

Decision Maker: **Executive**

Date: **13th January 2016**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2016/17 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2017/18 to 2019/20

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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 2016/17 Budget including the additional savings for 2016/17 and 2017/18, which 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 2016/17 Council Tax levels.
 - 1.3 The report provides details of the provisional four year local government financial settlement and the new social care precept as well as other changes reflected in the Spending Review and Autumn Statement 2015 and the Provisional 2016/17 Local Government Financial Settlement.
 - 1.4 The report also includes savings to be considered by Executive.
 - 1.5 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2016/17 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 2016/17 Budget, including the savings for 2016/17 and 2017/18 detailed in Appendix 4;**
- 2.1.2 Refer the initial draft 2016/17 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 2.1.3 Note the financial projections for 2017/18 to 2019/20;**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2016/17 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 12.4);**
- 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 £320,350 in 2016/17 to the London Boroughs Grant Committee (see section 11);**
- 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 2016/17 Provisional Local Government Financial Settlement (see section 4.7);**
- 2.1.10 Note the significant budget gap remaining of an estimated £26.7m per annum by 2019/20 and that any decisions made for the 2016/17 Budget will have an impact on the future years' projections;**
- 2.1.11 Note that any final decision by Executive on recommended council tax and social care precept levels to Council, will normally be undertaken at the next meeting of Executive.**

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 £136m Draft 2016/17 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 2016/17 Financial Control Budget to be published in March 2016
 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 2016/17 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 councilors 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 and includes the Government's provisional four year funding allocations. At the time of writing this report, further details on funding is awaited and it is important to note that some caution is required in considering any projections for 2017/18 to 2019/20.
- 3.2 The overall national debt stands at £1.6 trillion. The 2015 Spending Review and Autumn Statement identified that public sector net borrowing is expected to be £73.5bn this year which is planned to move to a surplus of £10.1bn from 2019/20. There remains positive news on the economy and since 2010, no G7 economy has growth faster than Britain. However, the fiscal squeeze will continue and with ongoing protection of health, overseas aid, education and recently police and other security services, the disproportionate cuts in direct funding to local government will continue over the four year spending review period. The most significant issue that will impact on local government funding from central government are the plans relating to DCLG Resource Departmental Expenditure Limits (RDEL). The reductions compared with the previous year are -16.5% in 2016/17, -22.9% in 2017/18, -17.6% in 2018/19, -11.5% in 2019/20. This results in a real reduction including the impact of inflation of 56%. Further details are provided in Appendix 1. This translates to a reduction in the Council's Settlement Funding Assessment of 48.5% by 2019/20 compared with the England average of 31.8%. In real terms the reduction equates to 52.2%.
- 3.3 Although there are significant funding cuts facing local government, the Chancellor repeated the aims of devolution, as part of the 2015 Spending Review and Autumn Statement, which includes transforming 'local government, enabling it to be self-sufficient by the end of Parliament'. The Government views the new flexibilities such as the future growth forecasts from business rates, to be fully devolved to local government by 2019/20, scope to raise a 2% rise in council tax (adult social care precept) and the ongoing ability to increase council tax as methods which can significantly mitigate against the impact of grant reductions.
- 3.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing until 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government. There is also an on-going need to consider "front loading" savings to ensure difficult decisions are taken early in the budgetary cycle, to provide some investment in specific priorities, to fund transformation and to support invest to save opportunities which provide a more sustainable financial position in the longer term. Any decisions will need to consider the finalisation of the 2016/17 Budget as well as the longer time frame where it is now clear that the continuation of the period of austerity up to 2020 remains.
- 3.5 Bromley has the lowest settlement funding per head of population in the whole of London. Despite this, Bromley has retained the lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having the lowest cost per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £60m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details are provided in Appendix 2.

- 3.6 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 SINCE THE 2015/16 BUDGET THAT IMPACT ON THE FINANCIAL FORECAST

- 4.1 The 2015/16 Council Tax report reported to Executive in February 2015 identified a significant “budget gap” over the four year financial planning period. The forecast was updated to inform the public meetings held in November/December 2015. Some key changes are summarised below:
- 4.2 Following a newly elected national government, the Chancellor's Summer Budget 2015 introduced a new national Living Wage with significant cost implications to the Council over the next few years.
- 4.3 A significant service pressure area impacting from 2015/16 relates to welfare reform and homelessness. The Council's Central Contingency Sum has been reviewed to reflect the escalating cost pressures arising from the welfare reform changes announced in the Chancellor's Summer Budget and in the Spending Review and Autumn Statement 2015.
- 4.4 The Government announced in-year funding reductions (2015/16) for Public Health services and Adult Education equating to £919k and £30k respectively. The Draft 2016/17 Budget assumes the full year impact of the transfer of 0-5 year old services (health visitors etc.) from NHS England (a sum of £1.9m was assumed for 2015/16 with full year costs of £3.8m per annum). Ongoing annual funding reductions in Public Health were announced in the Spending Review and Autumn Statement 2015 with estimated total funding reductions of £2.461m per annum by 2019/20. The final grant details are awaited including the outcome of a review of the grant formula for Public Health. A verbal update will be provided at the meeting.
- 4.5 The Government transferred funding for the Independent Living Fund, which contributes towards 42 clients totaling £526k in 2015/16 (July 2015) increasing to £701k in 2016/17 (full year). The fund was managed by the Department of Work and Pensions but on 30th June, the fund was closed and the responsibility devolved to local government. Following the transfer of funding, future allocations to support clients will be given on a case by case basis and the draft 2016/17 Budget assumes that the impact will be cost neutral. The grant funding for 2016/17 is still awaited.
- 4.6 At the Conservative Party conference in October 2015, the Chancellor announced that business rates will be fully devolved to local government by 2020, local government core grant will be fully phased out as part of this change and local government will take on new responsibilities. The Government has indicated that the outcome will be fiscally neutral and to date the funding for TfL capital funding (matter for GLA), public health, housing benefit administration subsidy and potentially attendance allowances will be included within the redistributed amount. Further details are awaited.
- 4.7 The Spending Review and Autumn Statement 2015 and subsequently the Local Government Provisional Financial Settlement were published on 25th November 2015 and 17th December 2015 respectively. Details of the key changes are shown in Appendix 3.

