over and above their allocated budgets. It is not possible, at this stage, whether Bromley will be a winner or loser in future funding.

Description	Notification	Details
Deprivation of Liberty Safeguards	Reported to Executive on 10th June 2014	Following a Supreme Court judgement earlier in the year there appears to be additional duties (or the need for full implementation of such duties) which resulted in additional costs in 2014/15 and future years. Additional costs of £628k are assumed in the draft 2015/16 Budget and further details will be reported to the Executive.
Open Public Services		Includes offering personal budgets for SEN as well as disability budgets. 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.
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	<p>National funding of £250m per annum was previously allocated to the scheme from 2011/12 with further monies subsequently being 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. A National Audit Office report has questioned the benefits of New Homes Bonus and the need for a review of the scheme. Under the current scheme, the distribution of funding results in some councils losing large sums of government funding, increasing their financial risks. Up to 2014/15 and for future years these monies are currently set aside for the Economic Development Fund. The National Audit Office have been concerned about NHB on the basis that the Government have overestimated the impact of the bonus on building new homes – the scheme aimed to deliver 140,000 new homes over the next ten years. The main concern was that the monies are available through redistributing central Government’s core funding for local authorities (Formula Grant mechanism).</p> <p>Some local authorities that are in areas where developers are less likely to build new homes face losing large amounts of net funding from central government. A significant number of “losers” are in Northern England where development is limited.</p>

Description	Notification	Details
New Homes Bonus (con't)		<p>To illustrate the impact to Bromley, we received income of £3.9m from NHB in 2013/14 which compares with estimated loss of top slice funding of about £1.8m (about 46%). Therefore we are net gainers based on latest grant funding arrangements. The main reason for being net gainers is that we receive overall low levels of grant funding (less top slice) and we have a reasonable level of net additional properties. However from 2015/16 the allocation of New Homes Bonus will be reduced by one third and the equivalent reduction will be utilised to fund Local Enterprise Panel (LEP). The reduction has been assumed in the financial forecast for 2015/16 and future years. The Government has also announced plans for a significant expansion in national house building which could reduce the overall share received by Bromley. The LEP for London is led by the GLA</p> <p>The financial forecast currently assumes that all the future new homes bonus will be set aside to provide additional funding for the Council's Investment Fund (£4.4m in 2015/16).</p>
Collection Fund		<p>There was a further one off sum relating the outcome of collection rates in 2013/14 which has been identified as part of the 2013/14 Closing of Accounts. The surplus identified has been reflected in forecast for 2015/16 (net £2.3m).</p>
Council Tax Base		<p>The significant increase in new homes which includes, for example, Ravensbourne and Bromley Common developments, has historically resulted in an increase in the council tax base. The draft 2015/16 Budget includes an increase in the Council's council tax base which results in additional income of £950k.</p>
Welfare Reform: Changes to Housing Benefit		<p>Housing Benefit will be replaced with Universal Credit with housing benefit being phased out. The Government originally planned the phasing of the changes between October 2013 and October 2017 and there may be further implementation changes prior to the general elections. Responsibility for crisis loans and community care grants was transferred from DWP to local authorities in 2013/14 (now known as welfare fund) but funding of £1m ceases from 2015/16. The changes relating to the benefit cap and changes to housing benefit to reflect "under-occupation" in RSL properties are expected to have a wider impact on council services, in the short to medium term, including the cost of homelessness and social care. As part of the Chancellor's Budget 2014, the Government announced plans to cash limit spend on welfare benefits and to seek to bring forward the current implementation date for universal credit. The further changes could impact on the costs of the Council meeting its social care and housing responsibilities (homelessness).</p>
Independent Living Fund		<p>This form of benefits is expected to cease in 2015/16 and local authorities will receive funding through the "mainstream" system, The financial impact has been assumed to be cost neutral at this stage.</p>
Parking Enforcement		<p>The Government have consulted on various changes to car parking enforcement and have confirmed proposals which would reduce income to the Council by an estimated £1m per annum. A full assessment of the implications are awaited.</p>
Central Contingency Sum		<p>The Council makes provision for risk/uncertainty in its Central Contingency Sum which will be reviewed each year as part of finalising the annual budget. The Central Contingency Sum will be reviewed as part of the 2015/16 Budget. Recently any underspends on the Central Contingency Sum have partly been set aside for one off investment in the Council's Economic Development and Investment Fund.</p>

Description	Notification	Details
Demographic and Population Changes		Bromley's population is expected to rise by 11% over the next eight years. This includes an expected increase in those aged 85 years and over of 24% between 2012 and 2020. 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 per annum was previously assumed in the 2015/16 forecast. The revised Treasury Management Strategy is expected to result in additional annual income of £1.1m to reflect mainly increases in lending to part nationalised banks and investment in Diversified Growth Funds. A variation of 0.25% in interest earnings would result in an increase/decrease in the interest forecast of around £400k per annum. The 2015/16 forecast reflects the 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 "banking issues" are 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. Further details were reported to Executive in September.
2014/15 Financial Monitoring	Latest financial projections	The 2014/15 Financial Monitoring report to Executive in November 2014 identified the full year effect of current projections and the latest position indicates a potential full year cost (after some management action has been taken) of £3m in social care. Any final impact on 2014/15 and 2015/16 will be dependent on management action to reduce the potential overspend in 2014/15. Management action should continue to be undertaken to reduce the financial impact on future years budgets.
Delivery of 2015/16 Savings		Executive will approve various savings as part of the 2015/16 Budget. If the savings/additional income is not fully delivered without compensatory savings there could be a financial impact on the 2015/16 Budget and future years.

Description	Notification	Details
Comprehensive Spending Review / Spending Round		The financial forecast includes assumptions about future reductions in Government funding. The Council has a one year financial settlement for 2015/16. Assumptions have been made in the forecast about funding particularly for 2016/17 and 2017/18 which reflects a higher expected level of grant reductions compared with previous years. Real terms reduction in funding based on Government's Resources Departmental Expenditure Limits (DEL, includes depreciation) – 2015/16 -2.5%; 2016/17 -4.5%; 2017/18 -5.3% ; 2018/19 - 2.9%. This indicates that the scale of reductions will increase over the next few years, compared with previous years, but the level of reduction will improve (a lesser reduction) from 2018/19. However, the increasing planned reductions in Government's Resource Departmental Expenditure Limits, assuming the same proportion of cuts for local government could result in a further budget gap of £6m per annum in 2016/17 rising to £11m per annum by 2017/18. This further loss of grant funding has not been assumed in the forecast at this stage. The Government will need to consider the latest economic position, tax revenues and level of on-going debt in determining the on-going approach to public finances as well as consider whether the "protection" of funding for other public services will continue. The next Comprehensive spending Review (4 year plan) is expected after the general elections in October 2015. The Institute of Fiscal Studies have indicated that the Government has identified 40% of savings in this Parliament with a further 60% to follow.
Adult Social Care Funding Formula		There is currently a review of the adult social care funding formula with changes likely to be delayed until 2020 (reset period for Formula Grant). Bromley was a "loser" when the funding formula was previously reviewed.
Council Tax Increases/ Council Tax Freeze Grant		Any decision to freeze council tax is likely to result in a permanent loss of income if an increase above 1% is foregone. There is potential funding equivalent to income from a 1% increase (1% for two years) available for a council tax freeze in 2015/16 which will now be included in the Council's baseline funding. For 2015/16 any council tax increase at 2% per annum will trigger an automatic referendum of all registered electors within the borough.
Freedom Passes		From 2014/15 there was 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 which has been assumed in the forecast.
London Finance Commission		The report of the Mayor of London Finance Commission was published in May 2013. The report proposes giving more tax and local spending powers to London to help promote growth and employment with corresponding reductions in direct government funding. If the Government agree to implement some of the final recommendations there could be changes which impact on the council's finances.

Description	Notification	Details
Economic Growth/ Eurozone		Although there remains a high level of debt with a government deficit of £90bn a year there has been good news on the economy with updated growth forecast showing real improvement. For example the Budget 2013 projected GDP Growth of 1.8% in 2014. This projections was revised to 2.7% for 2014 and recent trends indicate growth levels above 3% per annum. The Government will continue to reduce public spend to achieve a budget surplus and any future government may also use reductions to fund tax cuts. The economic weakness of the Eurozone (as a main trader with UK) could continue to have a detrimental impact on the Governments tax revenues as well as economic growth which could impact on future funding plans for local government
Young adults on remand		New responsibilities transferred to local authorities from 2013/14 and funding of £574k has been allocated to fully meet the cost of the new responsibilities. The final cost is not known and a better indication of ongoing costs may be available in monitoring of the second year of the transfer (2014/15).
Public Health		The Council received £12.6m funding to reflect the transfer of public health responsibilities from 2013/14 with further funding of £0.3m in 2014/15. "Ring-fenced" funding has been identified for 2013/14, 2014/15 and has now been extended to 2015/16. The Head of Public Health, England has stated that the model for distribution of funding could be "completely different" in future years. The health visitors service (support to under 5's) will transfer to local authorities from October 2015. The draft 2015/16 assumes that the funding of £1.9m in 2015/16 and £3.8m in 2016/17 will fully meet the cost of the transferred service.
Better Care Fund		The Council receives funding of £5.5m in 2014/15 reflecting the Section 256 agreement secured with Bromley CCG and meeting NHS England requirements. The Government announced a Better Care Fund with overall funding of £20.8m for Bromley from 2015/16. It is not possible to accurately gauge the impact on the future years budgets at this stage because of the impact of new responsibilities arising from the Care Bill, savings realised in the acute sector, demographic pressures etc. Further details were previously reported to the Executive as part of approving the submission of the Better Care Fund.
Financial Sustainability		They reported that despite the significant cuts in Government funding, DCLG cannot establish how local authorities will cope with further cuts. A separate survey with external auditors found 52% of local authorities were not well placed to deliver their financial strategies in the medium term, up from 41% last year.
Cost pressures		There remains uncertainty in various budgets which includes car parking income (partly dependent on economic climate), waste tonnage (which can be volatile) as well as many other service variables. The financial forecast makes a general provision for such cost pressures in future years of £0.8m per annum in 2016/17 increasing to £2.5m per annum by 2018/19.
Minimum Wage		The Chancellor announced, as part of his 2014 Budget, that the national minimum wage will be increased by 3% in October 2014 - there may be potential cost implications on various outsourced contracts.
Community Infrastructure Levy	Regulations introduced in 2010	A new flat rate tariff can be factored into land purchases and can be used by councils to fund infrastructure. There is some limited scope to fund ongoing expenditure as well as new capital expenditure. The new local Community Infrastructure levy is expected to be introduced in 2015.

Description	Notification	Details
Delivery of local land charges searches	Queens Speech 4th June 2014	The Government is set to press ahead to transfer the statutory responsibility for the local land charges register and delivery of local land charges services from local authorities to the Land Registry. The Registry's powers will be extended to enable it to provide information and register services relating to land and other property. This is expected to result in net additional costs to the Council, following any transfer and the scale of costs will depend on the extent to which the Council can successfully continue to provide additional searches services (over and above basic searches).
Grant Funding Flexibilities to Support Existing Core Services/ savings that cannot be realised in the shorter/medium term		As part of the Commissioning Strategy, the Council will package services for alternative service delivery models which could impact on grant income to the authority and/or result in changing the allocation of core support services with savings that cannot be realised in the shorter to medium term. These factors would need to be reflected in any financial evaluation and could potentially increase costs to the Council in the shorter to medium term. Most changes would be realisable in the longer term as the structures and size of the organisation changes. Such costs/impact have not been assumed in the financial forecast at this stage. Examples of these initial costs relate to the outreach/behavioural service and sold services to schools.
SEN Pathfinder		The implementation of single plans for children/adults with disabilities upto the age of 25 covering health, social care and educational needs is likely to result in additional ongoing costs to the council covering assessment and the service required in meeting the single plans. The Government have indicated that additional funding may be available to meet any identified "new burden" but it is not clear whether the funding will fully meet the additional costs. No net additional costs have been assumed in the forecast at this stage.
Cost of Special Educational Needs (excluding transport)		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 on-going growth pressures in the medium term which could impact on the Council's General Fund. However the additional funding announced for schools will help ensure that SEN can continue to be funded through Dedicated Schools Grant.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Bromley's Budget Requirement in 2014/15 (before funding from Formula Grant)	202,736	202,736	202,736	202,736	202,736
Formula Grant and Business Rate Share	-77,296	-77,296	-77,296	-77,296	-77,296
	125,440	125,440	125,440	125,440	125,440
Increased costs		4,150	8,628	13,188	17,854
Net reduction in core funding		10,989	22,148	37,148	44,148
Impact of revised Treasury Management Strategy - Interest on Balances		-1,150	-1,150	-1,150	-1,150
Real Changes and other Variations (see Appendix 5)					
Education, Care and Health Services (mainly homelessness and full year effect of 2014/15 overspend)		4,346	6,448	7,026	8,535
Environment (mainly changes in parking enforcement and growth in waste services)		1,974	2,543	2,769	2,996
Renewal and Recreation (statutory planning fees)		27	54	81	108
Other (mainly council wide)		10	2,010	3,110	3,910
Provision for future years cost pressures not included above		0	800	1,600	2,300
Sub total - real changes and variations		6,357	11,855	14,586	17,849
Sub total		145,786	166,921	189,212	204,141
Better Care Fund					
- Funding for the "protection of social care" (assumes continuation of funding from 2016/17)		-3,250	-3,250	-3,250	-3,250
Reduction in business rate share		510	510	510	510
Collection Fund Surplus 2012/13 set aside in 2014/15 to support 2015/16 budget gap		-2,964	0	0	0
Net collection fund surplus 2013/14 (Council tax £2.9m less NNDR deficit of £0.6m)		-2,300	0	0	0
		-4,754	510	510	510
New Homes Bonus (includes top slice reduction from 2015/16)		4,400	4,700	4,700	4,700
Contribution to Economic Development and Investment Fund		-4,400	-4,700	-4,700	-4,700
		0	0	0	0
Remaining Sum to be met from Council Tax/Budget Options		137,782	164,181	186,472	201,401
Savings (see Appendix 6)		-8,766	-11,669	-11,669	-11,669
Increase in council tax (assume 2% per annum)		-2,520	-5,040	-7,560	-10,080
Current Council Tax Income (updated council tax base from 2015/16)	-125,440	-126,390	-126,390	-126,390	-126,390
Remaining "Budget Gap"	0	106	21,082	40,853	53,262

FINANCIAL FORECAST 2015/16 TO 2018/19
SUMMARY OF REAL CHANGES

Appendix 5

	Budget				
	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Education, Care and Health Services					
Increase in cost of homelessness/impact of welfare reforms	4,577	1,100	2,100	3,100	4300
Full year Effect of 2014/15 Overspends (after allowing for action to reduce full year effect)		3,022	3,022	3,022	3022
Public Health - the transfer of 0-5 year old services (health visitors etc.)	0	1,900	3,800	3,800	3800
Government funding provided to meet the cost of 0-5 year old services	0	-1,900	-3,800	-3,800	-3800
Fall out of welfare fund grant		978	978	978	978
Reduction in cost of welfare fund to meet costs of essential housing responsibilities		-528	-528	-528	-528
Deprivation of Liberty	24	628	628	628	628
Care Act (net costs of £278k in 2015/16)					
Revised Assessment of Costs	0	2,876	4,629	4,207	4,516
Funding From Better Care Fund	0	-750	-750	-750	-750
Government Funding	0	-1,848	-3,500	-3,500	-3,500
SEN transport	3,911	135	270	270	270
Offset by invest to save initiatives	3,911	-135	-270	-270	-270
Invest to contain - children's social care placements (reported previously to Executive)	12,722	-118	-118	-118	-118
Invest to save - day care opportunities	1,246	-58	-58	-58	-58
Savings from supported living contract - people with learning disability (Executive October 2014)	1,782	-415	-415	-415	-415
Provision for increase in placements for people with learning disability	14,293	415	415	415	415
Reduction in rate of conversion of schools to academies compared with budget assumptions		-956	45	45	45
Total real changes ECHS		4,346	6,448	7,026	8,535
Environment					
Absorption of inflation increases for PCNs	-4,116	103	208	317	427
Changes in Parking Enforcement - reduction in income	-1,000	1,000	1,000	1000	1000
		1,103	1,208	1,317	1,427
Other cost pressures/ growth					
Waste					
- Increase in waste contract price and disposal targets	11,737	54	54	54	54
- Increase in refuse/recycling collection to reflect additional units	7,562	37	74	111	148
- Increase in refuse/recycling disposal to reflect additional units	11,737	37	114	171	228
New growth for waste services (loss of paper income and increase in general waste tonnage)	10,751	743	1,093	1,116	1,139
Sub total (waste)		871	1,335	1,452	1,569
Total real changes (Environment)		1,974	2,543	2,769	2,996
Renewal and Recreation					
Absorption of inflation for statutory planning fees	-1,041	27	54	81	108
OTHER VARIATIONS (MAINLY COUNCIL WIDE)					
Other net cost pressures/ growth					
Freedom passes					
- extra cost of London Overground and National Rail based on actual usage and other changes	9,900	245	845	1445	1745
Removal of contracted out national insurance from 2016/17			1,300	1300	1300
Fall out of provision for local elections until 2018/19	0	-500	-500	-500	0
Impact of auto-enrolment (reflects phasing)		100	200	700	700
Shortfall in Glades minimum rent share (assumed in 2014/15 Budget) no longer required	2,042	-114	-114	-114	-114
Costs of support services retained from outsourced services which will be saved in the longer term					
- Outreach/behavioural support		138	138	138	138
- Sold services to schools		181	181	181	181
Removal of ongoing admission to LGPS (Members)	80	-80	-80	-80	-80
Other		40	40	40	40
Total real changes (mainly council wide)		10	2,010	3,110	3,910
Provision for future years cost pressures not included above		0	800	1,600	2,300
TOTAL		6,357	11,855	14,586	17,849

Appendix 6

Line	Division	Saving Option	15/16 £'000	16/17 £'000	Full Year Saving £'000
ALL DEPARTMENTS					
1	Essential Car Users		300	300	300
2	Organisational efficiencies & Management costs restructure		1,500	2,000	2,000
SUB-TOTAL			1,800	2,300	2,300
CHIEF EXECUTIVES DEPARTMENT					
<u>Corporate Services Division (£21m Controllable Budget)</u>					
3	Facilities & Support	Retendering of cleaning contract	60	60	60
4	Facilities & Support	Restructuring Attendant service	25	25	25
5	Facilities & Support	Changes to franking machine provision	2	2	2
6	Information Systems and Telephony	Post revisions, software removal, resource days	121	121	121
7	Corporate Services Division	Various efficiencies	60	60	60
8	Contact Centre	Variation to Customer Services Contract	66	79	79
9	Democratic Services	Approved changes to Cllr IT/Telephones	34	34	34
SUB-TOTAL			368	381	381
<u>Financial Services & Procurement Division - (£11m Controllable Budget)</u>					
10	Exchequer - Payments & Income	Saving from outsourcing and charging	221	221	221
11	Exchequer - Revenue & Benefits	Reduction of licence fees	75	75	75
12	Exchequer - Revenue & Benefits	Increased Council Tax & NNDR court costs	100	100	100
13	Exchequer - Revenue & Benefits	Contract negotiation with Liberata	100	100	100
14	Management Accounting & Systems	Restructure of Financial Management Team	30	100	100
SUB-TOTAL			526	596	596
<u>Transformation & Regeneration - £2.5m Controllable Budget</u>					
15	Acquisition of Investment Properties	Assuming we invest £40m in the purchase of commercial property at a yield of 5.3% or higher £2m p.a. could be achieved	1,000	2,000	2,000
16	Planning	Increase pre-application advice fees (on top of inflation)	15	15	15

Line	Division	Saving Option	15/16 £'000	16/17 £'000	Full Year Saving £'000
17	Renewal	Renewal Team costs to be charged to Economic Development Fund	51	155	155
18	Strategic Property Services	Charge some of Strategic Property costs to the Investment Fund	20	129	129
19	Strategic Property Services	Anerley Business Centre (subject to Member decision in February 15)	21	52	52
SUB-TOTAL			1,107	2,351	2,351
ENVIRONMENT & COMMUNITY SERVICES DEPARTMENT					
<u>Public Protection (£2.5m Controllable Budget)</u>					
20	Public Protection and Community Safety	Review of staffing and associated budgets, including Portfolio Holder grants, to reduce services to the statutory baseline	219	439	439
21	Public Protection	Reduction of CCTV staffing costs	50	50	50
SUB-TOTAL			269	489	489
<u>Street Scene & Green Spaces (£30.5m Controllable Budget)</u>					
22	Area Management & Street Cleansing	Cleansing of Public Conveniences Contract - Closure of remaining facilities (Bromley Town Centre, Beckenham, Penge and West Wickham)	22	89	89
23	Area Management & Street Cleansing	Reduce central contingency sum for street cleansing contract from £200k to £60k	140	140	140
24	Street scene and green space	Restructuring of SSGS division including; a fully commissioned park service and a review of the client contract monitoring function across the whole division.	182	530	530
25	Parks and Green Space	Parks Strategy - cease development function in parks	80	80	80
26	Waste Services	Reduced opening hours of the green garden waste satellite sites as per Environment PDS report 4 Nov 2014.	146	271	271
27	Waste Services	Reduce frequency of kerbside paper collections from weekly to fortnightly. Savings achieved by rationalising vehicle utilisation.	250	250	250
28	Waste Services	Introduce charges for collection of domestic clinical waste, or transfer costs back to health authority	30	30	30

Line	Division	Saving Option	15/16 £'000	16/17 £'000	Full Year Saving £'000
29	Waste Services	Increase price of food waste liners from £2 to £2.50	35	35	35
30	Waste Services	Increase price of GGW Wheelie Bin service from £60 to £65 per annum from 1 April 2016.	0	30	30
SUB-TOTAL			885	1,455	1,455
<u>Transport & Highways (£6.9m Controllable Budget)</u>					
31	Parking	Increase parking charges	390	230	230
32	Network management	Additional £60k staffing to be charged to TfL Principal Road Maintenance capital budget	60	60	60
33	Traffic & Road Safety	New charges for disabled parking bays and white bar markings as per report to Environment PDS 23 September 2014.	20	20	20
SUB-TOTAL			470	310	310
<u>Recreation (£6.8M Controllable Budget)</u>					
34	Town Centre Management & Business Support	Efficiencies in TCM	0	46	46
35	Culture	Relocate Museum Service to Central library as part of the agreed Heritage Strategy.	0	44	44
36	Libraries	Create 6 Community managed libraries as per the agreed library strategy report R & R PDS 18.11.14	0	250	250
SUB-TOTAL			0	340	340
EDUCATION, CARE & HEALTH SERVICES DEPARTMENT					
<u>Children's Social Care (£32.7m Controllable Budget)</u>					
37	All areas	Contract efficiencies to be identified	230	306	306
38	Care and Resources	Personal Education Allowances	30	30	30
39	Care and Resources	Reorganisation of the service	50	50	50
40	Safeguarding and Care Planning	Support to hard to reach groups	33	33	33
41	Referral and Assessment	Contract efficiencies already achieved	125	125	125
42	Children's Disability Services	Changes to playgroup funding	66	66	66
43	Bromley Youth Support Programme	Service redesign	50	50	50
44	Safeguarding and Quality Assurance	Contract efficiencies already achieved	38	38	38

Line	Division	Saving Option	15/16 £'000	16/17 £'000	Full Year Saving £'000
45	Safeguarding and Quality Assurance	Reorganisation of the service	27	27	27
46	Youth Service	Service redesign	506	506	506
47	Children's Centres	Income generation	120	120	120
SUB-TOTAL			1,275	1,351	1,351
<u>Education (£1.0m Controllable Budget)</u>					
48	Schools & Early Years Commissioning and QA	Reorganisation of service including charging some elements to DSG	130	160	160
49	Strategic Place Planning	Charge 50% of 1 post to capital	33	33	33
50	Schools & Early Years Commissioning and QA	Reorganisation of contracts	48	48	48
SUB-TOTAL			211	241	241
<u>Adult Social Care (£33.9m Controllable Budget)</u>					
51	Assessment and Care Management	Deletion of vacant posts	81	81	81
52	Assessment and Care Management	Contract efficiencies already achieved	181	181	181
53	Assessment and Care Management	Care management efficiencies already achieved	130	130	130
54	Assessment and Care Management	Management of demand at first point of contact	250	250	250
55	Assessment and Care Management	Charging Policy update	200	200	200
56	Direct Services	Carelink	25	25	25
57	Direct Services	Reduce extra care housing capacity	150	150	150
58	Learning Disabilities Day and Short breaks Service	Staffing restructure - vacant posts	70	70	70
59	Learning Disabilities Day and Short breaks Service	Reduce leisure activity funding	52	52	52
60	Learning Disabilities Day and Short breaks Service	Running expense reduction	26	26	26
61	Learning Disabilities Care Management	Restructure to achieve integration	100	100	100
SUB-TOTAL			1,265	1,265	1,265

Line	Division	Saving Option	15/16 £'000	16/17 £'000	Full Year Saving £'000
<u>Commissioning Division (£37.0m Controllable Budget)</u>					
62	Supporting People	Review service levels at retender for all contracts	213	213	213
63	Commissioning	Contract efficiencies	202	202	202
SUB-TOTAL			415	415	415
<u>Strategic & Business Support (£2.6m Controllable Budget)</u>					
64	Performance & Information	Service reconfiguration	31	31	31
65	Performance & Information	Running cost reduction	48	48	48
66	Performance & Information	Income generation	45	45	45
SUB-TOTAL			124	124	124
<u>Housing Division (£4.1m Controllable Budget)</u>					
67	Housing Needs	Contract reductions	51	51	51
SUB-TOTAL			51	51	51
TOTAL			8,766	11,669	11,669

SUMMARY OF DRAFT 2015/16 REVENUE BUDGET - PORTFOLIO

2014/15 Draft Budget £'000	Portfolio/Item	2015/16 Draft Budget £'000
119,542	Education	105,104
Cr 114,893	Less costs funded through Dedicated Schools Grant	Cr 100,353
4,649	Sub total	4,751
104,940	Care Services	104,466
32,699	Environment	32,045
2,526	Public Protection and Safety	2,152
8,371	Renewal and Recreation	8,354
31,769	Resources	29,497
7,450	Non Distributed Costs & Corporate & Democratic Core	7,599
192,404	Total Controllable Budgets	188,864
16,827	Total Non Controllable Budgets	21,261
Cr 917	Total Excluded Recharges	Cr 917
208,314	Portfolio Total	209,208
Cr 15,735	Reversal of Net Capital Charges	Cr 19,698
Cr 1,591	Interest on General Fund Balances	Cr 2,741
8,004	Contribution to Economic Development & Investment Fund	4,400
-	- Use of collection fund surplus	Cr 2,964
11,850	Central Contingency Sum	13,325
	Levies	
486	- London Pension Fund Authority	509
310	- London Boroughs Grants Committee	340
236	- Environment Agency	248
391	- Lee Valley Regional Park	411
212,265	Sub Total	203,038
Cr 42,031	Revenue Support Grant	Cr 32,769
Cr 35,265	Business Rates Retention	Cr 34,409
Cr 144	Local Services Support Grant	Cr 144
Cr 2,964	Collection Fund Surplus	Cr 2,300
Cr 1,381	Council Tax Freeze Grant	-
Cr 5,040	New Homes Bonus	Cr 4,400
125,440	Bromley's Requirement (excluding GLA)	129,016

DRAFT REVENUE BUDGET 2015/16

	Education	Care Services	Environment	Public Protection and Safety	Renewal and Recreation	Resources	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	12,910	32,536	7,328	2,283	7,414	18,369	80,840
Premises	859	405	6,765	42	902	3,970	12,943
Transport	4,201	927	304	58	73	75	5,638
Supplies and Services	68,178	4,414	9,863	429	1,394	4,794	89,072
Third Party Payments	31,606	104,609	28,597	943	1,592	11,546	178,893
Transfer Payments	-	140,900	-	-	-	10,722	151,622
Income	Cr 114,686	Cr 178,935	Cr 19,069	Cr 733	Cr 2,926	Cr 11,861	Cr 328,210
Controllable Recharges	1,516	Cr 390	Cr 1,743	Cr 870	Cr 95	Cr 552	Cr 2,134
Capital Charges/Financing	167	-	-	-	-	33	200
Total Controllable Budgets	4,751	104,466	32,045	2,152	8,354	37,096	188,864
Capital Charges/Financing	9,061	Cr 266	4,475	-	3,169	3,259	19,698
Repairs, Maintenance & Insurance	485	320	1,335	6	831	Cr 1,414	1,563
Property Rental Income	-	Cr 264	Cr 478	-	Cr 84	826	
Not Directly Controllable Budgets	9,546	Cr 210	5,332	6	3,916	2,671	21,261
Recharges In	17,819	29,294	9,574	1,626	4,573	16,193	79,079
Total Cost of Service	32,116	133,550	46,951	3,784	16,843	55,960	289,204
Recharges Out	Cr 14,382	Cr 17,571	Cr 7,377	Cr 1,472	Cr 2,156	Cr 37,038	Cr 79,996
Total Net Budget	17,734	115,979	39,574	2,312	14,687	18,922	209,208

2015/16 CENTRAL CONTINGENCY SUM

£'000

Environmental Services

Street Environment contract 60

Renewal and Recreation

Planning appeals - changes in legislation 60

Grants included within Central Contingency Sum

Lead Local Flood Authorities grant related expenditure (LSSG)		253
Other expenditure from Better Care Fund		10,971
Other income from Better Care Fund	Cr	10,971
Public Health - the transfer of 0-5 year old services (health visitors etc.)		1,901
Government funding provided to meet cost of service	Cr	1,901
Tackling Troubled Families Grant Expenditure		426
Tackling Troubled Families Grant Income	Cr	426
Transformation Challenge Award expenditure 2015/16		344
Transformation Challenge Award income 2015/16	Cr	344
Adoption Reform Grant Expenditure		273
Adoption Reform Grant Income	Cr	273
SEND Implementation Grant expenditure 2015/16		182
SEND Implementation Grant income 2015/16	Cr	182
Department of Health Revenue Grant Expenditure		160
Department of Health Revenue Grant Expenditure	Cr	160
Individual Electoral Registration Process expenditure 2015/16		102
Individual Electoral Registration Process income 2015/16	Cr	102
SEND Pathfinder SEN Reform Grant Expenditure		71
SEND Pathfinder Grant Income	Cr	71

General

Provision for costs pressures arising from variables		2,000
Provision for Unallocated Inflation		1,842
Provision for risk/uncertainty		1,840
Provision for risk/uncertainty relating to volume and cost pressure		1,950
Increase in cost of homelessness/impact of welfare reforms		1,100
Changes in parking enforcement		1,000
New growth for waste services		743
Deprivation of Liberty		628
Impact of auto enrolment (additional employee costs)		300
Retained Welfare Fund		450
Freedom Passes		326
Grants to voluntary organisations		275
Disabled Facilities Grant RCCO		232
Net impact of Social care overspend		3,022
Better Care Fund - protection of social care	Cr	3,250
Care Act - Revised assessment of costs		2,876
Care Act - Funding from Better Care Fund	Cr	750
Care Act - Government Funding	Cr	1,848
Other Provisions		216
		<u>13,325</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 2015/16 - SUMMARY**

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
	Education Division				
Cr 400,586	Adult Education Centres	Cr 601,840	1,420	Cr 2,380	Cr 602,800
274,779	Alternative Education and Welfare Service	103,510	570	146,810	250,890
412,168	Schools & Early Years Commissioning and QA	564,570	3,170	Cr 174,500	393,240
4,451,073	SEN and Inclusion	4,772,430	67,040	3,960	4,843,430
213,038	Strategic Place Planning	254,930	1,670	Cr 33,040	223,560
10,228	Workforce Development & Governor Services	10,640	150	Cr 110	10,680
Cr 2,957,405	Education Services Grant	Cr 2,732,000	0	1,004,000	Cr 1,728,000
Cr 1,414,821	Schools Budgets	Cr 1,492,360	0	Cr 8,460	Cr 1,500,820
160,191	Other Strategic Functions	158,000	590	Cr 300	158,290
0	Early Years	0	0	0	0
0	Primary Schools	0	0	Cr 257,270	Cr 257,270
0	Secondary Schools	0	0	0	0
0	Special Schools & Alternative Provision	0	0	0	0
0	Post-16 Provision	0	0	0	0
748,665		1,037,880	74,610	678,710	1,791,200
	Children's Social Care				
1,789,945	Bromley Youth Support Programme - (Youth Services)	1,467,960	9,640	Cr 551,530	926,070
1,889,101	Referral and Assessment Childrens Centres	2,142,900	11,030	Cr 119,870	2,034,060
3,679,046		3,610,860	20,670	(671,400)	2,960,130
4,427,711	TOTAL CONTROLLABLE	4,648,740	95,280	7,310	4,751,330
9,220,624	TOTAL NON CONTROLLABLE	5,095,720	4,630	4,445,260	9,545,610
3,802,028	TOTAL EXCLUDED RECHARGES	3,385,680	0	51,420	3,437,100
17,450,363	PORTFOLIO TOTAL	13,130,140	99,910	4,503,990	17,734,040

EDUCATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2015/16

Ref		VARIATION IN 2015/16 £'000	ORIGINAL BUDGET 2014/15 £'000
1	2014/15 BUDGET	13,130	
2	Increased Costs	100	
	Full Year Effect of Allocation of Central Contingency		
3	Education Services Grant	1,004	2,732
4	Closure of the Secondary Outreach service	138	Cr 138
5	Increase in insurance premiums	<u>7</u>	
		1,149	
	Movements Between Portfolios/Departments		
6	EFA funding adjustment - transfer from Commissioning	<u>28</u>	28
	Real Changes		
	<i>New Savings Identified for 2015/16 (subject to approval)</i>		
7	Youth Service redesign	Cr 551	727
8	Reorganisation of Schools and Early Years Commissioning & QA	Cr 130	387
9	Children's Centres	Cr 120	2,143
10	Reorganisation of contracts	Cr 48	54
11	Charge 50% of Capital Manager post to Capital	Cr 33	67
12	Essential car users	<u>Cr 20</u>	
		902	
13	Variations in Capital Charges		4,202
14	Variations in Recharges		51
15	Variations in Building Maintenance	Cr	24
15	Variations in Insurances		0
16	Variations in Rent Income		0
17	2015/16 DRAFT BUDGET	<u><u>17,734</u></u>	

EDUCATION PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

- 2 Increased Costs (Dr £100k)
Inflation of £100k has been allocated to budgets for contracts, SLA's and income. No inflationary increase has been applied to salaries in relation to 2015/16.

Full Year Effect of Allocation of Central Contingency

- 3 Education Services Grant (Dr £1,004k)
This relates to the full year effect of the reduction in ESG income due to academy conversions during 2014/15.
- 4 Closure of the Secondary Outreach service (Dr £138k)
The closure of the secondary outreach service has resulted in the loss of income and recharges to DSG funded services which covered corporate overheads.
- 5 Increase in insurance premiums (Dr £7k)
An overall allocation of £116k was made from the contingency in respect of the insurance premium increase arising from the tendering of the Council casualty insurance arrangements in 2014. This was reported to the Executive & Resources PDS Committee on 5th June 2014.

Movements Between Portfolios/Departments

- 6 Ex-EFA placements adjustment (Dr £28k)
This adjustment relates to inflation on the former EFA-funded element of Learning Disabilities placements.

Real Changes

- 7 Youth Service redesign (Cr £551k)
Redesign of the Youth Service provision
- 8 Reorganisation of Schools and Early Years Commissioning & QA (Cr £130k)
This relates to reorganisation of the service including charging an additional element to DSG.
- 9 Children's Centres (Cr £120k)
Increase in income generation from children's centres
- 10 Reorganisation of contracts (Cr £48k)
Due to reduced need for certain contracts, it is proposed to cease them and meet any future requirements within remaining resources
- 11 Charge 50% of Capital Manager post to Capital (Cr £33k)
As the majority of the Education Capital Manager post's time is spent on the design and execution of capital projects, it is right that this element of the post is charged to capital and thus resulting in a revenue saving.
- 12 Essential car users (Cr £20k)
Savings to essential car user allowances
- 13 Variations in Capital Charges (Dr £4,202k)
The variation on capital charges, etc is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2013/14 (after the 2014/15 budget was agreed) and in the first half of 2014/15;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2015/16 Capital Programme that do not add value to the Council's fixed asset base.

(iii) Government Grants – mainly due to a significant increase in credits for capital grants receivable in respect of 2015/16 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

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.

14 Variations in Recharges (Dr £51k)

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

15 Variations in Building Maintenance and Insurances (Cr £24k)

Repairs and Maintenance: This relates to the realignment of repairs and maintenance budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these net out to zero in total.

Insurance: 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 2014/15 budget was finalised and partly because of increased General Fund charges as a result of further academy conversions (academies are not permitted to be covered by the Council and conversions lead to costs having to be spread across fewer services/establishments). Premium renewals for 2015/16 are currently being negotiated and the current difficult market conditions mean that there may be significant premium increases, which could have a further impact on the 2015/16 budget figures.

16 Variations in Rent Income (Dr £0k)

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.