- 4.8. The Council's tax base has been updated to reflect an increase in properties compared with the previous year. The latest position indicates a tax base of 126,656 "Band D" equivalent properties for 2016/17, which assumes an allowance of 2.35% for non-collection.
- 4.9 Inflation continues to remain low and the latest inflation data published in mid-December has been reflected in the latest financial projections. This has resulted in a reduction in the Council's budget requirement for 2016/17 with further reductions in the Council's future years "budget gap".
- 4.10 Revisions to the Council's Treasury Management Strategy will result in potential additional income of £1.25m compared with the 2015/16 Budget (includes income of £650k in the additional savings identified).
- 4.11 The most recent financial monitoring position was reported to Executive on 2nd December 2015. The full year impact of savings in social care, changes in grant funding for Adult Education and the impact of in-year Public Health funding reductions, and other variations, including, for example, the future containment of costs within Portfolio Budgets have been reflected in the draft 2016/17 Budget. Directors continue to identify options to manage these other cost pressures.
- 4.12. The Care Act received royal assent in May 2014. Its provisions commence on the 1st April 2015 and the capping of care costs was due to be implemented from 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. The Government announced, as part of the Spending Review and Autumn Statement 2015, that the "capping of care costs" due to be implemented in 2016/17 will now be delayed until 2020/21.
- 4.13 Executive agreed proposals on 2nd December 2015, relating to the impact of the De-Regulation Act, which fully mitigates the potential loss of income of £1m set aside in the Council's 2015/16 Central Contingency Sum apart from one off funding of £306k in 2015/16. Savings of £1m have been assumed in the Draft 2016/17 Budget.
- 4.14 The Council has a non recurring collection fund surplus of £4.9m reflected in the 2014/15 Provisional Final Accounts report to Executive in June 2015. As part of medium term financial planning, the financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2018/19.
- 4.15 Executive approved the acquisition of residential properties to provide accommodation for homeless families as well as the long term "gifting" to the pension fund of the significant assets, subject to robust legal safeguards being in place. Details were reported to the meeting on 2nd December 2015 and the savings have been reflected in the Draft 2016/17 Budget and the future years financial forecast.
- 4.16 At the Council Meeting of the 14th December 2015, Members approved the adoption of a Council Tax Support scheme for the financial year 2016/17. The Council Tax Support scheme had client liability of 19% from 2014/15. The scheme for 2016/17 provides a client liability of 25%. Details of the scheme were provided along with the report to the Executive on 2nd December (report titled "Council Tax Support/Reduction – 2016/17"). Although the number of working age claimants has fallen from 12,563 in April 2013 to 10,261 in October 2015, there continues to be ongoing funding reductions in the Council's core funding.

- 4.17 The Council's acquisition of Investment properties, using the Investment Fund has resulted in actual and planned property acquisitions to date potentially generating income of £3.7m per annum with further income of £1.3m in 2016/17 through further investment property acquisitions. After allowing for the foregone interest earnings through treasury management the financial forecast assumes a net increase of income of £4.5m from the acquisitions.
- 4.18 The Council's four year funding settlement, based on information to date, will result in a net loss of grant funding, including Public Health funding, of £14.6m per annum in 2016/17 rising to £32.4m per annum by 2019/20. This includes an estimated loss of funding of £0.5m per annum for various grant allocations not yet announced and an estimate of the impact of Public Health funding reductions. The latest position will be reported at the meeting.
- 4.19 Funding for New Homes Bonus is expected to reduce significantly and there remains uncertainty on the future level of funding that can be realised by the Council as the Government is reviewing how the funding is determined (further details in 8.3).
- 4.20 The Government has announced additional funding for the Better Care Fund (currently combined funding with Bromley CCG of £20.8m) and the financial forecast assumes that these monies may be required to meet future new burdens on social care at this stage. The additional funding which is back-loaded with lower funding available from 2017/18 increasing to an estimated £4.5m per annum by 2019/20. This position will be reviewed prior to finalising the 2017/18 Budget.
- 4.21 The Spending Review and Autumn Statement 2015 included reference to Councils being allowed to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £2.6m additional income per annum). Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum. Therefore Council could potentially have a council tax increase of just below 4% without the need for a council tax referendum. The Government introduced this change in recognition of the cost pressures facing social care authorities. The Government recognise that the precept can also include, for example, the additional cost of the new Living Wage. A number of Councils have already indicated that they intend to increase their council tax bills by 3.99% in 2016/17 and future years to reflect this change. Members will be requested to consider applying the precept as part of the 2016/17 Council Tax report.
- 4.22 The additional funding for the Better Care Fund and the higher proportion of funding cuts in core grant to the Council now take into account the amount that can be raised locally through council tax. Therefore, there is an inherent assumption that local authorities will be increasing council tax to mitigate against the loss of grant funding and towards the cost of social care. For Bromley, this change does not take into account any need to address low funding levels for the Council raised previously with the Government. Therefore the starting point relating to funding levels remains unchanged, despite the Council's concerns. Councils can still choose locally the level of council tax increase required, subject to referendum options. There is no council tax freeze grant available in 2016/17. In calculating the Council's spending power the Government has assumed the social care authorities will have an average council tax increase applying both the social care precept and general council tax increases every year. For financial planning purposes, the financial forecast assumes a council tax increase of 3.99% per annum over the next four years to compensate for the higher proportion of funding reductions, to reduce the level of social care savings and provide funding to meet social care costs, demographic cost pressures and to meet the ongoing "budget gap".