Education
DRAFT REVENUE BUDGET 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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	
	£	£	£	£	£	£	£			£	£				£	£	£	£	
Education Division																			
Adult Education Centres	2,253,240	259,300	2,140	486,720	0	0	Cr 3,629,080	24,880	0	Cr 602,800	552,000	46,020	0	598,020	629,640	624,860	Cr 2,970	621,890	
Alternative Education and Welfare Service	1,270,160	38,620	21,540	315,770	320,330	0	Cr 133,220	Cr 1,582,310	0	250,890	0	830	0	830	478,240	729,960	Cr 740,240	Cr 10,280	
Schools & Early Years Commissioning and QA	1,380,760	64,230	18,910	122,920	14,804,810	0	Cr 458,600	Cr 15,539,790	0	393,240	0	25,010	0	25,010	511,170	929,420	Cr 930,710	Cr 1,290	
SEN and Inclusion	4,744,570	187,390	4,047,160	512,510	15,786,090	0	Cr 170,810	Cr 20,263,480	0	4,843,430	2,000	2,680	0	4,680	1,391,640	6,239,750	Cr 6,246,990	Cr 7,240	
Strategic Place Planning	416,150	0	66,300	72,190	0	0	Cr 10,000	Cr 321,080	0	223,560	0	840	0	840	166,560	390,960	Cr 390,960	0	
Workforce Development & Governor Services	104,140	0	610	46,010	0	0	Cr 50,240	Cr 89,840	0	10,680	0	29,810	0	29,810	33,630	74,120	Cr 74,120	0	
Education Services Grant	0	0	0	0	0	0	Cr 1,728,000	0	0	1,728,000	0	0	0	0	0	Cr 1,728,000	0	Cr 1,728,000	
Schools Budgets	0	0	0	125,490	0	0	Cr 104,474,850	102,848,540	0	1,500,820	0	0	0	0	1,500,820	0	0	0	
Other Strategic Functions	130,460	0	460	27,370	0	0	0	0	0	158,290	0	410	0	410	6,354,700	6,513,400	Cr 186,720	6,326,680	
Early Years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,086,090	1,086,090	Cr 399,940	686,150	
Primary Schools	160,570	0	0	49,217,870	0	0	Cr 13,500	Cr 49,705,720	83,510	257,270	3,466,000	290,140	0	3,756,140	4,397,310	7,896,180	Cr 4,422,350	3,473,830	
Secondary Schools	0	0	0	4,794,170	0	0	Cr 2,041,750	Cr 2,835,930	83,510	0	100,000	3,790	0	103,790	312,570	416,360	Cr 316,080	100,280	
Special Schools & Alternative Provision	0	0	0	12,152,010	0	0	Cr 1,143,080	Cr 11,008,930	0	0	4,886,000	24,540	0	4,910,540	588,760	5,499,300	Cr 590,000	4,909,300	
Post-16 Provision	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	10,460,050	549,540	4,157,120	67,873,030	30,911,230	0	Cr 113,853,130	1,526,340	167,020	1,791,200	9,006,000	424,070	0	9,430,070	17,451,130	28,672,400	Cr 14,301,080	14,371,320	
Childrens Social Care																			
Bromley Youth Support Programme - (Youth Services)	875,480	118,820	35,600	191,640	341,000	0	Cr 636,470	0	0	926,070	43,000	48,680	Cr 350	91,330	161,520	1,178,920	Cr 65,760	1,113,160	
Referral and Assessment Childrens Centres	1,573,990	190,670	8,290	113,770	353,490	0	Cr 196,190	Cr 9,960	0	2,034,060	12,000	12,210	0	24,210	206,730	2,265,000	Cr 15,440	2,249,560	
	2,449,470	309,490	43,890	305,410	694,490	0	Cr 832,660	Cr 9,960	0	2,960,130	55,000	60,890	Cr 350	115,540	368,250	3,443,920	Cr 81,200	3,362,720	
	12,909,520	859,030	4,201,010	68,178,440	31,605,720	0	Cr 114,685,790	1,516,380	167,020	4,751,330	9,061,000	484,960	Cr 350	9,545,610	17,819,380	32,116,320	Cr 14,382,280	17,734,040	

Care ServicesDRAFT REVENUE BUDGET 2015/16 - SUMMARY

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
	Adult Social Care				
17,599	AIDS-HIV Grant	0	0	0	0
30,925,229	Assessment and Care Management	25,474,720	450,030	Cr 1,709,570	24,215,180
3,897,196	Direct Services	3,268,590	850	Cr 213,110	3,056,330
1,694,119	Learning Disabilities Day and Short breaks Service	2,100,550	2,400	Cr 102,980	1,999,970
2,868,317	Learning Disabilities Care Management	2,052,430	45,970	245,590	2,343,990
0	Learning Disabilities Housing & Support	1,561,820	Cr 1,720	Cr 480	1,559,620
39,402,459		34,458,110	497,530	Cr 1,780,550	33,175,090
	Childrens Social Care				
763,362	Bromley Youth Support Programme	816,420	2,390	Cr 50,000	768,810
14,413,966	Care and Resources	17,238,240	285,890	Cr 362,450	17,161,680
4,025,718	Children's Disability Services	2,432,400	32,530	Cr 86,920	2,378,010
3,614,988	Referral and Assessment	3,413,300	20,870	Cr 93,710	3,340,460
3,372,917	Safeguarding and Care Planning	3,499,360	19,940	Cr 167,490	3,351,810
1,543,457	Safeguarding and Quality Assurance	1,402,040	18,310	Cr 88,280	1,332,070
27,734,408		28,801,760	379,930	Cr 848,850	28,332,840
	Commissioning				
3,310,720	Commissioning	3,104,670	20,580	89,310	3,214,560
0	Drugs and Alcohol	0	0	0	0
0	Information & Early Intervention	1,277,710	24,470	Cr 164,700	1,137,480
22,326,584	Learning Disabilities Services	24,311,420	510,210	Cr 320,560	24,501,070
4,776,879	Mental Health Services	5,643,730	127,410	704,460	6,475,600
2	PCT Funding (Social Care & Health)	0	0	0	0
2,843,367	Supporting People	2,060,520	33,930	Cr 358,750	1,735,700
33,257,552		36,398,050	716,600	Cr 50,240	37,064,410
	Environmental Services - Housing				
178,873	Housing Improvement	148,490	Cr 3,030	Cr 4,300	141,160
178,873		148,490	Cr 3,030	Cr 4,300	141,160
	Operational Housing				
Cr 897	Enabling Activities	Cr 1,200	0	0	Cr 1,200
Cr 777,580	Housing Benefits	Cr 1,662,380	Cr 33,240	80,900	Cr 1,614,720
4,570,605	Housing Needs	4,576,710	72,790	601,840	5,251,340
3,792,129		2,913,130	39,550	682,740	3,635,420
	Strategic and Business Support Service				
331,303	Learning and Development	394,060	6,600	Cr 53,900	346,760
1,944,545	Strategic and Business Support Service	2,198,140	8,750	Cr 65,460	2,141,430
2,275,848		2,592,200	15,350	Cr 119,360	2,488,190
12,228,008	Public Health	12,229,150	Cr 12,680	12,680	12,229,150
Cr 12,600,800	Public Health - Grant Income	Cr 12,600,800	0	0	Cr 12,600,800
Cr 372,792		Cr 371,650	Cr 12,680	12,680	Cr 371,650
106,268,478		104,940,090	1,633,250	Cr 2,107,880	104,465,460
2,073,802	TOTAL NON CONTROLLABLE	1,483,000	720	Cr 1,693,440	Cr 209,720
9,882,839	TOTAL EXCLUDED RECHARGES	11,246,750	0	476,140	11,722,890
118,225,119	PORTFOLIO TOTAL	117,669,840	1,633,970	Cr 3,325,180	115,978,630

CARE SERVICES PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2015/16

Ref	VARIATION IN		ORIGINAL
	2015/16		BUDGET
	£'000	£'000	2014/15 £'000
1 2014/15 BUDGET		117,670	
2 Increased Costs		1,634	
Full Year Effect of allocation of Central Contingency			
3 Increase in annual insurance premiums		4	
4 Bed & Breakfast (from provision for homelessness)		653	
			657
Movement Between Portfolios / Departments / Divisions			
5 EFA funding adjustment - transfer to Education	Cr	28	
6 Fallout of 2014/15 s256 Invest to Save Schemes: - Children's Social Care Invest to Contain Year 3 (offset by variation in recharge)		24	
7 Reduced amount of former EFA funding for clients with Learning Disabilities: - Reduced expenditure	Cr	162	1,561
- Variation in recharge to Education		162	1,561
		Cr	4
Real Changes			
<i>Real Changes Funded by Savings</i>			
8 Invest to Contain Scheme Year 3 - CSC Placements	Cr	142	24
<i>Savings identified for 2015/16 as part of the 2014/15 Budget process</i>			
9 Invest to save - day care opportunities (06/02/13)	Cr	58	1,241
<i>New Savings Identified for 2015/16 (subject to approval)</i>			
10 Deletion of vacant posts in Adult Social Care	Cr	81	5,105
11 Contract efficiencies already achieved	Cr	181	181
12 Care management efficiencies already achieved	Cr	130	528
13 Management of demand at first point of contact	Cr	250	5,105
14 Charging Policy update	Cr	200	3,841
15 Carelink	Cr	25	92
16 Reduce extra care housing capacity	Cr	150	1,315
17 LD Short Breaks staffing restructure - vacant posts	Cr	70	649
18 LD Day Services running expense reduction	Cr	26	1,451
19 LD Restructure to achieve integration	Cr	100	923
20 Commissioning - Contract efficiencies	Cr	254	2,505
21 Supporting People - review service levels at retender for all contracts	Cr	213	2,061
22 Operational Housing Contract Reductions	Cr	51	51
23 Reduce the provision of Personal Education Allowances	Cr	30	51
24 Care & Resources - Reorganisation of the service	Cr	50	233
25 Safeguarding & Care Planning - Support to hard to reach groups	Cr	33	33
26 Referral and Assessment - Contract efficiencies already achieved	Cr	125	614
27 Children's Disability Services - Changes to playgroup funding	Cr	66	66
28 Bromley Youth Support Programme - Service redesign	Cr	50	943
29 Safeguarding & Care Planning - Contract efficiencies already achieved	Cr	38	38
30 Safeguarding & Quality Assurance - Reorganisation of the service	Cr	27	909
31 Contract efficiencies to be identified	Cr	230	305
32 Performance & Information - service reconfiguration	Cr	31	426
33 Performance & Information - running cost reduction	Cr	48	426
34 Performance & Information - income generation	Cr	45	426
35 Essential Car users	Cr	151	317
		Cr	2,655

CARE SERVICES PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2015/16

Ref	VARIATION IN 2015/16	ORIGINAL BUDGET 2014/15
<i>Other Real Changes:</i>		
36 Reduction in Housing Benefit Admin Subsidy	186	
37 Net Real reduction in Admin Subsidy 2015/16	Cr 105	
38 Social Housing Fraud Grant - Expenditure	Cr 100	100
39 Social Housing Fraud Grant - Income	100	Cr 100
40 Local Reform & Community Voices Grant		
- Expenditure	Cr 125	
- Income	<u>125</u>	
		81
41 Variations in Capital Charges	Cr 1,696	
42 Variations in Recharges	488	
43 Variations in Rent Income	4	
44 2015/16 DRAFT BUDGET	<u>115,979</u>	

CARE SERVICES PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

2 **Increased Costs (Dr 1,634k)**

Inflation of £1,633K has been allocated to budgets for contracts, SLAs, running expenses and income. At this point in time, no inflationary increase has been applied to salaries budgets in relation to 2015/16.

3 **Increase in annual insurance premiums (Dr £4k)**

An overall allocation of £116k was made from the contingency in respect of the insurance premium increase arising from the tendering of the Council casualty insurance arrangements in 2014. This was reported to the Executive & Resources PDS Committee on 5th June 2014. Of the £116k, the £4k shown here relates to Care Services Portfolio.

4 **Bed & Breakfast (from provision for homelessness) - Dr £653k**

As reported to the Executive on 15th October 2014, there are significant pressures in relation to homelessness and the impact of the recession / welfare reform on the temporary accommodation budget.

The £653k built into the Operational Housing Division 2015/16 draft budget represents the continuation of the funding allocated in 2014/15. Further funding is currently held in the central contingency for new cost pressures.

Movement Between Portfolios / Departments / Divisions

5 **EFA Funding Adjustment - Transfer to Education (Cr 28k)**

This adjustment relates to inflation on the former EFA-funded element of Learning Disabilities placements.

6 **Children's Social Care Invest to Contain Year 3 (Dr £24k)**

The invest to contain scheme in Children's Social Care was approved by the Executive on 20th June 2012, this adjustment relates to the realignment of budgets in respect of year 3 (2014/15), the final year of the investment.

7 **Reduced amount of former EFA funding for clients with Learning Disabilities (Cr £162k & Dr £162k)**

As part of the Dedicated Schools Grant allocation for 2013/14, funding for SEN support in Further Education Colleges transferred from the Education Funding Agency to LBB. This included an element of Social Care support. The amount required for 2015/16 for this element is estimated to be £162k lower than 2014/15. The costs are fully recharged back to Education budgets so there is a compensating variation in recharges.

The Older People's day opportunities invest to save scheme was approved by the Executive on 6th February 2013 and this adjustment relates to the realignment of budgets in respect of year 2 (2014/15), the final year of the "investment". An equivalent debit is included in the variation in recharges figure shown below.

Real Changes

8 *Savings identified for 2015/16 as part of the 2014/15 Budget process*

Invest to Contain Scheme Year 3 - CSC Placements (Cr £142k)

9 *Savings identified for 2015/16 as part of the 2014/15 Budget process*

Older People Day Opportunities (Cr £58k)

The Older People's day opportunities invest to save scheme was approved by the Executive on 6th February 2013 and this adjustment relates to the further saving of £58k as a result of the changes.

New Savings Identified for 2015/16 (subject to approval)

- 10 Deletion of vacant posts in Adult Social Care - (Cr £81k)
- 11 Contract efficiencies already achieved (Cr £181k)
- 12 Care management efficiencies already achieved (Cr £130k)
- 13 Management of demand at first point of contact (Cr £250k)
- 14 Charging Policy update (Cr £200k)
- 15 Carelink (Cr £25k)
- 16 Reduce extra care housing capacity (Cr £150k)
- 17 LD Short Breaks staffing restructure - vacant posts (Cr £70k)
- 18 LD Day Services running expense reduction (Cr £26k)
- 19 LD Restructure to achieve integration (Cr £100k)
- 20 Commissioning Contract efficiencies (Cr £254k)
Savings on £254k will be generated by achieving efficiencies on contracts within ECHS Commissioning Division budgets
- 21 Supporting People - review service levels at retender for all contracts (Cr £213k)
It is intended that £213k will be saved by reviewing service levels for all contracts at the point of re-tendering.
- 22 Contract Reductions - Cr £51k
This relates to a review of contracts within Operational Housing in 2014/15 and 2015/16.
- 23 Reduce the provision of Personal Education Allowances (Cr £30k)
- 24 Care & Resources - Reorganisation of the service (Cr £50k)
- 25 Safeguarding & Care Planning - Support to hard to reach groups (Cr £33k)
- 26 Referral and Assessment - Contract efficiencies already achieved (Cr £125k)
- 27 Children's Disability Services - Changes to playgroup funding (Cr £66k)
- 28 Bromley Youth Support Programme - Service redesign (Cr £50k)
- 29 Safeguarding & Care Planning - Contract efficiencies already achieved (Cr £38k)
- 30 Safeguarding & Quality Assurance - Reorganisation of the service (Cr £27k)
- 31 Contract efficiencies to be identified (Cr £230k)
- 32 Performance & Information - service reconfiguration (Cr £31k)
- 33 Performance & Information - running cost reduction (Cr £48k)
- 34 Performance & Information - income generation (Cr £45k)
- 35 Essential car users (Cr £151k)
- 36 & 37 Reduction in Housing Benefit Admin Subsidy - Dr £186k & Cr £105k

These relate to the reduction of Housing Benefit admin subsidy for administration costs in 2015/16.

38 & 39 Social Housing Fraud Grant - Dr £100k & Cr £100k

Bromley successfully bid for Social Housing Fraud Grant funding from the DCLG and was awarded the maximum funding available for the two year period 2013/14 to 2014/15 (£200k in total). The Executive approved the drawdown on the 20th November 2013.

40 Local Reform & Community Voices Grant (Cr £125k & Dr £125k)

The Local Reform and Community Voices Grant was allocated for a two year period and 2014/15 was the final of the two years. The grant was allocated to fund various responsibilities transferred from the NHS to local authorities from April 2013 (additional DoLS, Healthwatch, Independent Complaints Advocacy and Independent Mental Health Advocacy). At this stage there is no indication whether the grant will continue in 2015/16 and it has been assumed for the draft budget that it will fall out. Consideration will need to be given to the funding of these services if the grant or alternative funding is not available for 2015/16.

The total amount of the grant for 2014/15 was £215k but only £125k of that was held in the ECHS budget with the remainder being held in the contingency.

Variations in Capital Charges, Recharges & Insurance

41 Variations in Capital Charges (Cr £1,696k)

The variation in capital charges is due to a combination of the following:

- (i) Depreciation – the impact of revaluations or asset disposals in 2013/14 (after the 2014/15 budget was agreed) and in the first half of 2014/15;
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2015/16 Capital Programme that do not add value to the Council's fixed asset base.
- (iii) Government Grants – mainly due to a significant increase in credits for capital grants receivable in respect of 2015/16 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

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.

42 Variations in Recharges (Dr £488k)

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

43 Variations in Rent Income (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.

Care Services
DRAFT REVENUE BUDGET 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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 Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assessment and Care Management	5,680,560	54,880	48,670	118,500	31,363,220	2,698,720	Cr 11,933,270	Cr 3,816,100	0	24,215,180	48,000	130,520	Cr 151,020	27,500	6,998,130	31,240,810	Cr 2,974,460	28,266,350
Direct Services	3,825,170	14,310	691,490	280,750	38,650	0	Cr 690,100	Cr 1,103,940	0	3,056,330	0	7,090	0	7,090	79,100	3,142,520	Cr 3,263,190	Cr 120,670
Learning Disabilities Day and Short Breaks Service	1,848,260	111,890	39,160	101,490	0	0	Cr 100,830	0	0	1,999,970	70,000	47,980	0	117,980	952,790	3,070,740	Cr 4,577,050	Cr 1,506,310
Learning Disabilities Care Management	0	0	0	0	897,160	1,645,390	Cr 198,560	0	0	2,343,990	0	0	0	0	0	2,343,990	0	2,343,990
Learning Disabilities Housing & Support	1,570,040	29,680	11,020	83,950	0	0	Cr 135,070	0	0	1,559,620	15,000	42,970	0	57,970	12,940	1,630,530	Cr 1,640,220	Cr 9,690
	12,924,030	210,760	790,340	584,690	32,299,030	4,344,110	Cr 13,057,830	Cr 4,920,040	0	33,175,090	133,000	228,560	Cr 151,020	210,540	8,042,960	41,428,590	Cr 12,454,920	28,973,670
Childrens Social Care																		
Bromley Youth Support Programme	908,660	41,370	9,540	39,580	91,170	0	Cr 292,000	Cr 29,510	0	768,810	0	12,690	0	12,690	186,070	967,570	0	967,570
Care and Resources	3,620,960	21,670	65,520	657,800	13,030,500	1,418,720	Cr 1,043,470	Cr 610,020	0	17,161,680	1,000	3,300	0	4,300	1,972,280	19,138,260	0	19,138,260
Children's Disability Services	801,840	0	16,950	35,200	1,295,030	451,120	Cr 222,130	0	0	2,378,010	0	0	0	0	231,540	2,609,550	0	2,609,550
Referral and Assessment	2,410,170	0	28,870	412,810	453,500	54,020	0	Cr 18,910	0	3,340,460	0	0	0	0	439,000	3,779,460	Cr 56,460	3,723,000
Safeguarding and Care Planning	2,471,360	0	29,530	147,520	554,260	78,320	Cr 63,320	134,140	0	3,351,810	0	24,730	Cr 6,070	18,660	392,780	3,763,250	0	3,763,250
Safeguarding and Quality Assurance	1,167,980	0	Cr 55,400	130,090	42,280	0	Cr 29,510	76,630	0	1,332,070	0	14,550	0	14,550	1,249,270	2,595,890	0	2,595,890
	11,380,970	63,040	95,010	1,423,000	15,466,740	2,002,180	Cr 1,650,430	Cr 447,670	0	28,332,840	1,000	55,270	Cr 6,070	50,200	4,470,940	32,853,980	Cr 56,460	32,797,520
Commissioning																		
Commissioning	2,106,660	0	5,530	37,970	980,080	36,160	Cr 94,510	142,670	0	3,214,560	0	2,110	0	2,110	2,678,400	5,895,070	Cr 1,254,160	4,640,910
Drugs and Alcohol	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Information & Early Intervention	0	0	0	0	1,465,100	0	Cr 327,620	0	0	1,137,480	0	0	0	0	126,570	1,264,050	0	1,264,050
Learning Disabilities Services	0	0	0	0	28,464,310	0	Cr 2,523,050	Cr 1,440,190	0	24,501,070	0	0	0	0	3,524,260	28,025,330	0	28,025,330
Mental Health Services	0	0	0	0	7,440,360	133,950	Cr 1,091,190	Cr 7,520	0	6,475,600	1,000	23,290	Cr 107,260	Cr 82,970	174,170	6,566,890	Cr 1,410,070	5,156,730
PCT Funding (Social Care & Health)	0	0	0	0	0	0	Cr 4,260,000	4,260,000	0	0	0	0	0	0	0	0	0	0
Supporting People	0	0	0	0	1,426,520	0	0	309,180	0	1,735,700	0	0	0	0	46,850	1,782,550	0	1,782,550
	2,106,660	0	5,530	37,970	39,776,370	170,110	Cr 8,296,370	3,264,140	0	37,064,410	1,000	25,400	Cr 107,260	Cr 80,860	6,550,250	43,533,800	Cr 2,664,230	40,869,570
Environmental Services - Housing																		
Housing Improvement	399,610	35,870	4,800	4,250	0	0	Cr 206,170	Cr 97,200	0	141,160	Cr 600,000	200	0	Cr 599,800	595,860	137,220	Cr 231,860	Cr 94,640
	399,610	35,870	4,800	4,250	0	0	Cr 206,170	Cr 97,200	0	141,160	Cr 600,000	200	0	Cr 599,800	595,860	137,220	Cr 231,860	Cr 94,640
Operational Housing																		
Enabling Activities	0	0	0	0	0	0	Cr 1,200	0	0	Cr 1,200	0	0	0	0	289,540	288,340	0	288,340
Housing Benefits	0	0	0	1,014,780	0	134,383,740	Cr 137,013,240	0	0	Cr 1,614,720	0	0	0	0	3,714,740	2,100,020	0	2,100,020
Housing Needs	2,042,410	94,930	22,160	702,570	8,509,970	0	Cr 5,706,750	Cr 413,950	0	5,251,340	200,000	8,410	0	208,410	1,026,180	6,485,930	Cr 329,940	6,155,990
	2,042,410	94,930	22,160	1,717,350	8,509,970	134,383,740	Cr 142,721,190	Cr 413,950	0	3,635,420	200,000	8,410	0	208,410	5,030,460	8,874,290	Cr 329,940	8,544,350
Strategic and Business Support Service																		
Learning and Development	422,420	0	0	49,760	0	0	Cr 85,670	Cr 39,750	0	346,760	0	190	0	190	0	346,950	Cr 394,350	Cr 47,400
Strategic and Business Support Service	1,588,940	0	4,290	470,670	181,200	0	Cr 66,430	Cr 37,240	0	2,141,430	0	1,600	0	1,600	4,231,870	6,374,900	Cr 1,439,340	4,935,560
	2,011,360	0	4,290	520,430	181,200	0	Cr 152,100	Cr 76,990	0	2,488,190	0	1,790	0	1,790	4,231,870	6,721,850	Cr 1,833,690	4,888,160
Public Health																		
	1,671,060	0	4,500	126,040	8,375,580	0	Cr 12,851,040	2,302,210	0	Cr 371,650	0	0	0	0	371,650	0	0	0
	1,671,060	0	4,500	126,040	8,375,580	0	Cr 12,851,040	2,302,210	0	Cr 371,650	0	0	0	0	371,650	0	0	0
	32,536,100	404,600	926,630	4,413,730	104,608,890	140,900,140	Cr 178,935,130	Cr 389,500	0	104,465,460	Cr 265,000	319,630	Cr 264,350	Cr 209,720	29,293,990	133,549,730	Cr 17,571,100	115,978,630

Environment

DRAFT REVENUE BUDGET 2015/16 - SUMMARY

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
1,246,997	Support Services	1,197,530	7,870	Cr 118,730	1,086,670
1,246,997	Support Services	1,197,530	7,870	Cr 118,730	1,086,670
75,716	Public Protection	74,920	470	Cr 970	74,420
75,716	Emergency Planning	74,920	470	Cr 970	74,420
4,135,675	Street Scene & Green Space	4,079,220	75,530	Cr 91,900	4,062,850
2,539,989	Area Management & Street Cleansing	2,535,230	48,780	Cr 17,500	2,566,510
Cr 18,079	Highways - SS&GS	1,050	Cr 640	Cr 40	370
5,773,049	Markets	5,898,110	92,700	Cr 243,470	5,747,340
481,695	Parks and Green Space	461,380	510	Cr 8,000	453,890
17,086,069	Street Regulation	17,569,680	345,100	Cr 344,140	17,570,640
29,998,398	Waste Services	30,544,670	561,980	Cr 705,050	30,401,600
6,436,065	Transport & Highways	6,611,300	139,890	Cr 86,270	6,664,920
129,146	Highways (Including London Permit Scheme)	135,920	Cr 60	Cr 4,490	131,370
Cr 6,461,134	Highways Planning	Cr 6,035,710	Cr 140,920	Cr 281,270	Cr 6,457,900
176,904	Parking	170,510	Cr 1,950	Cr 24,380	144,180
280,981	Traffic & Road Safety	882,020	Cr 3,040	Cr 396,410	482,570
31,602,092		32,699,140	567,280	Cr 1,221,160	32,045,260
7,390,791	TOTAL NON CONTROLLABLE	6,385,740	18,290	Cr 1,071,690	5,332,340
2,034,673	TOTAL EXCLUDED RECHARGES	2,095,330	0	101,300	2,196,630
41,027,557	PORTFOLIO TOTAL	41,180,210	585,570	Cr 2,191,550	39,574,230

ENVIRONMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2015/16

Ref		VARIATION IN 2015/16 £'000	ORIGINAL BUDGET 2014/15 £'000
1	2014/15 BUDGET	41,180	
2	Increased Costs	586	
	Full Year Effect of Allocation of Central Contingency		
3	Increase in annual insurance premiums	98	
4	Contingency allocation re Street Cleansing contract	<u>140</u>	238
	Movements Between Portfolios/Departments		
5	Transfer resources for Crystal Palace Community Project	<u>Cr 24</u> Cr 24	
	Real Changes		
6	Absorption of inflation increases for PCNs	103	Cr 4,116
7	Increase in waste contract prices and contract disposal targets	54	8,759
8	Increase in refuse/recycling collection to reflect additional units	37	6,610
9	Increase in refuse/recycling disposal to reflect additional units	<u>37</u>	231
	<i>New Savings Identified for 2015/16 (subject to approval)</i>		
10	Organisational efficiencies & Management costs restructure	Cr 116	1,363
11	Essential car user allowances	Cr 74	174
12	Increase parking charges	Cr 390	Cr 6,002
13	Closure of Public Conveniences	Cr 22	51
14	Reduced central contingency sum for Street Cleansing contract	Cr 140	200
15	Restructuring across Street Scene & Green Space division	Cr 182	13,089
16	Cessation of Parks Strategy development	Cr 80	80
17	Reduced opening hours - Green Garden Waste satellite sites	Cr 146	277
18	Reduced frequency of Kerbside Paper Collections	Cr 250	2,210
19	New charges for Domestic Clinical Waste	Cr 30	Cr 38
20	Increase price of Food Waste Liners	Cr 35	Cr 46
21	Additional staffing charged to TFL	Cr 60	644
22	New charges for Disabled Parking Bays	<u>Cr 20</u> Cr 1,545	42
23	Variations in Capital Charges	Cr 1,083	1,961
24	Variations in Recharges	92	2,175
25	Variations in Building Maintenance	Cr 80	434
26	Variations in Rent Income	Cr 21	Cr 83
27	2015/16 DRAFT BUDGET	<u>39,574</u>	

ENVIRONMENT PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Annual insurance premiums (Dr £98k)
An overall allocation of £116k was made from the contingency in respect of the insurance premium increase arising from the tendering of the Council casualty insurance arrangements in 2014. This was reported to the Executive & Resources PDS Committee on 5th June 2014.
- 4 Street Cleansing Contract (Dr £140k)
Allocation of central contingency re Street Cleansing Contract into portfolio budget (total contingency is £200k). This enables a corresponding saving to be made - see below.

Movements Between Portfolios/Departments

- 5 Crystal Palace Community Project Fund (Cr £24k)
Transfer of resources to Renewal & Recreation portfolio to manage Community Project Fund, within overall framework of pursuing a GLA-funded Crystal Palace Park improvement scheme.

Real Changes

- 6 Absorption of Inflation increases for PCNs (Dr £103k)
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.
- 7 Increase in waste contract prices and contract disposal targets (Dr £54k)
This represents the change in disposal targets of waste and prices built into the original contract for 2014/15.
- 8 Increase in Refuse/Recycling Collection (Dr £37k)
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 2015/16.
- 9 Increase in Refuse/Recycling Disposal (Dr £37k)
The additional costs for the disposal contract reflect the anticipated increase in tonnage generated from new properties for 2015/16.
- 10 Management costs restructure (Cr £116k)
Review of council-wide organisational efficiencies & management costs restructure.
- 11 Essential car user allowances (Cr 74k)
Review of council-wide essential car user allowance scheme generating savings to the Environment Portfolio of £74k
- 12 Increased parking charges (Cr £390k)
This relates to increased charges for both on and off-street car parking. Detailed proposals will be submitted in January.

- 13 Closure of Public Conveniences (Cr £22k)
Part year effect of closing the remaining four public conveniences.
- 14 Reduced central contingency sum for Street Cleansing contract (Cr £140k)
Agreed reduction in the central contingency sum set aside for the Street Cleansing contract.
- 15 Restructuring across Street Scene & Green Space division (Cr £182k)
Restructuring of SSGS division including; a fully commissioned park service and a review of the client contract monitoring function across the whole division.
- 16 Cessation of Parks Strategy development (Cr £80k)
Deletion of the budget for the development function within the Parks Strategy budget.
- 17 Reduced opening hours - Green Garden Waste satellite sites (Cr £146k)
Reduced opening hours of the green garden waste satellite sites as agreed by the Environment Portfolio Holder on 24 November 2014.
- 18 Reduced frequency of Kerbside Paper Collections (Cr £250k)
Rationalising vehicle utilisation in order to reduce the frequency of kerbside paper collections from weekly to fortnightly.
- 19 New charges for Domestic Clinical Waste (Cr £30k)
Introduce charges for collection of domestic clinical waste, or transfer costs back to health authority
- 20 Increase price of Food Waste Liners (Cr £35k)
This proposal involves increasing the price of food waste liners from £2 to £2.50
- 21 Additional staffing charged to TfL (Cr £60k)
Additional £60k staffing to be charged to TfL Principal Road Maintenance capital budget, thus generating a saving to the revenue budget.
- 22 New charges for Disabled Parking Bays (Cr £20k)
New charges for disabled parking bays and white bar markings as agreed by the Environment Portfolio Holder on 24 November 2014.
- 23 Variations in Capital Charges (Cr £1,083k)
The variation on capital charges, etc is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2012/13 (after the 2013/14 budget was agreed) and in the first half of 2014/15
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2015/16 Capital Programme that do not add value to the Council's fixed asset base.
- (iii) Government Grants - mainly due to a significant increase in credits for capital grants receivable in respect of 2015/16 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

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.

24 Variations in Recharges (Dr £92k)

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

25 Variations in Building Maintenance (Cr £80k)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these net out to zero in total.

26 Variations in Rent Income (Cr £21k)

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.

Environment
DRAFT REVENUE BUDGET 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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	
	£	£	£	£	£	£	£			£	£				£	£	£	£	
Support Services																			
Support Services	782,070	226,940	20,020	63,560	0	0	Cr 5,920	0	0	1,086,670	144,000	140,520	Cr 92,000	192,520	399,040	1,678,230	Cr 1,728,010	Cr 49,780	
	782,070	226,940	20,020	63,560	0	0	Cr 5,920	0	0	1,086,670	144,000	140,520	Cr 92,000	192,520	399,040	1,678,230	Cr 1,728,010	Cr 49,780	
Public Protection																			
Emergency Planning	47,710	0	4,410	22,300	0	0	0	0	0	74,420	0	0	0	0	41,030	115,450	0	115,450	
Street Scene & Green Space																			
Area Management & Street Cleansing	258,580	50,880	13,180	39,840	3,708,490	0	Cr 8,120	0	0	4,062,850	43,000	27,520	0	70,520	819,370	4,952,740	Cr 374,140	4,578,600	
Highways - SS&GS	401,130	0	18,620	2,635,970	0	0	Cr 181,710	Cr 307,500	0	2,566,510	0	0	0	0	1,296,880	3,863,390	Cr 2,880	3,860,510	
Markets	35,320	4,230	0	179,520	0	0	Cr 218,700	0	0	370	0	240	0	240	63,030	63,640	0	63,640	
Parks and Green Space	1,529,580	3,796,210	95,560	537,930	364,860	0	Cr 374,400	Cr 202,400	0	5,747,340	508,000	561,680	Cr 320,390	749,290	3,678,640	10,175,270	Cr 3,990,820	6,184,450	
Street Regulation	445,160	0	12,830	6,900	0	0	0	Cr 11,000	0	453,890	0	0	0	0	71,640	525,530	Cr 525,530	0	
Waste Services	565,380	17,450	16,780	265,560	21,566,770	0	Cr 4,738,900	Cr 122,400	0	17,570,640	15,000	0	0	15,000	626,500	18,212,140	Cr 209,570	18,002,570	
	3,235,150	3,868,770	156,970	3,665,720	25,640,120	0	Cr 5,521,830	Cr 643,300	0	30,401,600	566,000	589,440	Cr 320,390	835,050	6,556,060	37,792,710	Cr 5,102,940	32,689,770	
Transport & Highways																			
Highways (Including London Permit Scheme)	963,520	1,834,730	76,230	5,428,100	357,660	0	Cr 1,950,120	Cr 45,200	0	6,664,920	3,624,000	572,380	Cr 18,990	4,177,390	1,509,300	12,351,610	Cr 773,860	11,577,750	
Highways Planning	139,020	0	1,260	4,410	0	0	Cr 13,320	0	0	131,370	3,000	0	0	3,000	111,630	246,000	Cr 155,280	90,720	
Parking	788,760	834,520	24,030	645,790	2,417,850	0	Cr 11,211,170	42,320	0	6,457,900	138,000	32,740	Cr 46,360	124,380	380,990	5,952,530	Cr 508,080	5,444,450	
Traffic & Road Safety	1,371,910	0	21,430	32,850	181,690	0	Cr 366,290	Cr 1,097,410	0	144,180	0	0	0	0	575,480	719,660	Cr 124,890	594,770	
	3,263,210	2,669,250	122,950	6,111,150	2,957,200	0	Cr 13,540,900	Cr 1,100,290	0	482,570	3,765,000	605,120	Cr 65,350	4,304,770	2,577,400	7,364,740	Cr 545,950	6,818,790	
	7,328,140	6,764,960	304,350	9,862,730	28,597,320	0	Cr 19,068,650	Cr 1,743,590	0	32,045,260	4,475,000	1,335,080	Cr 477,740	5,332,340	9,573,530	46,951,130	Cr 7,376,900	39,574,230	

Public Protection & Safety**DRAFT REVENUE BUDGET 2015/16 - SUMMARY**

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
	Public Protection				
433,049	Community Safety	313,020	2,450	Cr 58,400	257,070
321,531	Mortuary & Coroners Service	348,100	6,960	0	355,060
1,779,314	Public Protection	1,864,680	9,990	Cr 334,590	1,540,080
2,533,894		2,525,800	19,400	Cr 392,990	2,152,210
2,533,894		2,525,800	19,400	Cr 392,990	2,152,210
191,109	TOTAL NON CONTROLLABLE	6,110	120	0	6,230
281,465	TOTAL EXCLUDED RECHARGES	94,010	0	59,930	153,940
3,006,467	PORTFOLIO TOTAL	2,625,920	19,520	Cr 333,060	2,312,380

PUBLIC PROTECTION & SAFETY PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2015/16

Ref		VARIATION IN 2015/16 £'000	ORIGINAL BUDGET 2014/15 £'000
1	2014/15 BUDGET	2,626	
2	Increased Costs	20	
	Real Changes		
	<i>New Savings Identified for 2015/16 (subject to approval)</i>		
3	Essential car user allowances	Cr 28	64
4	Organisational efficiencies & Management costs restructure	Cr 95	397
5	Review of staffing and associated budgets, including Portfolio Holder grants	Cr 219	2,523
6	Reduction of CCTV staffing costs	<u>Cr 50</u> Cr 392	541
7	Variations in Recharges	58 Cr	774
8	2015/16 DRAFT BUDGET	<u>2,312</u>	

PUBLIC PROTECTION & SAFETY PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

Real Changes

- 3 Essential Car user allowances (Cr 28k)
Review of council-wide essential car user allowance scheme generating savings to the PPS Portfolio of £28k.
- 4 Management costs restructure (Cr £95k)
Review of council-wide organisational efficiencies & management costs restructure.
- 5 Review of staffing and associated budgets across Public Protection and Community Safety (Cr £219k).
This involves a review of staffing and associated budgets, including Portfolio Holder grants, across the division, reducing service provision to the statutory baseline.
- 6 Reduction in CCTV staffing costs (Cr £50k)
This saving relates to a reduction in CCTV staffing costs.
- 7 Variations in Recharges (Dr £58k)
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 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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
	£	£	£	£	£	£	£			£	£				£	£	£	£
Public Protection																		
Public Protection	1,967,420	42,440	52,570	150,650	587,550	0	Cr 390,730	Cr 869,820	0	1,540,080	0	6,230	0	6,230	1,080,560	2,626,870	Cr 1,426,780	1,200,090
Mortuary & Coroners Service	0	0	0	0	355,060	0	0	0	0	355,060	0	0	0	0	17,940	373,000	0	373,000
Community Safety	315,970	0	5,140	277,980	0	0	Cr 342,020	0	0	257,070	0	0	0	0	527,900	784,970	Cr 45,680	739,290
	2,283,390	42,440	57,710	428,630	942,610	0	Cr 732,750	Cr 869,820	0	2,152,210	0	6,230	0	6,230	1,626,400	3,784,840	Cr 1,472,460	2,312,380