- 4.23 Details of various grant allocations for 2016/17 are still awaited at the time of writing this report. These include for example, Better Care Fund, Independent Living Fund, whether any top-slicing to the GLA of new homes bonus is still required (although unlikely) and various other grants.
- 4.24 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the significant changes that may follow with a new Government relating to new burdens (there were many changes introduced by the previous coalition Government that resulted in net additional costs for the Council), effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. If the monies are not required during the year the policy of using these resources, in general, for investment to generate income/savings and provide a more sustainable financial position should continue. To illustrate the benefit of the investment approach the Council has budgeted income totaling £12.9m from a combination of treasury management income and rents from investment properties. Without this income, equivalent service reductions may be required. Investment in economic growth (Growth Fund) will also be key to generate additional business rate income.
- 4.25 After allowing for the saving proposals in this report, there remains a significant budget gap in future years that will need to be addressed.

5. FINANCIAL CONTEXT

5.1 Key issues include;

- 5.1.1 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 ring-fenced. 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).
- 5.1.2 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.
- 5.1.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.

6. LATEST FINANCIAL FORECAST

6.1 A summary of the latest budget projections including further savings required to balance the budget for 2016/17 and reducing the budget gap for 2017/18 to 2019/20 are shown in Appendices 4, 5 and 6 and summarised below:

Variations Compared with 2015/16 Budget

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Cost Pressures				
Inflation	2.6	7.3	11.9	16.6
Grant Loss	14.6	24.7	30.6	36.4
Impact of Chancellors Summer Budget on future costs e.g. further changes on welfare reform, new Living Wage etc.	4.3	8.0	10.8	13.5
Real Changes (see Appendix 5)	0.9	2.6	5.0	6.2
Total Additional Costs	22.4	42.6	58.3	72.7
Income/ savings				
Saving proposals detailed in Appendix 6	-15.1	-18.2	-19.1	-19.2
Full year effect of savings agreed as part of 2015/16 Budget	-2.9	-2.9	-2.9	-2.9
Acquisition of residential properties to accommodate homeless families and "gifting" of scheme to pension fund	-0.5	-3.2	-4.1	-4.6
Reduction in Council's Central Contingency Sum	-1.8	-1.8	-1.8	-1.8
Impact of revised Treasury Management Strategy	-0.6	-0.6	-0.6	-0.6
Addt. Income from Business Rate Share	-0.2	-0.2	-0.2	-0.2
Increase in property numbers (council tax base)	-0.7	-0.7	-0.7	-0.7
Total income/ savings	-21.8	-27.6	-29.4	-30.0
Other Proposed Changes				
New Homes Bonus	-7.3	-7.3	-3.3	-2.5
New Homes Bonus – contribution to Investment Fund	7.3	7.3	3.3	2.5
Collection Fund Surplus (2014/15)	-4.9	0.0	0.0	0.0
Set aside as one off support towards meeting funding shortfall in 2018/19	4.9	0.0	-4.9	0.0
Fall out of 2013/14 collection fund surplus to support 2015/16 Budget	5.3	5.3	5.3	5.3
	5.3	5.3	0.4	5.3
Impact of 3.99% increase in Council tax (Including adult social care precept)	-5.2	-10.5	-15.9	-21.3
Remaining "Budget Gap"	0.7	9.8	13.4	26.7

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2016/17 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.3m.

- 6.2 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”.
- 6.3 The above table highlights a “budget gap” remaining of £0.7m in 2016/17 assuming a 3.99% council tax increase (including adult social care precept) with a “budget gap” rising to £27m per annum by 2019/20. The projections in later years have to be treated with some caution.
- 6.4 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 2017/18 and 2019/20. It is important to recognise that, given the current ongoing period of austerity, the downside risks remain significant and that the budget gap in future years could widen substantially.
- 6.5 The key growth pressures, detailed in Appendix 5, are summarised below:

	2016/17 £'000	2019/20 £'000
Continuation of conversion of maintained schools remaining to academies reducing net funding to the Council	921	921
Homelessness/impact of welfare reforms	300	2,400
Removal of contracted out national insurance from 2016/17	982	982
Impact of changes to Adult Education (mainly reduction in grant funding)	382	382
Waste collection and disposal	87	1,039
Cost of freedom passes (mainly usage)	678	1,200
Provision for future years cost pressure not included above		1,500
Changes agreed by Executive in December 2015 which mitigate against impact of Deregulation Act	-1,000	-1,000
Provision for inflation in 2015/16 Budget no longer required	-1,300	-1,300
Essential Users Car Allowances	-150	-300
Other growth pressures (net)	-28	346
Total	872	6,170

- 6.6 In considering action required to address the medium term “budget gap”, savings for 2016/17 and 2017/18 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 2016/17 Council Tax report to the Executive.

	2016/17 £'000	2017/18 £'000
Reduction in staffing and further efficiencies	940	940
Changes in service delivery	6,510	9,120
Contract Efficiencies	2,363	2,811
Additional income	3,888	3,938
Invest to Save/other investment	1,303	1,303
Other Savings	70	70
Total	15,074	18,182

6.7 Further details are provided in Appendix 6.

7. DETAILED DRAFT 2016/17 BUDGET

7.1 Detailed draft 2016/17 Budgets are attached in Appendix 7 and will form the basis for the overall final Portfolio/Departmental budgets after any further 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.

7.2 Appendix 7 sets out the draft 2016/17 budget for each Portfolio as follows:

- A summary of the Draft 2016/17 Revenue Budget per Portfolio
- A high level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2016/17 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2014/15 expenditure, 2015/16 budget, 2016/17 budget and overall variations in planned spending between 2015/16 and 2016/17
- A summary of the main reasons for variations, per Portfolio, in planned spending between 2015/16 and 2016/17 together with supporting notes.

8. OPTIONS BEING UNDERTAKEN WITH A “ONE COUNCIL” APPROACH

8.1 As indicated elsewhere in the report, the Council continues to face significant funding reductions and the Chancellor repeated the aims of devolution, as part of the Spending Review, which includes transforming ‘local government, enabling it to be self-sufficient by the end of the Parliament’. The chancellor claimed in his speech that “local government will be spending the same in cash terms (at the end of the period) as it does today”. This is based on the premise that the cuts in funding will be offset by an increase in taxation receipts generated by council tax (including social care precept) and business rates. Details of options relating to increasing council tax and the social care precept are identified elsewhere in this report. With the full devolution of business rates by the end of the spending review period it remains essential to explore opportunities to increase the council’s business rate base through economic development as well as increase investment income as shown below.

8.2 Community Infrastructure Levy (CIL)

8.2.1 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 early 2017.

8.3 New Homes Bonus

8.3.1 The Minister, in his provisional 2016/17 Local Government Financial Settlement, announced that the New Homes Bonus scheme will continue indefinitely. However, the Government proposes to change the scheme from 2017/18. The changes include providing funding for a rolling 4 years rather than 6 years (reduction of one third in medium term) as well as a more “targeted” approach by using the scheme to reflect local authority’s performance on housing growth. Options that will be considered include, for example:

- (a) withholding new allocations where no Local Plan has been produced in accordance with the Planning and Compulsory Purchase Act 2004;
- (b) reducing payments for new homes built following a planning appeal;
- (c) only making payments above an assumed baseline for property growth (only payable for property numbers exceeding the baseline growth target).

8.3.2 New Homes Bonus is currently a key source of income, currently set aside to generate investment income and the Council should explore opportunities to retain this income. The future level of income will be dependent on the Council’s approach in supporting housing development and will be dependent on the outcome of the review by the Government. This review reaffirms the longer term risks relating to fully utilising new homes bonus to support mainstream spend. The draft 2016/17 Budget assumes a significant increase in New Homes Bonus to reflect the sixth year of a six year rolling programme and the discontinuation of the top-slicing by the GLA. The final outcome is not yet confirmed. The Draft 2016/17 Budget assumes continuation of setting aside the income for the investment fund. This approach will assist in generating further income to the Council and also reflects the uncertainty around future funding.

8.4 Localisation of Business rates

8.4.1 Details of the initial 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 was adjusted to reflect this new source of direct income. The funding “baseline” will be reset in 2020 and every 10 years thereafter.

8.4.2 The Chancellor announced the full devolution of business rates to local authorities by the end of this Parliament (2020).

- 8.4.3 Although there has been an overall loss in previous years from having a share of business rate income the draft 2016/17 Budget assumes that the position will improve with additional income of £0.2m assumed. In the medium and longer term, recent developments should increase the Council's business rate share income. This includes, for example, the impact of work at Beckenham High Street, future development of Site G, works completed at Bromley North, new cinema and shops at the Walnuts, Orpington and the completion of the Bromley South site.
- 8.4.4 The share of business rates is a key incentive (and potential risk) to assist the Council in generating additional income as well as helping promote economic development. The Council does 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 the Government.
- 8.4.5 The reset period of 2020 does create uncertainty in forecasting a longer term business rate income stream. Councils will have to take the risk around the impact of a future recession and the business rate share currently does not provide increased income through annual price increases or revaluation. The only scope for increasing income relates to a physical increase in the tax base.
- 8.4.6 The impact of the incentives through Community Infrastructure Levy, New Homes Bonus and the share in Business Rates could be used, if successful, to generate additional income whilst enabling the promotion of economic growth and creating employment in the borough.