Renewal and Recreation**DRAFT REVENUE BUDGET 2015/16 - SUMMARY**

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
Cr 16,060	Housing Strategy & Development	Cr 14,240	0	44,370	30,130
Cr 16,060	Housing Strategy & Development	Cr 14,240	0	44,370	30,130
	Planning				
Cr 22,657	Building Control	11,520	0	0	11,520
Cr 164,838	Land Charges	Cr 167,880	0	0	Cr 167,880
492,037	Planning	649,470	Cr 19,680	Cr 35,110	594,680
1,118,874	Renewal	1,092,940	1,690	Cr 84,370	1,010,260
1,423,416		1,586,050	Cr 17,990	Cr 119,480	1,448,580
	Recreation				
2,029,221	Culture	1,902,500	62,830	1,220	1,966,550
4,881,267	Libraries	4,656,440	43,560	Cr 11,240	4,688,760
243,204	Town Centre Management & Business Support	239,740	1,840	Cr 22,250	219,330
7,153,692		6,798,680	108,230	Cr 32,270	6,874,640
8,561,048		8,370,490	90,240	Cr 107,380	8,353,350
9,276,045	TOTAL NON CONTROLLABLE	2,576,830	12,380	1,326,620	3,915,830
2,215,231	TOTAL EXCLUDED RECHARGES	2,275,040	0	142,310	2,417,350
20,052,324	PORTFOLIO TOTAL	13,222,360	102,620	1,361,550	14,686,530

RENEWAL & RECREATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2015/16

Ref		VARIATION IN 2015/16 £'000	ORIGINAL BUDGET 2014/15 £'000
1	2014/15 BUDGET	13,222	
2	Increased Costs	103	
	Full Year Effect of Allocation of Central Contingency		
3	Increase in annual insurance premiums	7	
4	Discretionary rate relief adjustment	<u>Cr 7</u>	0
	Movements Between Portfolios/Departments		
5	Restructure of PA secretariat	Cr 24	
6	Transfer resources for Crystal Palace Community Project	<u>24</u>	0
	Real Changes		
	<i>Other Real Changes:</i>		
7	Absorption of inflation for Statutory Planning	<u>27</u>	27 Cr 1,030
	<i>New Savings Identified for 2015/16 (subject to approval)</i>		
8	Essential car user allowances	Cr 15	57
9	Increased income from pre-application advice fees	Cr 15	Cr 94
10	Regeneration staffing charged to Regeneration & Investment Fund	<u>Cr 51</u> Cr 81	155
11	Variations in Capital Charges	1,207	1,961
12	Variations in Recharges	142	2,175
13	Variations in Building Maintenance	66	434
14	Variations in Rent Income	1	Cr 83
15	2015/16 DRAFT BUDGET	<u>14,687</u>	

RENEWAL & RECREATION PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Annual insurance premiums (Dr £7k)
An overall allocation of £116k was made from the contingency in respect of the insurance premium increase arising from the tendering of the Council casualty insurance arrangements in 2014. This was reported to the Executive & Resources PDS Committee on 5th June 2014.
- 4 Discretionary rate relief (Cr £7k)
Discretionary rate relief is now 100% funded, and therefore the portfolio budget has returned to the General Fund.

Movements Between Portfolios/Departments

- 5 Restructure of PA secretariat (Cr £24k)
Following a review of secretarial staff, the budget for a secretarial post was transferred from R&R to Resources.
- 6 Crystal Palace Community Project Fund (Dr £24k)
Transfer of resources from the Environment portfolio to manage the Community Project Fund, within overall framework of pursuing a GLA-funded Crystal Palace Park improvement scheme.

Real Changes

- 7 Statutory Planning inflation (Dr £27k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As planning fees are statutory, savings have to be found to absorb the inflation rate.
- 8 Essential Car user allowances (Cr 15k)
Review of council-wide essential car user allowance scheme generating savings to the R&R Portfolio of £15k.
- 9 Pre-application income (Cr £15k)
Increased income from pre-application advice fees.
- 10 Regeneration staffing (Cr 51k)
This relates to a proposal to fund staff from the Regeneration & Investment fund therefore generating a saving to the revenue budget.
- 11 Variations in Capital Charges (Dr £1,207)
The variation on capital charges, etc is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2012/13 (after the 2013/14 budget was agreed) and in the first half of 2014/15
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2015/16 Capital Programme that do not add value to the Council's fixed asset base.

(iii) Government Grants - mainly due to a significant increase in credits for capital grants receivable in respect of 2015/16 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

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.

12 Variations in Recharges (Dr £142k)

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

13 Variations in Building Maintenance (Dr £66k)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these net out to zero in total.

14 Variations in Rent Income (Dr £1k)

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.

Renewal and Recreation
DRAFT REVENUE BUDGET 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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	
	£	£	£	£	£	£	£			£	£				£	£	£	£	
Housing Strategy & Development																			
Housing Strategy & Development	73,970	0	210	330	0	0	0	Cr 44,380	0	30,130	0	0	0	0	47,360	77,490	Cr 6,870	70,620	
	73,970	0	210	330	0	0	0	Cr 44,380	0	30,130	0	0	0	0	47,360	77,490	Cr 6,870	70,620	
Planning																			
Building Control	823,110	0	28,110	79,400	0	0	Cr 919,100	0	0	11,520	0	0	0	0	245,470	256,990	Cr 102,380	154,610	
Land Charges	189,050	0	10	16,630	0	0	Cr 373,570	0	0	167,880	0	0	0	0	291,290	123,410	Cr 51,290	72,120	
Planning	1,637,110	0	11,450	139,870	5,610	0	Cr 1,199,360	0	0	594,680	0	0	0	0	1,922,570	2,517,250	Cr 1,068,730	1,448,520	
Renewal	990,440	10,040	1,030	60,400	0	0	Cr 650	Cr 51,000	0	1,010,260	0	0	0	0	472,790	1,483,050	Cr 486,700	996,350	
	3,639,710	10,040	40,600	296,300	5,610	0	Cr 2,492,680	Cr 51,000	0	1,448,580	0	0	0	0	2,932,120	4,380,700	Cr 1,709,100	2,671,600	
Recreation																			
Culture	569,680	98,760	4,820	Cr 11,720	1,317,460	0	Cr 12,450	0	0	1,966,550	2,298,000	269,360	Cr 83,370	2,483,990	427,970	4,878,510	Cr 378,420	4,500,090	
Libraries	2,984,590	790,600	25,760	1,002,910	263,070	0	Cr 378,170	0	0	4,688,760	870,000	561,840	0	1,431,840	998,040	7,118,640	Cr 61,680	7,056,960	
Town Centre Management & Business Support	145,610	2,140	1,630	106,200	6,030	0	Cr 42,280	0	0	219,330	0	0	0	0	167,930	387,260	0	387,260	
	3,699,880	891,500	32,210	1,097,390	1,586,560	0	Cr 432,900	0	0	6,874,640	3,168,000	831,200	Cr 83,370	3,915,830	1,593,940	12,384,410	Cr 440,100	11,944,310	
	7,413,560	901,540	73,020	1,394,020	1,592,170	0	Cr 2,925,580	Cr 95,380	0	8,353,350	3,168,000	831,200	Cr 83,370	3,915,830	4,573,420	16,842,600	Cr 2,156,070	14,686,530	

Resources

DRAFT REVENUE BUDGET 2015/16 - SUMMARY

2013/14 Actual	Service Area	2014/15 Budget	Increased costs	Other Changes	2015/16 Draft Budget
£		£	£	£	£
	Chief Executive				
765,671	Audit	846,060	11,240	Cr 120,850	736,450
109,841	Comms	210,480	200	0	210,680
640,528	Management and Other (C.Exec)	587,940	3,240	Cr 1,093,640	Cr 502,460
143,892	Mayoral	177,490	1,050	Cr 35,260	143,280
1,659,931		1,821,970	15,730	Cr 1,249,750	587,950
	Corporate Services				
1,850,140	Admin Buildings	1,838,080	30,740	Cr 213,000	1,655,820
831,894	Contact Centre	830,960	18,250	80,840	930,050
99,602	Customer Services and Bromley Knowledge	9,670	200	Cr 9,870	0
1,490,076	Democratic Services	1,539,190	23,750	Cr 173,810	1,389,130
317,044	Electoral	309,640	1,630	0	311,270
460,553	Facilities & Support	484,220	2,070	Cr 21,000	465,290
4,391,185	Information Systems and Telephony	4,511,750	66,780	Cr 121,000	4,457,530
1,624,637	Legal Services	1,583,400	6,670	Cr 10,000	1,580,070
165,576	Management and Other (Resources)	165,790	120	0	165,910
429,181	Operational Property	330,220	350	30,610	361,180
1,923,193	Repairs & Maintenance (All LBB)	1,886,410	37,200	0	1,923,610
Cr 118,270	Registration of Birth Death and Marriage	Cr 93,100	Cr 10,640	0	Cr 103,740
13,464,812		13,396,230	177,120	Cr 437,230	13,136,120
	Financial Services & Procurement				
186,417	Director of Finance and Other	192,520	780	0	193,300
1,552,244	Exchequer - Payments & Income	1,687,140	29,570	Cr 221,000	1,495,710
4,269,634	Exchequer - Revenue & Benefits	6,696,650	151,860	Cr 367,240	6,481,270
557,067	Financial Accounting	598,260	9,380	3,740	611,380
1,580,368	Management Accounting & Systems	1,653,290	4,320	Cr 10,650	1,646,960
337,271	Procurement	409,650	5,090	31,000	445,740
8,483,001		11,237,510	201,000	Cr 564,150	10,874,360
	Human Resources				
1,379,711	HR	1,521,520	5,270	Cr 10,240	1,516,550
1,379,711		1,521,520	5,270	Cr 10,240	1,516,550
	Transformation and Regeneration				
253,980	Investment and Non-Operational Property	397,350	8,010	Cr 10,570	394,790
559,411	Strategic Property Services	619,230	960	Cr 22,520	597,670
Cr 4,868,656	Investment Rental Income	Cr 6,345,190	Cr 86,400	Cr 994,870	Cr 7,426,460
Cr 801,789	Other Rental Income - Other Portfolios	Cr 780,020	Cr 15,600	Cr 30,190	Cr 825,810
Cr 4,857,054		Cr 6,108,630	Cr 93,030	Cr 1,058,150	Cr 7,259,810
	Central Items				
7,610,475	CDC & Non Distributed Costs	7,450,020	148,970	0	7,598,990
9,650,104	Concessionary Fares	9,900,130	208,660	533,280	10,642,070
17,260,579		17,350,150	357,630	533,280	18,241,060
37,390,981		39,218,750	663,720	Cr 2,786,240	37,096,230
6,117,048	TOTAL NON CONTROLLABLE	2,031,810	1,780	333,780	3,367,370
Cr 19,007,909	TOTAL EXCLUDED RECHARGES	Cr 20,013,380	0	Cr 831,100	Cr 20,844,480
Cr 1,381,543	Less R&M allocated across other Portfolios	Cr 1,531,290	Cr 30,630	39,080	Cr 1,522,840
801,789	Less Rent allocated across other Portfolios	780,020	15,600	30,190	825,810
23,920,366	PORTFOLIO TOTAL	20,485,910	650,470	Cr 3,214,290	18,922,090

RESOURCES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2015/16

Ref		VARIATION IN 2015/16 £'000	ORIGINAL BUDGET 2014/15 £'000
1	2014/15 BUDGET	20,486	
2	Increased Costs	651	
	Full Year Effect of Allocation of Central Contingency		
3	Discretionary Business Rates Relief	Cr 218	218
4	Concessionary Fares	533	9,879
5	Energy Subscriptions etc.	31	0
6	Additional contract costs for Contact Centre	<u>30</u>	771
		376	
	Movements Between Portfolios/Departments		
7	Budget for Secretarial post transferred from R & R to Resources	<u>24</u>	130
		24	
	Real Changes		
	<i>Other Real Changes:</i>		
8	Reduction in Greenwich Fraud contract	Cr 128	313
9	Effect of Government decision to withdraw Members access to the LGPS Pension Scheme	Cr 80	80
10	Costs relating to Outsourcing Sold Services to Schools	181	0
11	Reduction in Council Tax Support Admin. Subsidy	<u>47</u>	330
		20	Cr
	<i>New Savings Identified for 2015/16 (subject to approval)</i>		
12	Chief Executive's Division (to be identified)	Cr 1,163	1,822
13	Transformation & Regeneration Division	Cr 1,041	Cr 6,109
14	Financial Services & Procurement Division	Cr 526	11,238
15	Corporate Services Division	Cr 368	13,396
16	HR Division	Cr 82	1,522
17	Essential Car User Savings	<u>Cr 12</u>	29
		Cr 3,192	
18	Variations in Capital Charges		1,333
19	Variations in Recharges	Cr 831	
20	Variations in Building Maintenance		39
21	Variations in Rent Income		16
22	2015/16 DRAFT BUDGET	<u>18,922</u>	

RESOURCES PORTFOLIO

Notes on Budget Variations in 2015/16

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Discretionary Business Rates Relief (Cr £218k)
Due to changes in legislation, discretionary rate relief is now 100% funded and the budgets of £213k for charitable relief and £6k for sports relief were, consequently, returned to the Central Contingency in 2014-15.
- 4 Concessionary Fares (Dr £533k)
Concessionary Fares are administered by London Councils on behalf of the London Boroughs. A change in the apportionment of Concessionary Fares between Boroughs is being phased in over 3 years commencing in 2014/15 as a result of updated data becoming available. Provision for the first year's increase was made in the 2014/15 Central Contingency, pending details being provided by London Councils, and £533,277 was subsequently drawn down. Provision for phases 2 and 3 has been made in the Central Contingency for 15-16 and 16-17.
- 5 Energy Subscriptions etc. (Dr £31k)
A sum of £300k was set aside in the 14-15 Central Contingency to meet the costs of carbon tax allowances, the LASER Bureau energy data management service (LBS) and the London Energy Project (LEP) membership. From April 2014, a sum of £31k was required to meet the costs of the LBS and the LEP, but the balance was not required, enabling a sum of £269k to be released from the Central Contingency. The Executive on 16th July 2014 agreed to transfer £31k to the Resources Portfolio to meet these on-going costs.
- 6 Additional contract costs for Contact Centre (Dr £30k)
The administration of the Customer Service Centre was outsourced to Liberata during 2013/14. It was agreed that any additional employers pension costs would be funded by LBB. Liberata requested an increase in the contract payments following a calculation by the actuary. The additional annual cost to Bromley is £30k.

Movements Between Portfolios/Departments

- 7 Budget for Secretarial post transferred from R & R to Resources (Dr £24k)
Following a review of secretarial staff, the budget for a secretarial post was transferred from R & R to Resources.

Real Changes

Other Real Changes:

- 8 Reduction in Greenwich Fraud contract (Cr £128k)
A reduction in the Greenwich Fraud contract has been negotiated. This is associated with the transfer of HB Fraud to the DWP.

9 Effect of Government decision to withdraw Members access to the LGPS Pension Scheme (Cr £80k)

As a result of the Government's decision, to remove access to the Local Government Pension Scheme (LGPS) for Councillors in England, membership for Councillors ceased on 26th May 2014 and they became entitled to deferred benefits.

10 Costs relating to Outsourcing Sold Services to Schools (Dr £181k)

The Executive, on 26th November 2014, agreed to outsource the central support teams in Human Resources, Finance and Audit that provided statutory and discretionary services to schools. Transferring these services to Liberata offered the best solution, as it would avoid future redundancy costs, give job security to staff, was in line with Corporate Operating Principles and provided the Council with guaranteed income of £40k pa which in the longer term reduced the risk around loss of income as the market expanded. This resulted in additional ongoing costs of £181k.

11 Reduction in Council Tax Support Admin. Subsidy (Dr £47k)

The DWP has provided details of the Local Council Tax Support administration grant for 2015-16 which is a reduction of £47k.

New Savings Identified for 2015/16 (subject to approval)

12 Chief Executives Division (to be identified) - (Cr £ 1,163k)

Savings are to be identified from organisational efficiencies and management restructures.

13 Transformation & Regeneration Division (Cr £1,041k)

Further investment is proposed in the purchase of commercial property in order to achieve additional rent income of £1M. It is planned to charge Strategic Property costs of £20k to the Economic Development and Investment Fund. Further savings proposed for Anerley Business Centre of £21k are subject to the approval of the Executive in February 2015.

14 Financial Services & Procurement Division (Cr £526k)

Savings of £221k were identified as a result of the outsourcing of the Fairer Charging and Appointee / Deputyship teams. Savings in the Revenues & Benefits team relate to summons charges income £100k, reductions negotiated on the contract £100k and reduced software support / licence costs £75k. A further £30k relates to the restructure of the Financial Management team.

15 Corporate Services Division (Cr £368k)

Savings are proposed in the Information Systems and Telephony team of £121k relating to post revisions, software removal and resource days. Facilities and Support have identified savings of £87k relating to the retendering of the office cleaning contract, restructuring the Attendant service and the franking machine provision. Variations to the Contact Centre contract are expected to save £66k. Staffing efficiencies identified across the division total £60k. Changes to the provision of Members IT and telephones are expected to save £34k.

16 HR Division (Cr £82k)

Staff savings of £82k have been identified for the HR Division.

17 Essential Car User Savings (Cr £12k)

Essential car user savings have been identified for all departments and Portfolios.

18 Variations in Capital Charges (Dr £1,333k)

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

- (i) Depreciation – the impact of revaluations or asset disposals in 2013/14 (after the 2014/15 budget was agreed) and in the first half of 2014/15;
- (i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2015/16 Capital Programme that do not add value to the Council's fixed asset base.
- (i) Government Grants – mainly due to a significant increase in credits for capital grants receivable in respect of 2015/16 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

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 £831k)

These variations mainly relate to Administrative Buildings and Computer charges and are the net effect of recharges in and out of the Resources Portfolio.

20 Variation in Building Maintenance (Dr £39k)

This relates to the realignment of repairs and maintenance budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these net out to zero in total.

21 Variation in Rental Income (Dr £16k)

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.