8.5 Asset Review

- 8.5.1 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.
- 8.5.2 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.
- 8.5.3 The key consideration will be whether the current assets add value to service delivery or income generation. Within any consideration it remains important to recognise that assets can make a significant non-financial contribution which is beneficial to the Council and the wider community. The outcomes of the external review were reported to the Executive in September 2014.

8.6 Growth Fund

- 8.6.1 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.

8.6.2 Members previously 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). The 2015/16 Financial Monitoring report to the Executive meeting on 2nd December 2015 included additional funding of £6.5m for the Growth Fund (total of £16.5m allocated to date). Details of the progress in utilising these resources will be reported to Executive in March 2016.

8.7 Investment Fund

8.7.1 The Council has also set aside an Investment Fund which is being used for primarily property investments to enable the Council to achieve sustainable investment income which exceeds treasury management rates. An uncommitted balance of £21m remains (revenue balance of £6m plus an allocation of £15m from capital receipts). Actual and planned property acquisitions to date will generate income of £3.7m per annum with the draft budget assuming further income of £1.3m in 2016/17 through further investment property acquisitions.

8.8 Investment Income

- 8.8.1 The 2016/17 draft budget for income from properties purchased to date from the Investment Fund is £5.0m (the current yield provides an average rate of return of 6.0%) and there is further estimated income of £4.4m relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). Income from treasury management investments are estimated at £3.5m (further detail is provided in the Treasury Management – Performance Q2 & Mid-Year Review report to Executive and Resources PDS Committee on 26th November 2015) providing a total investment income of £12.9m. The strategy of continuing to generate additional investment income has helped reduce the budget gap by an equivalent amount.
- 8.8.2 The Council's investments, therefore, span a wide variety of options ranging from property and corporate bonds to other sound investment choices and also include a £25m investment made in a property fund and £10m in Diversified Growth Funds which represents a medium term (3 to 5 years) investment opportunity. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk.
- 8.8.3 The Council will explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over 3 to 5 year period. This could include, for example, funding of joint venture opportunities to support land disposal/key investments. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.
- 8.8.4 A prudent approach to budgeting and the front-loading of savings has enabled a longer term approach to generate further income from the additional resources available, as well as mitigate against significant risks, to provide a more sustainable financial position in the longer term.

8.9 Review of Fees and Charges

8.9.1 The saving proposals as part of the draft 2016/17 Budget include the outcome of reviewing fees and charges within each Portfolio. There will need to be an ongoing review identifying opportunities as the "budget gap" remains significant.

8.10 Invest to Save

8.10.1 The Invest to Save earmarked reserve was approved by Council in October 2011, with an initial allocation of £14m, to enable “loans” to be provided for Invest to Save initiatives, with advances to be repaid within a “reasonable” period and on-going revenue savings to contribute towards reducing the budget gap. In February 2013, the Executive agreed that the one-off Council Tax Freeze grant in 2012/13 be added to the Fund, bringing the total “available” balance up to £17.3m.

8.10.2 Five schemes have been approved to date with a total approved sum of £9.9m to be advanced from the fund (the most significant of which was the street lighting replacement scheme at £8.5m). As at 31st March 2015, the actual balance on the Fund stood at £13.3m (the fund will be increased to £17.3m following final repayments, with any interest accrued included within interest on balances). To date, full year effect savings totalling £1.2m have been achieved on the five schemes.

8.11 Procurement

8.11.1 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.

8.12 Commissioning Authority

8.12.1 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”.

8.12.2 Key principles included a commissioning organisation which identifies the most effective service delivery models which can be in house, outsourced, shared services etc. Other principles include 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.

8.12.3 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. The work is on-going. The Director of Regeneration and Transformation is expected to report to the Executive in February 2016 on the outcome of market testing arrangements for Facilities Management. No savings have been assumed in the forecast at this stage. There may be a future requirement for one off funding to meet the set up cost of future commissioning changes. Further updates will be reported to a future meeting of the Executive.

8.13 Managing Rising Demand

8.13.1 Apart from supply side improvement there remains the need to manage future demand by ensuring there is a focus on outcomes rather than service delivery which includes the need to rethink the relationship between the citizen and the service. More collaborative working with other public agencies will help to ensure that the most effective outcomes can be delivered whilst resources are reducing. The Government’s Troubled Families programme is a good example of how a wider focus on outcomes, working with other agencies, can lead to financial savings.

8.14 Transformation

8.14.1 With a clearer direction on the Government funding available for the next four years and that local authorities will need to be self-sufficient thereafter, there is a need to consider what significant changes are required to manage within that new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends groups) and exploring opportunities around community based place shaping led by the Council as a community leader. Even with the income opportunities identified in this report the Council will need to plan through significant changes including the inherent risk of a future recession.

8.15 Health and Social Care

8.15.1 The devolution of business rates as part of a wider devolution agenda combined with the Government's plans to transfer more responsibilities to local authorities represents an opportunity to reform and integrate public services. The Spending Review and Autumn Statement 2015 refers to "the Government will integrate health and social care across the country by 2020 and requires every part of the country to have a plan in place by 2017 for full implementation by 2020". This is a significant step combined with wider integration proposals with health and social care evolving in different parts of the country. One example includes the work undertaken in Manchester and the direction for integration which maintains the local democratic accountability at its core.

8.15.2 Integration may take different forms but the key benefits would be:

- Bromley CCG is co-terminus with the Council's boundaries which makes any pooling of resources for a shared locality more straightforward;
- It is clearly evidenced that social care, which represents a high proportion of local government expenditure, has an impact on the cost and demand for NHS care. Combined resources would be "better spent" through integration. The ongoing funding reductions in local government make this more difficult to achieve without receiving a share of the additional funding available to the CCG and other relevant agencies. The new flexibilities introduced in the Spending Review does help in part, e.g. council tax precept for adult social care and future increases in Better Care Fund ;
- Integration would enable whole systems person centred care and it is proven that this will save money and provide a better patient experience;
- We still have funding silos and effectively there is a need for a whole system review to ensure that funding follows the patient. We need to avoid the risk that investment in social care is restricted as the savings in health care cannot be easily delivered;
- Local Government together with Health can bring significant combined skills to the table to support innovative ways of delivering care. As an example, during the austerity period local government staff and councillors have risen to the significant challenges over the last few years;
- Health partners appear to have more limited autonomy. This is partly due to the different accountability regime in central and local government. In health, there is a more centralistic approach. Simon Stevens, Chief Executive of NHS England is keen to see health work effectively with other partners;
- A lead role for Bromley could enable the move to other care settings in a more robust preventable way;
- Using payment by results in health risks providing an incentive to treat more people when it is important to manage the demand through preventative work etc.;

- The Council has considerable experience and skills in the sole and joint commissioning of services and a proven track record in achieving financial savings and service improvements through this approach. These considerable benefits can be used to support our health partners;
- The Council has a history of robust financial management and has to produce a balanced budget and manage within the resource constraints. By sharing these skills with health we can work to make better use of resources and save money in health and social care;
- Integration of health and social care will reduce pressure on the acute sector.

8.15.3 It is important to remember there are also significant risks around integration and there is a need to mitigate against these risks. However, the benefits of achieving whole systems person centred care whilst making better use of resources and providing a better patient experience is a compelling reason to move away from the current arrangements.

9. IDENTIFYING FURTHER SAVINGS

- 9.1 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.
- 9.2 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.
- 9.3 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 continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services.
- 9.4 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.
- 9.5 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.

10. FUTURE LOCAL AUTHORITY LANDSCAPE

- 10.1 Although the “devolution revolution” will provide significant opportunities in the future where councils have to increase income (with government funding withdrawn) the key question is whether such a financial model is sustainable for local government.
- 10.2 A recent CIPFA survey, prior to the Spending Review and Autumn Statement 2015 identified that half of council finance directors are less confident in the ability to deliver savings than they were a year ago. The survey concluded that confidence levels in the sector are diminishing. When asked the same question the previous year, 41% said they were not confident they could deliver the required savings while the year before the proportion was 27% (CFOs). Rob Whiteman Chief Executive of CIPFA stated that “it should set alarm bells ringing across government as more and more councils struggle to balance their books with some authorities now facing a fiscal cliff”.

- 10.3 Even after the Spending Review and Autumn Statement 2015 announcements London Councils estimate that Councils in London still have an estimated combined funding gap of at least £2.7bn by 2020. The LGA had identified a national forecast funding gap of £13bn by 2019/20.
- 10.4 The NAO issued a report at the end of 2014 that real terms cuts will amount to 37% from 2010 to 2016. The NAO said “Auditors were increasingly concerned about local authorities’ capacity to make further savings, with 52% of single tier and county councils not being well placed to deliver their medium term financial plans.
- 10.5 PWC’s “The Local State We’re In” states the long term outlook for the local government sector is more uncertain than ever. Leaders and Chief Executives remain relatively confident that they will be able to make the necessary savings in the next year but when it comes to the next five years only one in 10 chief executives are confident in their council’s ability to manage savings. Therefore the spectre of failure looms large with nine out of 10 chief executives believing that some local authorities will get into serious financial difficulties over the next five years. In the same survey, 84% of respondents believe that integration of health and social care will deliver better outcomes for the local population. Yet, while integration may generate savings for health and social care systems as a whole, less than three in ten agree that integration will lead to savings for their council.
- 10.6 In their annual report for 2014/15, Bromley’s external auditors (PWC) have highlighted the need to ensure actions are underway to address the budget gap as identified in the medium term financial strategy recognising the serious challenges we will face trying to address this.
- 10.7 The Government’s ambition for devolution together with a fundamental review of the role of local authorities and the role of state together with the arrangements for funding is key to address this bleak picture. Greater devolution of powers and funding to local authorities will enable a greater lead role with other public sector organisations which will help partly address the challenges in the future landscape.
- 10.8 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.
- 10.9 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 ensure 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.

11. LONDON BOROUGH GRANT COMMITTEE

- 11.1 London Councils require formal notification of the Council’s agreement to their contribution for 2016/17. The London Councils Grants Committee has proposed a Budget for 2016/17 comprising total expenditure of £10.49m that is met by contributions from Boroughs of £9m, European Social Fund grant (£1m) and transfer from reserves (£0.49m).