Resources
DRAFT REVENUE BUDGET 2015/16 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable 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	
	£	£	£	£	£	£	£			£	£				£	£	£	£	
Chief Executive																			
Audit	325,850	0	1,040	250,280	176,380	0	Cr 17,100	0	0	736,450	0	0	0	0	167,040	903,490	Cr 995,350	Cr 91,860	
Comms	208,490	0	150	2,040	0	0	0	0	0	210,680	0	0	0	0	48,990	259,670	Cr 242,390	Cr 17,280	
Management and Other (C.Exec)	436,560	0	350	Cr 939,370	0	0	0	0	Cr 502,460	0	0	430	0	430	204,460	Cr 297,570	Cr 851,290	Cr 1,148,860	
Mayoral	77,470	1,170	15,080	49,560	0	0	0	0	143,280	6,000	0	0	0	6,000	195,600	344,880	Cr 371,920	Cr 27,040	
Organisation and Improvement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	1,048,370	1,170	16,620	Cr 637,490	176,380	0	Cr 17,100	0	0	587,950	6,000	430	0	6,430	616,090	1,210,470	Cr 2,460,950	Cr 1,250,480	
Corporate Services																			
Admin Buildings	143,050	1,485,480	8,120	174,370	0	0	Cr 187,840	0	32,640	1,655,820	331,000	237,710	Cr 427,890	140,820	636,410	2,433,050	Cr 2,507,910	Cr 74,860	
Contact Centre	80,230	0	0	Cr 3,010	951,700	0	Cr 73,540	Cr 25,330	0	930,050	0	0	0	0	145,560	1,075,610	Cr 1,124,210	Cr 48,600	
Customer Service Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Customer Services and Bromley Knowledge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Democratic Services	300,570	0	50	1,088,510	0	0	0	0	0	1,389,130	0	0	0	0	596,250	1,985,380	Cr 2,096,540	Cr 111,160	
Electoral	229,890	0	640	85,610	0	0	Cr 4,870	0	0	311,270	0	80	0	80	595,440	906,790	Cr 334,570	Cr 572,220	
Facilities & Support	360,700	0	80	110,100	0	0	Cr 5,590	0	0	465,290	0	0	0	0	319,470	784,760	Cr 767,940	Cr 16,820	
Information Systems and Telephony	1,208,090	0	1,340	1,272,970	1,975,130	0	0	0	0	4,457,530	2,900,000	0	0	2,900,000	440,910	7,798,440	Cr 7,898,890	Cr 100,450	
Legal Services	1,327,320	0	1,480	411,130	0	0	Cr 139,860	Cr 20,000	0	1,580,070	0	2,710	0	2,710	454,520	2,037,300	Cr 1,966,390	Cr 70,910	
Management and Other (Resources)	164,310	0	560	1,040	0	0	0	0	0	165,910	0	0	0	0	139,410	305,320	Cr 300,740	Cr 4,580	
Operational Property	820,290	276,540	27,540	23,880	0	0	Cr 349,210	Cr 437,860	0	361,180	0	51,230	0	51,230	249,470	661,880	Cr 444,270	Cr 217,610	
Repair & Maintenance (All LBB)	188,020	1,923,610	0	0	0	0	0	0	0	1,923,610	0	Cr 1,923,610	0	Cr 1,923,610	0	0	0	0	
Registration of Birth Death and Marriage	440,300	0	350	25,210	0	0	Cr 569,600	0	0	103,740	0	0	0	0	295,610	191,870	0	Cr 191,870	
	5,074,750	3,685,630	40,160	3,189,810	2,926,830	0	Cr 1,330,510	Cr 483,190	32,640	13,136,120	3,231,000	Cr 1,631,880	Cr 427,890	1,171,230	3,873,050	18,180,400	Cr 17,441,460	738,940	
Financial Services & Procurement																			
Director of Finance and Other	163,150	0	280	37,580	0	0	Cr 7,710	0	0	193,300	0	740	0	740	146,920	340,960	Cr 339,240	Cr 1,720	
Exchequer - Payments & Income	205,820	0	720	53,350	1,335,820	0	Cr 100,000	0	0	1,495,710	0	0	0	0	279,360	1,775,070	Cr 2,035,690	Cr 260,620	
Exchequer - Revenue & Benefits	390,570	0	1,890	1,332,120	6,531,440	102,000	Cr 1,876,750	0	0	6,481,270	0	0	0	0	3,317,710	9,798,980	Cr 7,752,450	Cr 2,046,530	
Financial Accounting	423,520	0	200	165,630	85,680	0	Cr 45,650	Cr 18,000	0	611,380	0	0	0	0	203,540	814,920	Cr 784,850	Cr 30,070	
Management Accounting & Systems	1,388,750	0	5,560	189,480	103,810	0	Cr 40,640	0	0	1,646,960	0	0	0	0	928,910	2,575,870	Cr 2,716,350	Cr 140,480	
Procurement	188,020	0	1,000	21,490	324,010	0	Cr 88,780	0	0	445,740	0	0	0	0	118,940	564,680	Cr 522,770	Cr 41,910	
	2,759,830	0	9,650	1,799,650	8,380,760	102,000	Cr 2,159,530	Cr 18,000	0	10,874,360	0	740	0	740	4,995,380	15,870,480	Cr 14,151,350	1,719,130	
Human Resources																			
HR	1,257,830	0	1,360	258,730	44,000	0	Cr 45,370	0	0	1,516,550	0	0	0	0	652,210	2,168,760	Cr 2,056,690	Cr 112,070	
	1,257,830	0	1,360	258,730	44,000	0	Cr 45,370	0	0	1,516,550	0	0	0	0	652,210	2,168,760	Cr 2,056,690	112,070	
Transformation and Regeneration																			
Investment and Non-Operational Property	0	283,140	0	106,280	5,370	0	0	0	0	394,790	22,000	214,960	Cr 6,998,570	Cr 6,761,610	714,140	5,652,680	0	Cr 5,652,680	
Strategic Property Services	629,420	0	7,630	68,280	0	0	Cr 56,640	Cr 51,020	0	597,670	0	1,280	0	1,280	281,370	880,320	Cr 927,230	Cr 46,910	
Investment Rental Income							Cr 7,426,460			Cr 7,426,460			7,426,460		7,426,460	0		0	
Other Rental Income - Other Portfolios							Cr 825,810			Cr 825,810			825,810		825,810	0		0	
	629,420	283,140	7,630	174,560	5,370	0	Cr 8,308,910	Cr 51,020	0	Cr 7,259,810	22,000	216,240	1,253,700	1,491,940	995,510	Cr 4,772,360	Cr 927,230	Cr 5,699,590	
Central Items																			
CDC & Non Distributed Costs	7,598,990	0	0	0	0	0	0	0	0	7,598,990	0	0	0	0	5,060,960	12,659,950	0	12,659,950	
Concessionary Fares	0	0	0	9,180	12,470	10,620,420	0	0	0	10,642,070	0	0	0	0	0	10,642,070	0	10,642,070	
	7,598,990	0	0	9,180	12,470	10,620,420	0	0	0	18,241,060	0	0	0	0	5,060,960	23,302,020	0	23,302,020	
	18,369,190	3,969,940	75,420	4,794,440	11,545,810	10,722,420	Cr 11,861,420	Cr 552,210	32,640	37,096,230	3,259,000	Cr 1,414,470	825,810	2,670,340	16,193,200	55,959,770	Cr 37,037,680	18,922,090	

Budget Consultation 2014

Introduction

This year's Council's budget consultation – Our Budget, Your Views – set out to collect residents' views on how the Council can work with partners and residents to continue Building a Better Bromley in the light of savings of more than £60 million to be made over four years from a net budget of £200 million.

The consultation included an online survey which attracted 1,611 replies and focused on resident's priorities, collecting their views on what they feel is most important and on ways in which they believe the Council could raise revenue.

Two round-table meetings held in November for representatives from residents' associations were attended by 54 people on behalf of around 34 organisations from across the borough. In addition, two public meetings were held – one during the evening in Orpington and the other during the day at the Civic Centre in Bromley. Attendances were 66 and 90 respectively.

The consultation was widely publicised through advertising in local newspapers; direct mail; post and email to residents' associations, community groups and the voluntary sector; a poster, flyer, postcard and newsletter campaign; web; high street advertising; facebook and twitter as well as word of mouth through various meetings. An open letter from the Leader of the Council to the people of Bromley set out the challenges faced in making the required savings. Detailed information and graphs about the Council's finances were both available on the Council's website from the start of the consultation period and handed out at public meetings. Libraries were briefed to assist people to access the online survey and to fill it in, while paper copies were made available on request and at all the meetings.

Additionally, comments were captured through the Leader's email box and through submissions from Bromley Youth Council and Bromley Youth Support Team. The following is a summary of the themes and issues raised.

Overview Summary of Findings

Respondents to the online survey rated Children's Services as their top priority with Adult Social Care and Environment and Waste both coming next in the list. Whilst there was an acknowledgement of the importance of caring for older and younger vulnerable people, it became clear from comments made at public meetings that a well maintained environment is highly valued for quality of life and to maintain an economic advantage to attract business and employment to the borough.

Both through the survey and the meetings, there was widespread understanding of the difficult decisions faced in balancing the budget. It was widely acknowledged that savings of more than £60 million over four years would require doing things differently and finding innovative ways to raise funds as well as making savings.

There was general acceptance of the idea of levying charges for some non-statutory services. For instance, many attendees at the residents' association meetings and public meetings were accepting of the concept of charging a fair administration fee for the free Freedom Pass issued to older people who requested one. Though this is not possible at the moment, a yearly fee of £25 or £30 was thought to offer value for money on a benefit that costs the Council nearly £10 million a year.

In addition, a majority of people both through the online survey (around 90 per cent) and those attending the consultation meetings indicated that they understood the need for a reasonable increase in Council Tax to help protect some services. In the survey, around a third of respondents said they thought a 5 per cent rise in the Bromley element would be acceptable to them. However, there were views aired at the residents' association and public meetings and by email that there should be no increase at all.

There was concern from some people that savings or charges for non-statutory services if implemented could penalise residents in less affluent parts of the borough. Assurances were sought that any decisions would take this into consideration so that the Council continues its support for the most vulnerable.

Comments at the residents' association meetings and public meetings indicated that there was support for the Council attempting to increase the building of more houses in the borough provided there was suitable infrastructure. Also, in the online survey, around half of the respondents to a question on income generation agreed with the statement: 'Promote new development by building more houses.'

Other major topics of interest both at the meetings and through other forms of communication such as the survey and email, were the revitalisation work in Bromley High Street and Bromley North. Some people questioned the validity of doing the work at this time in the light of the savings that must be made. This was mostly borne out of a misunderstanding of the longevity of the maintenance work, the economic boost it would give to the shops and how the costs were met. Namely, funded in partnership with the Council, Transport for London and the Mayor's Outer London Fund with the proviso that this money could only be used for this type of work.

Business development in high streets and in Biggin Hill, raising revenue from the prompt sale of unwanted properties, as well as efficient use of property, were other topics raised at the meetings. Also, support for continued lobbying of the Government for a fairer settlement was forthcoming as residents perceived that the Council was being unfairly penalised for its prudent budget management and historically low Council Tax levels.

A submission by Bromley Youth Council also highlighted Children's Services as their main priority highlighting the Youth Support Programme as particularly significant to help, advise and support young people through the transition into adulthood. They felt that Housing Services were key to young people in the borough, with more affordable housing considered particularly important.

People who attended the various meetings valued the opportunity to share their views (91 per cent of those who answered an exit survey at the public meetings said they found them informative and useful.) However, some people felt that they were not always listened to and would value more feedback on why decisions have been made.

Our Budget – Your Views Residents' Association Round-table Meetings 2014

Meetings held on 10 and 24 November, 2014 at Bromley Civic Centre

Summary of topics covered:

Resources

- Bromley Council should make representations to central government to address the disproportionate impact of their cutbacks on the Council's budget and a fairer settlement.
- Consider whether the Council could generate more income from any of its core services such as planning and engage more fully with community groups to identify opportunities for revenue generation.
- Assets no longer required should be disposed of promptly where possible to generate income reviewing the property portfolio regularly to ensure the maximum value is realised and that properties are sold at market rate.
- Query whether some land owned by the Council could be disposed of to generate revenue.
- Make more efficient use of Biggin Hill Airport in terms of development, asset release, and any other way that the site could be used in the future to generate revenue.
- One person felt that an increase in Council Tax would meet with considerable opposition, others felt it was unavoidable.
- Contract out services but ensure that quality of service is maintained.
- Asked to outline the top five income generation projects that the Council envisaged.
- Consider whether the Council could conceivably un-ring fence funding allocated for school budgets.
- Query about whether the Council could use Council assets, or the income stream generated by the assets, as security for borrowing if required.
- Offer a discount to those who paid their Council Tax a year ahead.
- Challenge the "entitlement" culture and cut social budgets.
- Consider a potential increase of Council Tax and/or business rates for Bromley.
- Work towards becoming a self-sufficient local authority.
- Increase Council revenue streams and support the local economy through more innovative investment, such as in retail units and dwellings.
- Continue to fund invest-to-save initiatives through Council reserves.
- Act now to realise savings in future years to offset the continued annual reduction in Government grant.
- Ensure that Council funds are held in lower risk investments and secure the return of the remaining 5 per cent of the Council's investment in Icelandic banks.
- Review Council contracts with suppliers and providers on a regular basis to realise optimum value for money and ensure that any future contracts are flexible to meet the changing requirements of the Council.

- Retain a share in Council capital assets sold for use by businesses to support the local economy and realise investment income.
 - Ensure that Bromley staff have the right skills and job description to deliver the most efficient services possible, including commercial management experience where appropriate.
 - Consult with Bromley staff to identify a range of efficiencies and support service transformation.
 - Purchase consultancy services to drive forward service transformation.
 - Identify which services are statutory and non-statutory to support future decision making around service provision.
 - Develop volunteering programmes to support the future delivery of a range of non-statutory services.
 - Share expertise with other local authorities and, where appropriate, bid to deliver other local authorities' services.
 - Develop a wider range of shared services with other local authorities.
 - Reduce the number of London boroughs to produce economies of scale.
- Sustainability and Environment
- Income generating assets such as Biggin Hill and the Cray Corridor should be protected.
 - The current improvement works in Market Square were considered a waste of money and it was thought the public had not been consulted.
 - Do not allow more aircraft from Biggin Hill Airport to fly over the area or allow incursions by developers onto greenbelt land.
 - A question was raised about what sort of cuts could be made in the Environmental Services budget.
 - Look at making changes to the waste collection regime to save money.
 - Ensure any street cleansing contract is delivered to a high standard and that residents are aware of the mechanisms in place to report issues.
 - Support the quality of the environment in the most developed parts of the Borough. Provide a broadband internet service for Downe and other rural areas where currently there was either a poor service or no service at all.

Housing

- Identify a range of green belt and brown field sites which might support increased housing provision.
- Ensure that the Planning Service is adequately resourced to deliver the services needed by residents and developers.

Transport

- Acceptance by many that the public should make a contribution to the cost of Freedom Passes as a way of generating income.
- A question was asked about how much the Freedom Pass costs the Council.
- Lobby the Mayor of London to extend the Dockland's Light Railway to Bromley North station and potentially Bromley South station.
- Lobby the Mayor of London to restore direct services from Bromley North Station to Central London.

Care Services and the Voluntary Sector

- Ensure that quality of service provision, as well as value for money, is a key factor in any commissioning of care services for children and adults.
- Support the voluntary sector in bidding to deliver a range of Council services.
- Maintain funding for the Bromley Youth Music Trust.

Education and Young People

- A question was asked whether the development of Academies would hinder the Council accessing the £19m of ring-fenced funding allocated to schools.
- Maintain training services for school governors.

Council and Democracy

- Officers should report public views during the consultation process and document reasons for decisions taken.
- Reduce councillor numbers to two per ward instead of three.
- The Council should reduce pension contributions and employees should gradually increase theirs.

Town Centre Developments

- Continue to deliver a Town Centre Management service.
- Lobby the Government to retain the exemption of certain areas of the Borough from the conversion of B1a offices from conversion to housing development beyond May 2016, and add Beckenham town centre to the list of exempt areas.
- Secure a strong retail and hospitality offer across Bromley Town Centre, which could be supported through Council investment in retail properties and the development of the Bromley market.
- Re-site the Civic Centre to free up Site F: Civic Centre Site in the Bromley Town Centre Area Action Plan for an innovative development led by the Council.

- Develop business hubs which encourage businesses to locate in the Borough.

Businesses

- Help small businesses to develop on the Biggin Hill site, and not just corporates or large businesses.
- The Council should think 'outside of the box' and look at new ways to market Bromley to make it attractive to businesses and investors.
- Balance any rises in parking fees so that they are not too high as this could drive business away from Bromley.

Public Meetings 2014

The meetings took place on Thursday 20 November at Orpington Methodist Church and Friday 28 November 2014 at Bromley Civic Centre

Summary of topics covered:

Resources

- Bromley Council is doing a good job for a reasonable price.
- A more in-depth review of spending is needed.
- The Council should be looking proactively at its assets and disposing of its surplus land, for example the expensive-to-run Civic Centre.
- Emphasis should be on more charging for services rather than increasing the Council Tax, as people can choose which services to pay for.
- Council Tax should be raised to maintain services, even beyond the 2 per cent cap – people are prepared to pay more.
- Stronger efforts should be made to ensure that all Council Tax is collected.
- The borough will decline if essential services are not maintained so cuts should stop before services are damaged. Front-line, quality of life services should be protected, such as parks, libraries and Bromley Youth Music Trust.
- The Council should review its energy tariffs as oil prices fall.
- More pressure should be applied to the Government to increase grants.
- There are too many Committees – those such as Pensions Investment Sub-Committee and Rights of Way Sub-Committee do not affect the vast majority of residents.
- Saving £12m on salaries already is good.
- Less should be spent on translators.

- The new Orpington Fire Station should not have been built using a PFI contract.
- Bromley should reduce the Police precept by coming under Kent, rather than the Metropolitan Police.
- What payments were made to the Royal Borough of Greenwich?
- What happens if the Council cannot save the £60m?
- A question was asked about the amount of reserves held by the Council.
- A question was asked about settlements to officers who were made redundant.

Sustainability and Environment

- Maintaining the look of the borough and basic services such as streetlights and street cleansing should be a priority; leaves should be cleared from pavements and drains and litter bins should not be overflowing.
- Money should be raised from litter and parking fines imposed by community wardens.
- The Council should work more closely with the Probation Service to use offenders to carry out tasks.
- Residents may need to take responsibility for their own areas.
- Volunteer numbers are declining – not enough people are coming forward in their 40s and 50s.
- One person asked whether the re-development of Crystal Palace Park involves a drain on Council finances.
- Sponsorship should be sought for toilets, rather than closing them down.
- The Council should pay less Carbon Tax.
- The Waste4fuel site should not have been allowed to build up such large amounts of rubbish or to pollute the River Cray.
- The contract with Veolia was renegotiated saving £1m – does this indicate that the Council is overpaying on contracts?
- The purpose of spending money on Market Square in Bromley was questioned.

Housing

- The Council should support the building of more homes. However it was also suggested, if the Council allows more housing to be built, there will also have to be investment in infrastructure (schools, hospitals etc.).
- Burglary rates have already gone up in the area around the Manorfields site – it should not be used to house the homeless.

Transport

- An administration charge for the Freedom Pass would be acceptable. Contrary to this, it was stated that the Freedom Pass must be affordable for older people and levying a charge, which is effectively a flat rate tax irrespective of individual circumstances, should be avoided.
- The Freedom Pass supports local economic activity as older people will use shops and restaurants more if they can travel.
- Free bus transport for children should be restricted to school travel.
- The Council was asked if it supports the extension of the Bakerloo Line and the DLR into the borough.

Care Services and the Voluntary Sector

- The Council should maintain its support for voluntary organisations such as Mencap, who assist people in obtaining the benefits they are entitled to from the DWP.
- Spending on social care should have priority over clearing leaves.
- The Council should employ specialist social workers for deaf people again.
- Reserves should be used to support services such as the Saxon Centre.