- 11.2 Bromley's contribution to this Committee was £339,919 in 2015/16. The contribution for 2016/17 is £320,350 which represents a reduction of £19,569 compared with 2015/16 (reduction includes share of one off payment of £18,286).
- 11.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2016/17 budget. If it is not agreed by the end of January 2016, the overall level of expenditure is deemed to be the same as approved for 2015/16.

12. THE SCHOOLS BUDGET

- 12.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 12.2 As a precursor to the introduction of the National Funding Formula which will be implemented for 2017/18, as announced in the Chancellor's spending review statement, DfE made changes to the DSG funding allocations for 2015/16 as part of the Fairer Funding Reforms. As a result, Bromley received an additional £19.5m schools block funding reflecting the low levels of funding in previous years.
- 12.3 The per-pupil funding for 2016/17 has been maintained at the same level, and an additional £562k has been allocated to the high needs block, resulting in a current projected allocation of £251.4m for 2016/17. Of this amount, £165.9m is recouped by the EFA to fund academies directly so the Council will receive £85.5m to fund the remaining maintained schools, early years funding, SEN support and placements, and other central services.
- 12.4 The DSG continues to be ringfenced for funding the provision of Education, with no material changes to the conditions of use. As a result, the vast majority of this has to be passed directly to maintained schools and academies, and means that there continues to be minimal scope to redivert DSG 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 2016/17.
- 12.5 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, school improvement, 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 (£77 for mainstream, £289 for PRU and £327 for a special school for 2016/17, reduced from 2015/16 values of £87, £326 and £370 respectively). The initial 2016/17 ESG allocation is £1.5m based on academy conversions to 1st November 2015.
- 12.6 Although it is difficult to accurately predict, the 2016/17 Draft Budget assumes ongoing conversion of remaining maintained schools to academies. The grant allocation is re-calculated on a quarterly basis, so the grant will reduce in-year as more schools convert to academies.

12.7 As all schools convert to academies, the grant levels will diminish to the statutory payment only amounting to £743k. 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.

13. FIXED FUNDING OFFER

13.1 The Council has received provisional funding allocations for a four year period 2016/17 to 2019/20 which is welcomed. The Government have stated that any Council accepting this four year funding “offer” will have to publish an efficiency plan. Details of the specific requirements of the efficiency plan are awaited.

13.2 The Government have qualified the “offer” by stating that the final grant determination in future years will still be subject to future changes arising from unforeseen events, business rate multiplier changes, impact of transfer of functions and mergers. The settlement does not address Members concerns about the low base level/ starting point grant funding to Bromley which impacts on funding over the next four years and means that detailed consideration will need to be given about whether to sign up to the “offer”. However, it is also important to note that there may be downside risks to the Council in not signing up, particularly if further austerity measures are introduced by the Government.

14. GENERAL AND EARMARKED RESERVES

14.1 The Council has general reserves remaining of £20m as at 31/3/2015. A full breakdown of reserves including earmarked reserves will be reported to the next meeting as part of the 2016/17 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 the Growth 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.

14.2 The “Capital Programme Monitoring 2011/12 and Annual Capital Review 2012 to 2016” report to the February 2012 meeting of the Executive identified the long term financial implications of the capital programme. The report identified that abandoning the current agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council’s entire general reserves being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07. However, given the ongoing financial constraints and opportunities to reduce costs in the medium term, it may be necessary to reconsider this approach. The Executive Director of Environment and Community Services will be submitting a report to the next meeting considering upfront investment in footway and carriageway planned maintenance.

14.3 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant “opportunity cost” relating to a corresponding loss in interest earnings/investment opportunities 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. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

15. ISSUES FOR FUTURE YEARS

- 15.1 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 2016/17 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2016/17 but to also deal with the medium term financial position as well. Even allowing for the options in this report a budget gap of £26.7m per annum remains from 2019/20. 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.
- 15.2 The Council continues to face 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.
- 15.3 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 and other colleagues have met Greg Clarke, Secretary of State, Communities and Local Government and also met separately with three local MPs to express concern about the levels of low funding reflected in the previous Government funding settlement.
- 15.4 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 redivert any resources from the schools budget to other services.

16. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

- 16.1 Details of council tax, funding levels and cost comparisons between councils are shown in Appendix 2.
- 16.2 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London.
- 16.3 Using 2015/16 funding information, 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 £25m and £73m respectively.
- 16.4 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.

- 16.5 The Council has achieved a low council tax level despite low levels of Government funding by keeping spending low as illustrated in Appendix 2.
- 16.6 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.

17. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

- 17.1 The GLA's 2016/17 Draft Budget was issued for consultation on 22nd December 2015 and includes proposals for a reduction of 6.4% in existing GLA precept levels for 2016/17. The final GLA precept for 2016/17 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 22nd February 2016.
- 17.2 For 2016/17 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 £1.3m.
- 17.3 As part of the Localism Act, any council tax increase of 2% or above in 2016/17 (2% per annum for 2013/14 to 2015/16) 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.
- 17.4 Councils are able to levy the adult social care precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum.
- 17.5 If the Council chose to agree a Bromley element 3.99% council tax increase, including the social care precept, and the GLA precept reduction was 6.4% there would be an overall combined council tax increase of around 1.7%.