Education and Young People

- School library and sports facilities are under-utilised and could be more widely used by the community.
- More needs to be done to address antisocial behaviour by schoolchildren in Chislehurst.
- There is frustration about the planning process for the new primary school in Shortlands which is not on a suitable site.
- The Bromley Youth Music Trust must be protected and, if possible, supported to move to Langley Park to be near to the concert hall.
- Schools should not have been closed and sold in the past now that more places are needed.
- The Council was asked if it works with independent schools.

Libraries and Museums

- Libraries should be open longer in the Crays as they are in Chislehurst so that children can use the computers to do their homework.
- Charges should be introduced for using computers.
- The Bromley Museum collection should not be sold or dispersed.
- Libraries should not be closed, they are a valuable resource for older people and people on low incomes.

- Expert assistance is needed to support volunteers to run community libraries.
- The Council should maintain the area's heritage by investing in the Bromley Museum and keeping it at the Priory.

Public Protection

- Orpington should not have lost its Police Station.

Council and Democracy

- Cut councillor numbers and allowances, being a councillor should be about public service, not collecting allowances.
- The Executive should be more diverse.

Our Budget, Your Views Online Survey

The online survey was open to all Bromley residents and was split into four sections. The first asked residents to prioritise a range of services within Children's Services; Adult Social Care; Environment and Waste; Housing and Homelessness; Public Protection; Roads, Planning and Economy; Culture, Heritage, Arts and Sport; and Public Health. They were also asked to prioritise these services overall. Section two asked about opportunities to bring money in and Section three asked what level of Council Tax increase residents would find acceptable. The fourth section gave an opportunity for residents to share their ideas in free text.

Online Survey Summary of Findings

In all there were 1,611 replies to the online survey with around 100 people skipping each question. All wards were represented in the replies. The largest contingent was from Orpington, followed by Petts Wood and Knoll; Bromley Common and Keston; and Bromley Town. The wards with the least replies were Mottingham and Chislehurst North; Darwin; Cray Valley West and the lowest number of replies from Crystal Palace.

Of those who filled in the survey, their ages were fairly evenly split between 36-45, 46-55, 56-65 and over 65, with fewer respondents in the 18-35 category.

There were 1,530 replies to the question of an overall rating of Council Services outlined in the survey. 'Children's Services' was deemed to be the most important followed by 'Adult Social Care', and 'Environment and Waste' both coming next. 'Public Protection' was fourth, closely followed by 'Housing and Homelessness'. The lowest three were 'Public Health'; 'Roads, Planning and Economy'; and 'Culture, Heritage, Arts and Sport' which was judged the least important of the options presented.

Each of these categories was broken down into between four and seven service areas and respondents were asked to prioritise these according to the importance they attached to each one.

Results were as follows:

Children's Services – total cost of service £60.7m

There were 1,541 replies to this question and the priority was as follows:

Children's Disability Services were ranked the top priority, followed by Care and Resources for Looked After Children which was almost equalled by Youth Services, and Safeguarding. Next came

Education (adult education, welfare services, early years, special educational needs) followed by Children's Centres with Youth Offending Team being judged the least important in this list.

Adult Social Care – total cost of service £91m

There were 1,486 replies to this question and the priority was as follows:

The most important was judged to be Providing Care and Support to Vulnerable People, followed by Assessment and Care Management. Next came Providing Care and Support to Adults with Learning Disabilities followed by Learning Disabilities Care Management. Finally, seen as least important in this list, was Learning Disability Day and Short Breaks Service.

Environment and Waste Services – total cost of service £34m

There were 1,526 replies to this question and the priority was as follows:

The top priority was seen as Refuse Collection and Recycling followed by Area Management and Street Cleaning, with Parks and Green Spaces third. Judged of lesser importance in this list, Street Regulation was followed by Bromley Street Markets judged the least important in these categories.

Public Protection – total cost of service £4m

There were 1,494 replies to this question and the priority was as follows:

Here a clear first priority was Community Safety, with Trading Standards and Food, Health and Safety close second and third respectively. Statutory Nuisances was fourth, Environmental Protection was fifth and Licensing was judged the lowest priority.

Housing and Homelessness – total cost of service £8.5m

There were 1,492 replies to this question and the priority was as follows:

Homelessness (assisting those that have become homeless) was slightly ahead of Advice and Homelessness Prevention, which was very closely followed by Housing Development and Strategy (delivering affordable housing.) Finally in this section, slightly lower was Temporary and Emergency Accommodation. Results in this section were very evenly spread with only very slight differences between the categories.

Public Health – total cost of service £12.6m

There were 1,487 replies to this question and the priority was as follows:

Of the four choices in this category, Health Protection such as immunisation and screening was seen as the top priority. Health Improvement was judged second followed by Identifying Health Priorities for the borough and finally Commissioning Services.

Roads, Planning and Economy – total cost of service £15.4m

There were 1,483 replies to this question and the priority was as follows: Maintenance of the Highway Network was placed at the top of this list with Traffic and Road Safety second, while Planning and Building Control was in third place. Judged of less importance were Parking, very closely followed by Strategic Property in the final place in this category.

Culture, Heritage, Arts and Sport – total cost of service £10.9m

There were 1,512 replies to this question and the priority was as follows:

Libraries were voted the most important priority with Sport and Leisure in second place followed by Heritage and Arts. Town Centre Management was seen as less important with the Museum Service given the lowest priority.

Opportunities to bring money in

There were 1512 replies to this question and the results are summarised as follows:

Four ideas were highlighted for respondents to indicate which options, if any, they thought the Council should attempt to increase for revenue generation. Many replies indicated that several options could be increased.

'Greater use of advertising and sponsorship on Council properties and vehicles' gained the most approval with nearly 70 per cent choosing this option, around 60 per cent agreed with 'Levying an administrative charge for the free Freedom Pass if this were allowed.' With almost equal rating at around 50 per cent of respondents were 'Increasing penalty charges for parking incorrectly, dropping litter and waste' and 'Promoting new development by building more houses.'

Council Tax

The next section of the survey dealt with people's attitudes to a possible rise in the Bromley element of Council Tax if this was felt to be necessary. Respondents were asked to indicate what percentage rise they would deem to be acceptable to protect priority services. This question attracted 1,474 replies of whom around 90 per cent indicated they felt a rise would be reasonable in the circumstances.

Around a third of replies suggested a five per cent increase in the Bromley element of Council Tax. Respondents suggested percentage increases in Council Tax ranging between 0.1 per cent and 25 per cent, with some saying there should be no increase at all. In all, 82 per cent would accept 1 per cent as a minimum increase.

Your Ideas

The final section of the online survey gave an opportunity for respondents to put forward their own ideas. The following is a summary of the comments and suggestions received:

Resources

- Fines for households and businesses for not recycling correctly.
- Fines for non-show of appointments at the Phoenix Centre to bring down the waiting list.
- Reduce salaries for very highly paid senior officers.
- Negotiate and monitor contracts more keenly.
- Use email more extensively.
- Charge for car parking in the parks and introduce an annual pass like Kent County council for people that use them on a regular basis.
- Charge and enforce professional dog walkers and personal trainers using our parks for their business.
- Sell off Council assets no longer used.
- Sell the Civic Centre and move the services and colleagues to Libraries, Post Offices and town halls.
- Consider Council employee pension reform/pension liabilities.
- Reduce staff headcount.
- Work longer hours.
- Ask those on the front line how to make cost savings. Listen to the replies.
- Reduce training expenses.
- Provide feedback to central government that statutory duties swallow up available funds. Provide a well-argued communication commenting on how well Bromley has done to date and how it should not be penalised for its historic and relative efficiency as a borough.
- Campaign for more equal funding from Central Government.
- Raise Council Tax to avoid cutting services.
- Use some of the Council's reserves.
- Charge a 'green rent' for those houses with garages and driveways.
- Charge utility companies more when they want to dig up the roads and penalty charges if works overrun.
- Introduce commuter street parking charges.
- Additional promotion of use of Council properties eg Civic Centre for private/corporate events.

- Rent out the various halls, council chamber and meeting rooms for external clubs etc to use for meetings, conferences etc.
- Look at where there is duplication of services in the borough i.e. things the council does and other organisations already do eg with health etc.
- A small adult charge or small charge for children's holiday activities at Bromley.
- Better publicise and charge fees for collecting large rubbish items.
- Local donations and public involvement. People prefer to give money freely to what they can afford rather than by force. Events will open up to the public and encourage spending.
- Introduce residents' permit holders only parking throughout the borough.
- Purchase land to provide car parks for Chelsfield train station to remove parking from local streets and raise income.
- Clampdown on housing benefit and other welfare fraud.
- Introduce a Council lottery.
- Charge for some free services in children centres and libraries and/or allow donations.
- Ask the community to contribute to the cost of open space and parks maintenance in their vicinity.
- Advertise on the Council website
- Devise a better means of signposting, road marking etc to eliminate costs and avoid duplication. E.g. one sign that incorporates road name and parking restrictions.
- Share services with other London boroughs.
- Increase parking and planning permission fees.
- Promote Bromley for film location hire.
- Trade successful services competitively.
- Improve opportunities under the Localism Act and increase the number of community assets to be run by the community.
- Switch to local income tax rather than rates. It works widely across the world especially in the USA.
- Rent space in council owned properties to other partner agencies.
- Improve the integration of relevant services such as health, police etc.
- Improved use of staff accommodation on the Civic Centre site including hot-desking.
- Empty property on the Civic Centre site should be re-furnished and sold/rented out either as office space or affordable accommodation for homeless people.
- Use current reserves (unspent Council Tax/Rates from previous years) and borrow a portion of the needed income at the current very low rates of interest.
- Collect unpaid Council Tax .
- Increase its holding in the property market and let/rent instead of selling many of the major assets.
- Move services online, eg Council Tax collection and billing.
- Concerns regarding outsourcing, loss of control over the quality of the service provided and more cost in the long run.

Sustainability and Environment

- Charge extra for enhanced refuse/recycling and green waste collection.
- Turn street lights off at midnight.
- Invest in energy saving measures - renew and refit buildings, use LED lights, install solar panels on council and school roofs.
- Consider Combined Heat and Power (CHP) plants and biomass plants to generate biofuel from green waste.
- Solar panel lease scheme for private houses making use of economies of scale and feed-in tariff to generate council income.
- Cessation of installing new inefficient street lights .
- Reduce paper collection to fortnightly.
- Spend less money on the flowers and baskets in the town centres in spring/summer.

- Arrange an annual 'oversized rubbish' collection to stop flytipping and the cost to the council of clearing it up.
- Provide wheelie bins for recycling to reduce collection frequency.
- Use land for commercial forestry.
- Make garden refuse collection available to more areas in the borough.
- Stop patching up the roads. A poor repair wastes money.
- Sell Waldo Road and move to the edge of the borough with better access.
- Educate the community on food management and facilitate charities and retail outlets to develop a mutually beneficial and safe way to access and use all the food that is thrown out on a daily basis.
- Area sponsored 'green' maintenance for litter, grass cutting, in small neighbourhood areas.
- Introduce targets for usage levels of renewable energy.
- Stop mowing the grass verges.
- A Council service for collecting/reusing cooking oil from all the food outlets in the borough.
- Consult other London councils re. harmonising rubbish/recycling collection.
- Stop using one contractor to keep the streets and pavements clean of litter, leaves etc - it is not working and has not for a long time. Use several smaller companies so that you can compare and monitor
- Introduce logs bins at recycling centres for unwanted tree logs to save landfill costs.
- Plant long life shrubs and plants that support bees and insects in council gardens rather than throw bedding plants away.
- Plant perennials rather than annual bedding on roundabouts and in flowerbeds.
- Replace mechanical equipment used for street cleaning to brooms for cleaning the paths and gutters which are more successful and quieter.
- Allow home owners to adopt and gate their roads.
- Fine people who do not recycle anything and stop the use of black sacks . Go back to one dustbin not wheelie bins some of which are huge.
- Encourage communities to support the council in clearing rubbish from the areas they live in to improve their environment.
- Put open green space into a trust.
- Dustmen should empty the litter bins (eg near schools, in high streets) to save a separate lorry.
- Charge per visit to council tips for all householders.

Transport

- Keep the Freedom Pass free as this encourages people to get out about and keep healthy and to spend money.
- A small admin fee for the freedom pass as an option for people who could afford to pay.
- Take TfL/Central Government funds for cycle infrastructure seriously and put in bids that improve the infrastructure for cyclists and *people not yet cycling*.
- Lobby Government for better transport links to London/City/Docklands such as Over Ground, Docklands, Tube and expand the tram service.
- Introduce Boris type bike scheme on the outside of town centres e.g. Norman Park.
- Charge children to use buses in school holidays.
- Introduce a Bromley congestion charge.
- Withdraw Freedom Passes from those that have not used it for 12 months.
- Stop making changes to the roads which are not necessary, i.e.Orpington High Street.
- Disabled badge holders should pay for parking in return for more convenient parking.
- Make the borough more bike friendly.

Care Services/Voluntary

- Maintain financial support for the voluntary sector to achieve ongoing help for vulnerable citizens.
- Develop opportunities for disabled people to live in the borough.
- Create old people homes that people can buy into and own their own accommodation then it can be sold and the money left to relatives after, rather than taking homes away to fund care.
- Encourage more active involvement from residents using Council Services eg. ideas similar to 'snow friends'.
- Consider using volunteers to run some Council Services, i.e. main reception, advice and public information.
- Encourage more volunteers in certain areas of Council work which also might provide useful work experience, e.g. in libraries; or cultural or therapeutic activities for children and adults with special needs, assuming volunteer training can be provided.
- More events for all and including ill/disabled people of ALL ages who have no family/friends or who are housebound.
- Prioritise early intervention services.
- Community teams for street cleaning, graffiti removal, cleaning up parks.
- A Bromley Citizenship scheme whereby Bromley residents could agree to give x number of hours of their time a month to help the borough for free.
- Undertake a skills audit of retired/unemployed people and encourage them to offer their services.
- Increase charges for adult social care support and transport.
- Encourage and support training for more Community Social Enterprise such as Community Cafes, Children's Services etc.
- Proactively work with volunteer groups to facilitate them accessing grant monies and doing works for the community which either save money or raise income for LBB.
- More help for the elderly, disabled and vulnerable.
- Utilising the skills of the voluntary sector to provide high quality advice to those in need which in turn would save vital funds being used to support those who received poor advice and bring money into the borough via benefit claims etc.
- Make small grants / training available to churches to run parenting classes and other parent and child related programmes if children's centres were to close.

Housing

- Charge business rates on empty properties.
- Utilise unused land, green belt land and land of minimal agricultural value for affordable housing.
- Consider some of the housing policies being used by Enfield to address the housing crisis.
- More affordable housing for working people.
- Consider Council Buy-to-let/property developments.
- Consider 'tiny houses' as an option to bring down fees for B&B charges for homeless people and emergency housing.
- Charge private landlords for empty properties.

Town Centre Development

- Regenerate High Streets to attract bigger retailers to increase revenue for the businesses and provide more opportunities for attracting more businesses and taxes.
- Greater promotion of local High Streets to increase economic revenue for the Borough & stimulate economic activity.
- Concerns around the cost of Bromley North Development and the replacement of paving stones, street lighting and furniture.

Businesses

- Generate revenue from Biggin Hill Airport and allow more commercial flights.
- Make Bromley a centre of a business excellence (recruitment, design, advertising) to encourage more business to congregate in the area and rent empty office space and pay taxes.
- Introduce a penal rate of tax on empty shops.
- More schemes to entice businesses in to the area.
- Work with landlords to allow small enterprises to use empty shops short term on a low rent.
- Open up the top floor of the main library lease it to a restaurant or coffee franchise.
- Encourage local businesses to contribute to local needs.
- Invest in facilities to create revenue and income streams.
- Increase sponsorship and advertising.
- Promote businesses to take more pride in looking after shop frontages.
- Encourage a Sunday market in Orpington (e.g. market in Herne Hill).
- Consider a 'Park Free' day once a week in every high street car park. link this with the 'late closing' of high street shops and cafes/restaurants etc. encourage the public back into their local high street.
- Consider advertising in car parks.
- Remove parking charges in high streets to increase business.

Education

- Utilise Adult Education centres more and/or negotiate with Harris Academy or Goldsmiths University to run the service.
- More needs to be more done to ensure children are offered school places at good schools.
- Charge parents an administrative fee for school reports, sport activities, cultural outings. Charge more for school meals, parking outside schools.
- Music education should be open to all.

Young People Services

- BYMT is of immense long term value to Bromley and to UK PLC.
- Apprenticeships should be made available to young people not in education, employment or training (NEETs) - giving them supervised 'work placements' e.g. around parks maintenance or property maintenance.
- Make small grants available to churches/faith groups to enable them to run/extend their current youth work to cover some of the Council funded work.
- Operate more school holiday child care/holiday camps. If these were run out of local authority schools etc the overheads would be lower.
- Encourage young people to join in community based projects.
- Start charging an admission fee for all the youth clubs that the borough provide including the Special Needs ones held on Mon and Thurs.

Recreation

- Libraries should be kept as they are.
- Bromley Museum should be kept at the Priory Orpington.
- The Priory building in Orpington should not be left empty.
- The Roman Bath House in Poverest Road should continue to be opened to the public once a year.
- The heritage of the London Borough of Bromley is one of its greatest assets. Maximising assets of this nature should be a priority.
- Open a heritage centre at Biggin Hill - a living museum which could generate money.
- Expand the number of open air events in Church House Gardens.
- Introduce a £5 or £10 annual fee for Library membership.

- Encourage the hire of venues for open air concerts, pop, rock and any other live entertainment.
- Classic car shows in or around High Street such as they do at Herne Bay and Faversham.
- Provide more family friendly places where families can go in Bromley.
- Encourage alternative arts/culture in Bromley through small venues and clubs ie an alternative cinema - very successful in Hastings.
- Charge for internet access in Libraries.
- Charge for children's activities in Libraries.
- Encourage development of independent restaurants and an independent cinema (on site of current cinema)-bring people and revenue into Bromley.
- Hold an arts festival or music festival-folk or jazz, this will create employment and bring people and therefore revenue into Bromley.
- Explore switch-over to E-books by public libraries.
- Take a higher percentage of profit from cafe at High Elms.
- Investigate how the National Trust (Petts Wood) & City of London Corporation market their products from nature conservation works.

Community Safety

- More warning letters need to be sent to residents, housing associations etc., regarding antisocial behaviour issues which the council has to pay to sort the problem out.
- Bigger fines for dog fouling on pavements, littering and fly tipping.
- Takeaway food premises should be forced to pay for street cleaning of litter as should manufacturers of gum.
- Increase license fees especially where the users cause nuisance.
- Make greater use of Community Pay Back e.g. litter picks along the rural roads.
- Introduce a dog licence which would also provide some control of dogs.

Council and Democracy

- Reduce the number of Councillors.
- Reduce the wages given to senior council workers.
- Reduce Councillor allowances.
- Reduce the number of Council meetings.
- Consider merging Council departments or sharing services with other Councils.
- Invite conservative MPs to attend the public meetings to recognise the strength of feeling locally and support the Council's campaign for a fairer settlement.
- Consider alternative transport arrangements for the Mayor.
- Reduce the volume of paper used for committee agendas.

Submissions from Youth People in Bromley Bromley Youth Council

Bromley Youth Council is a representative forum that enables young residents to have a voice in local decision making. There are currently 34 members ranging in age from 11 to 19 and up to 25 for young people with Special Educational Needs or Learning Difficulties. They submitted their responses in line with the four sections of the online survey summarised as follows:

Section One – Your Priorities

Children's Services and in particular social care and youth provision including the Targeted Youth Support Service, Youth Hubs and Voluntary Youth Groups were the top priorities for the young people. They thought these were key to guiding young people through their transition into adulthood and that reducing these would lead to higher unemployment and have a greater impact on the benefits system.

They also believed that Adult Social Care services are important to support the vulnerable, elderly and those with learning disabilities with some people needing support throughout their adult lives. Housing Services were also important to Bromley Youth Council members. They felt this service could be improved and that the London Borough of Bromley could do more to offer affordable housing particularly in the current climate where people are losing income and young people do not meet the criteria until they are over 17 years of age.

The young people rated Public Health fourth on the list though some young people felt that public money was being wasted trying to change lifestyles around exercise and smoking cessation, when people really did not want to change their habits. In this category they attached importance to health protection and sexual health.

As a low crime borough, Public Protection was seen as an area that could be reduced, except in the more deprived areas. Partnership working was valued as a way to tackle antisocial behaviour.

The Youth Council rated the other categories – Culture, Heritage, Arts and Sport; Roads, Planning and Economy as less important to them. They felt that environmental services could be done through the private sector or social enterprises.

Section Two – Opportunities to bring money in

The Youth Council agreed with greater use of advertising and sponsorship on Council property and vehicles; increasing penalty charges for parking incorrectly, dropping litter and waste but would have liked more options. They thought that building new houses would be all right as long as some were affordable homes.

Section Three – Council Tax

The young people found this difficult to debate. They felt that young people have been hugely affected by the severe cuts over the last few years. They thought there should be a small increase in Council Tax and suggested one per cent to be used for frontline services especially for children and young people, vulnerable adults and older people.

Section Four – Your ideas

Ideas included more shared services with other councils; Council staff should not be over paid with fewer managers; things should be done better and more cost effectively and current contracts reviewed; budgets should be re-directed to frontline services; cutting down on park and green space maintenance; one IT system; fewer elected councillors, attract bigger companies into the borough, increase business rates and encourage better transport links into Bromley and Orpington town centres.

Bromley Youth Support Programme Our Budget Your Views

Bromley Youth Support Programme surveyed 47 young people in respect of their service priorities. Overall the young people felt that Children's Services were the most important area with 'Culture, Heritage, Arts and Sport' and 'Roads, Planning and Economy' being the least important.

Within Children's Services they rated 'Youth Services' most highly and felt that within 'Adult Social Care', 'Support to Adults with Learning Disabilities who are unable to live independently' was most important. 'Maintenance of Parks and Green Spaces' was their number one priority within 'Environment and Waste'. They valued highly all services within 'Housing and Homelessness' and within 'Public Protection' thought that Food, Health and Safety' was one of the most critical areas. In

'Roads, Planning and Economy' they thought that 'Strategic Property' was the least important area and similarly the 'Museum Service' was the least valued by these young people.

Email Responses

Below is a summary of the main topics and suggestions raised via email:

Resources

- Redevelop/sell the Civic Centre to raise funds.
- Don't have so many overpaid Council Officials and stop sacking the real workers.
- Concern about the intention to increase council tax across the borough.
- Make sure the website works.

Sustainability and Environment

- Concern about the amount of money spent on revitalising Bromley Town Centre and Bromley North in particular.
- Concern about millions spent on street lighting which doesn't work properly in all streets.

Transport

- Support for paying £30 a year to retain a Freedom Pass.

Care Services/Voluntary

- Council Services should ensure that the most vulnerable individuals in our borough are protected.
- Ensure that the views of the hardest to reach are being canvassed as well.

Education

- Concern that schools are being made to be academies.

Young Peoples Services

- Support for the Bromley Youth Music Trust to continue receiving council funding to support all children across the borough.

Recreation

- Mottingham residents remain extremely aggrieved at the very deep cuts to their library service.

RISK AREAS WITHIN CARE SERVICES PORTFOLIO FOR 2014/15 ONWARDS

Risk Summary – Education, Care and Health

Care Services

Budgets within Care Services are closely linked and so many risks are held in common. Evidence shows that clients presenting to adult social care are increasingly complex, requiring more sophisticated packages of care, including Deprivation of Liberty orders (DoLs). The Supreme Court judgment in the Spring relating to who qualifies for a DoL is placing significant pressures on Local Authorities. At the same time, we see demographic pressures pushing the average age of our population upwards. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.

The implementation of the Care Act begins on 1st April 2015. This places very significant new responsibilities on local authorities with regard to both those who may qualify for services but also for those who care for them. The modelling of these risks has been subject to considerable scrutiny, but we will not know until implementation exactly what new pressures we will see. For example, we anticipate more carers coming forward for assessment, and, with the capping of care costs, more self funders, rightly keen to ensure their personal spend is fully captured. However, with the proposed reductions in access to some respite and holiday activities, we will also need to ensure we work closely with both carers and the cared-for to ensure we continue to help manage personal pressures. We are also able to reduce the number of extra care housing units because our community's needs become clearer.

We know that our partners who provide clients with care whether in residential homes or domestic, are also under very significant pressures. Containing our supplier costs will remain challenging in the coming year, and it is the case that we are very dependent on our commissioning team to manage pressures in a number of areas. These seem particularly acute in the complexities of children transitioning from children's to adults' services. A general reduction in targeted provision means we will also be ending funding to many single interest groups where individual needs will need to be picked-up through our generic programmes.

Costs can be best contained by improving the early advice help and guidance we give residents when they contact us, and we will bring an increasing focus to our first point of contact. This will allow us to reduce staffing in a range of back office functions but also to focus on ensuring clients are given appropriate access to universal credit and other benefits. Ever closer links with health will also improve the efficiency of the spend of the public purse, but with over £21m now held in common across health and social care, we are very dependent on health partners delivering on their responsibilities, for us to deliver ours.

We will see very significant changes to the universal offer in children's services with the redesign of our youth service to give a much greater focus on statutory provision. The potential loss of our universal youth service, a significant source of both referrals and early intervention activities, means that we need to rely heavily on partners to continue to signpost those most at risk to our statutory services, including into the CAF process.

Housing costs continue to escalate for those qualifying for temporary accommodation and we will observe this carefully, monitoring the control mechanisms we have put in place. However, this area

has provided very significant pressures in the preceding years and Members will need to be aware of the particular risks here until the welfare reforms bring down costs to local authorities as well as to central government.

The Bromley Children's Project is playing an increasingly important role in diverting children and families from our formal services and we will need to ensure that as we look for more commercial opportunities from our children's centres we do not lose sight of their core purpose.

Education

Education is now very efficient with the funding reforms from central government will see more money heading to schools in 15/16 than at any time in the past, but with no reduction in the Council's central responsibilities towards maintained schools. Plans to charge activity to more appropriate budget headings, including DSG and capital, frees-up money for frontline services. However, with little capacity to monitor our schools there remains the risk that should schools decline rapidly, we may not now be sufficiently well resourced to pick this up early enough.

RISK AREAS WITHIN ENVIRONMENT PORTFOLIO FOR 2015/16 ONWARDS

Waste Services

Landfill Tax

Landfill Tax currently stands at £80 per tonne. The Government has confirmed that this Tax will then increase by RPI inflation in 2015/16 and thereafter.

The Government has not published any plans for introducing an Incineration Tax, but remains unwilling to rule it out. Until recently Waste tonnages were continuing to fall; and nationally, since 2003, municipal waste to landfill has fallen by 60%, and is now running at 8.5 million tonnes pa. This has the effect of government landfill tax income, which suggests that alternative income may yet be sought.

Increasing property numbers

Growth in the number of properties incurs additional expenditure, as extra collections are required and additional waste is generated. Currently each new property attracts a cost of £68 per year for collection (refuse, recycling and food waste), and an average of £78 per year for waste disposal. Each new property thus cumulatively increases costs by about £146 per year. On average, the number of properties in the borough has increased by about 500 each year, and this continues to add pressure to Waste budgets; not only for the collection and disposal of the waste, but also for the provision of recycling containers. At an average cost of £22 (including delivery) to equip a property with recycling containers, this represents an average additional cost of £11,000 each year to the Waste budget.

Municipal Waste Tonnages

After a long period of falling tonnages, the quantity of municipal waste collected in Bromley is rising again:

2007/08	163,981
2008/09	157,225
2009/10	149,720
2010/11	144,890
2011/12	139,836
2012/13	138,400
2013/14	145,150

In the first 7 months of 2014/15 tonnages have increased by 3.2%, which suggests waste could increase by 4,000 tonnes over the full year compared to 2013/14. This is partly due to the easing of the recession. Whilst the impact of Recycling for All and local and national waste minimisation campaigns will contribute to restraining increases in waste, there is a substantial risk that tonnages will continue to rise as the economy revives.

The average cost of waste disposal for 2014/15 will be £82 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £120k per annum.

Recycling Income

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

Paper is sold to Aylesford newsprint at a rate of £67 per tonne. 15,690 tonnes of paper were recycled in 2011/12, and 15,877 tonnes in 2012/13. The projection for the current year is 13,000 tonnes. Each 1% fall in paper tonnage will reduce income by £10k. It appears that recycled paper tonnages are falling across the UK, due to lower sales of printed media. In effect, the influx of tablets, laptops and smartphones is reducing the role of printed newspapers and magazines.

Similarly, income from textiles is falling, as the public take advantage of 'cash for clothes' shops and similar charity outlets.

Alternative disposal options

The pricing schedule in the Waste Management Contract specifies a set minimum tonnage each year to be sent for incineration. Patently, Landfill Tax costs mean 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 waste. Discussions regarding this are taking place with Veolia (Southwark) and Viridor (Croydon), as well as with Lewisham Council and Kent County Council.

Street Environment Contracts

The Street Environment Contracts were re-let in 2012 and saw expenditure on Street Cleansing services reduce by about £1m per annum. This was a significant reduction (26%) in contract costs, achieved through variations in operational methodology and reductions in the frequency of carriageway and footway cleaning in a number of roads across the borough.

Officers revised the frequency of cleaning based on their experience and operational knowledge of local circumstances across the borough. However it was recognised that, given the significant budget reduction and reductions in the frequency of cleaning some roads, it might be necessary to review cleaning schedules in the light of any concerns about standards of cleanliness. This could result in a need to change operational methodology and/or the frequency of scheduled cleaning in some areas.

To manage this risk a budget of £200k is held in the street cleaning revenue budget to address any need to provide additional targeted cleans or to revise operational methodology. This budget provides flexibility to add non-scheduled programmes of works (e.g. weekend sweeping, additional litter picking and bin emptying), whilst retaining budget capacity to manage risk. A further £200k is held in Central Contingency should there be a need to increase the frequency of cleaning. At this time there has been no call upon the Central Contingency sum of £200k, suggesting that this risk has diminished since last year.

Street works

LB Bromley has a responsibility under the New Roads & Street Works Act to monitor the works of Statutory Undertakers (SUs) which affect highway infrastructure. When defects are identified in road or footway reinstatements, a defect notice is issued and a charge made on the SU concerned to

cover additional inspections. Charges are also raised when works over-run their approved programme (S74) and when other issues are found on site (FPN's)

Income levels have varied during recent years in line with the performance of utility companies. The quality of works undertaken by Thames Water Utilities (TWU) had deteriorated, which led to additional income for the Council between 2007/8 and 2010/11. However TWU have been working hard in recent years to improve their performance, and have introduced new contracts to minimise defective works in the future.

Proposed changes in regulations, which limit the number of inspections that can be carried out when defects are identified, could result in reductions in defect income of up to fifty percent should they be introduced in future years

Income from defect notices peaked at £903k in 2010/11, reducing to £793k in 2011/12 and £452k in 2012/13. Although income increased to £872k in 2013/14 it is estimated to drop to £642k in 2014/15 as SU performance improves. At the same time income from S74 has reduced from £222k to £8K, and FPN's from £77k to £40k due to improved performance and changes in regulations.

LB Bromley also administers the London permit Scheme for all road and streetworks, with permit fees received being ring-fenced to cover administration of the scheme. As the number of permits issued depends on actual work on the network, income will vary year on year. Income peaked in 2011/12 at £1.021m, reducing to £0.814m in subsequent years, and is estimated to drop to £0.760m in 2014/15.

Winter service

2010/11 and 2011/12 saw a significant increase in expenditure on the 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. The Government has commissioned research into this issue. In the meantime there continues to be a significant risk of incurring additional expenditure on winter service.

Highways & Street Lighting Contracts

Street lighting improvement and maintenance contracts have price fluctuation clauses based on actual cost indexing, whereas budget increases are based on the Consumer Price Index. Although the budgets are cash limited, over time the variation between the two will lead to a reduction in spending power in real terms.

The street lighting invest to save programme is nearing completion, and future savings from reduced energy and maintenance will be used to repay the 'loan'. With the intense investment period, future expenditure on maintenance will not follow historic spend profiles, i.e. electrical safety inspections are required every six years, which has required one sixth of the stock being tested each year. However, there will be no testing of the LED units during the next five years, although they will all require testing in year six. A similar situation will apply to cleaning and maintenance.

Parking

Charges and tariffs for on- and off-street parking places are set by LB Bromley. A fundamental review of the Council's charging policy took place during 2011/12, leading to Member agreement to increase prices and simplify the tariff structure. A review of these charges is being put before Members in Jan/Feb 2015 to cover the period 2015/19. Members are aware of the potential impact of a further increase in charges, whilst recognising the pressure on the service to meet its income targets in the light of reduced demand and inflationary pressures.

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 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. 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 on parking behaviour.

In December 2013, the Government issued a consultation document proposing a number of changes to the statutory framework for parking enforcement. In particular the Government proposes to ban the use of CCTV for parking enforcement, and to impose a statutory waiting period of at least 5 minutes before enforcement officers can issue penalty tickets. The Government is also considering introducing discounts for motorists whose appeals are rejected, but who subsequently pay promptly. Should these changes be imposed on the Council, it is estimated that Bromley's income from parking fines could reduce by about £1 million p.a.

The Shared Service is continuing to perform well and is leading on a Tender exercise for the provision of all parking functions with a go live date of October 2016. There is a risk that a new contract price may be greater than that already being paid, even with a discount for a joint procurement/client. However it is hoped that a joint procurement will show a financial benefit for Bromley. A report will be put before Members in April 2015, further to the original Gateway report approved in April 2014.

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 Environment and Community 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 Environment and Community Services department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

RISK AREAS WITHIN RESOURCES PORTFOLIO 2015/16 ONWARDS

Interest on Balances

A rate of 1% has been assumed for interest on new investments in the financial forecast from 2015/16. Although, for some time, market rates were expected to rise there has not been any upward movement on rates in the last year. Any future increase in interest rates resulting in additional income will be factored in future financial forecasts. The credit ratings agencies, and indeed the markets in general, continue to be very nervous about the financial climate and cautious with their ratings. The downgradings of a number of UK banks in 2012/13, which resulted in reductions to counterparty limits, both financial and duration, in our Investment Strategy, have generally still not been reversed. As a result, we have in recent years placed larger deposit balances with money market funds, which pay considerably lower rates in exchange for instant access to cash. Recently, however, we have increased lending limits with the two part-nationalised banks, Lloyds and RBS, and have invested in a local authority property fund and in two diversified growth funds. The fund investments are seen as medium-term investments (3 to 5 years) and we have also placed a significant amount in 2 to 3 year deposits with Lloyds and RBS. These, together with a continuing increase in the average balance available for investments, have significantly improved our interest earnings in 2014/15 and in 2015/16.

Rental Income

1. Economic Development and Investment Fund

The Executive agreed at its meeting on 10th September 2014 to identify further funding for the Economic development and Investment Fund to increase it to £50million, to be split between expenditure in the identified Growth Areas and investment in income producing property investments located across the South-East. The target for additional income for 2015/16 is £1million, with a further £1million in 2016/17. There is a risk to achieving this income if sufficient property is not acquired early enough in the timescale to achieve the required full year effect. However, widening the area of search to the South-East should help to minimise this risk.

2. Other Rental Income

The majority of the Council's leased property has periodic rent increases, the frequency of which is set in the individual property lease. Most rent reviews are five yearly. Thus annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that increases in the properties where there are reviews will not match the assumed inflationary increase in income.

3. Surplus Property

There is a risk that if sales cannot be progressed the cost of retaining surplus properties will increase.

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 2015/16.

Insurances

The Council's main insurance policies (casualty/liability, material damage/property and vehicles) are on long-term agreements expiring in June 2017, March 2016 and April 2016 respectively. Negotiations on renewal terms for 2015/16 are currently underway with our insurers. Current indications are that it should be possible to renew these policies at little or no extra cost. All other "minor" Council insurances (minibuses, engineering, leased/mortgaged properties, fidelity guarantee, personal accident and school journey) expire at the end of March 2015 and negotiations on renewal are also underway.

Admin Subsidy

Admin subsidy to be received for 2015/16 is £1.545m which is £198k (11.35%) lower than that received for 2014/15. Of this reduction the DWP has advised that £46K was a claw-back as a result of benefit changes being transferred to the DWP. In Bromley, the transfer of responsibility for benefit investigation takes place in July 2014, the level of claw-back for 2016/17 will be £142k

Benefit Changes

The timetable for the phased rollout of Universal Credit has not yet been published; however Bromley is not included in the first tranche of LA's for introduction of Universal Credit. The second tranche of LA's is to be announced soon and go live from May 2015. Whilst it is becoming clearer as to the LA's role under Universal Credit, we have not been informed of the funding available to undertake these tasks. The rental market is already reacting to change, making landlords less likely to rent to benefit claimants and further inflating rents. The introduction of Universal Credit will have major contractual implications and the uncertainty regarding the requirements and timetable severely impact on the Authority's ability to negotiate.

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 2014 working age claimants in receipt of Council Tax Support (CTS) have been required to pay a minimum of 19% towards their Council Tax liability, with the level of contribution remaining unchanged for 2015/16. The minimum liability of 19% necessitates collecting Council Tax from some of our most vulnerable residents and courts are becoming more reticent to grant costs and thereby add to the individual's financial burden.

The trend of claimants leaving central London and moving to areas such as Bromley is expected to escalate, with the ongoing welfare reforms making it increasingly difficult to live in high rented areas. This adds to the demand for accommodation resulting in higher rents and an increase in the numbers reporting as homeless. For existing claimants, many are struggling with the accumulated effect of the benefit changes, an increasing number are at risk of losing their homes through rent arrears. The problem is heightened by the shortage of small properties for those attempting to downsize.

Budget Savings

The budget savings for 2015/16 include staffing reductions, efficiency savings and the need to identify further savings prior to the start of the new financial year. It is important that these savings are implemented within the next few months to ensure that full year savings are achieved.