18. CONSULTATION

- 18.1 Two separate resident association meetings and a wider public meeting relating to "Bromley Council Budget 2016-17" in November/December 2015 with a web survey seeking the public's views online (with a closing date of 6th December 2015) were held and the outcome is summarised in Appendix 8.
- 18.2 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 8th February 2016 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 22nd February 2016 where the 2016/17 Budget and Council Tax will be agreed.
- 18.3 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.

19. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 19.1 There remain risks arising from the scale of budget savings required to address the budget gap as well as the cost pressures arising from new burdens and the impact of Government Policy changes including welfare reforms and the new Living wage. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings or seeking alternative savings where required.
- 19.2 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 and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

20. POLICY IMPLICATIONS

- 20.1 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
- 20.2 "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".

21. PERSONNEL IMPLICATIONS

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

22. LEGAL IMPLICATIONS

- 22.1 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.
- 22.2 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.

- 22.3 The introduction of the Education Act 2005 has changed the procedure for the setting of schools budgets. The Act has introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 22.4 The Schools Finance (England) Regulations 2005 introduced under the provisions of the new Section 45AA of the School Standards and Framework Act 1998, place a requirement on the LEA to determine schools budgets by the 31st March. Notice of a schools determination must be given to maintained schools governing bodies. Contained within the regulations is a designated procedure that allows the LEA to predetermine the schools budget and the individual schools budget. There is also a provision allowing amendment to the determination, but any reduction in budget can only be proportionate to any reduction in the dedicated schools grant that has been received.
- 22.5 Executive is being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education Portfolio Holder.
- 22.6 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 and the recent introduction of the Adult Social Care precept.
- 22.7 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 2016/17 Council Tax report to be reported to the February meeting of the Executive.

23. CONCLUSION

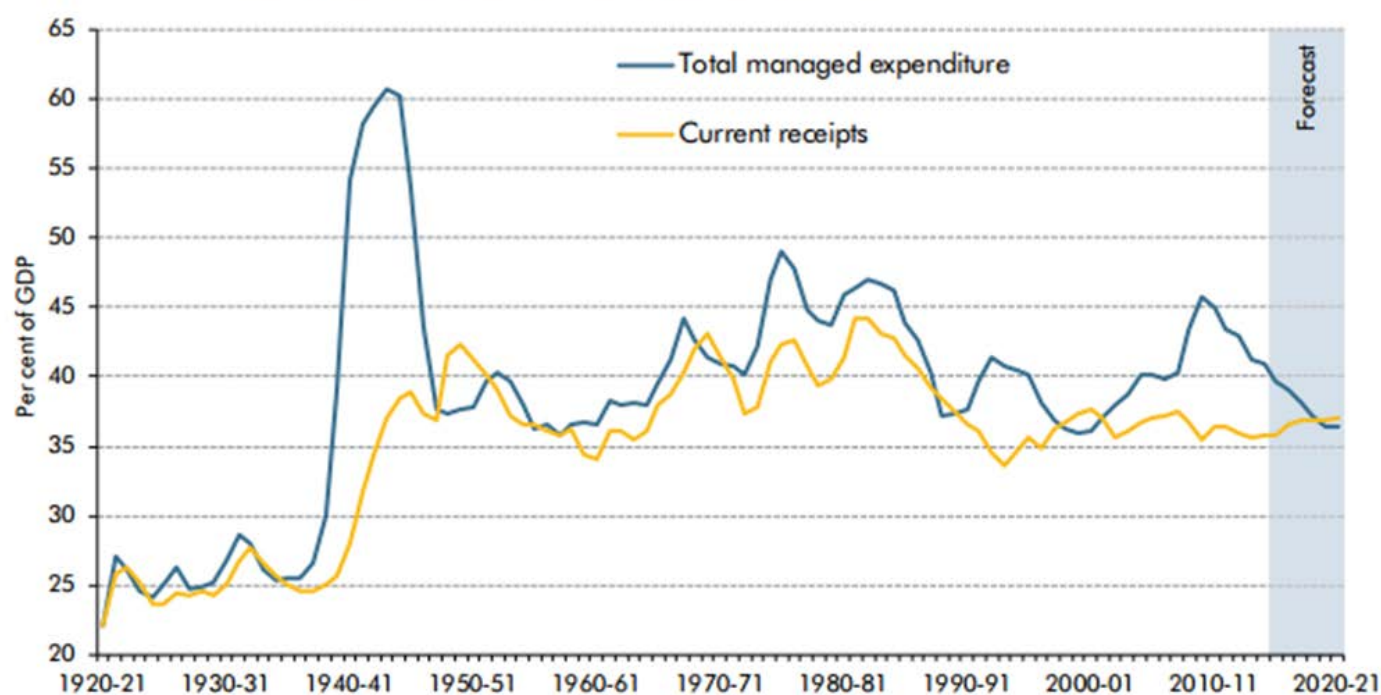
- 23.1 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Council tax has been kept low and the proposals include identifying investment resources (new homes bonus) to meet the “sustainability” 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. 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, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. It is important to consider actions now that address the “budget gap” in the medium term.

Background documents	<p>Council Tax Support/Reduction 2016/17, Executive, 2nd December 2015</p> <p>Capital Programme Monitoring – 2nd Quarter 2015/16, Executive, 2nd December 2015</p> <p>Budget Monitoring 2015/16, Executive, 2nd December 2015</p> <p>Effect of De-Regulation Act on CCTV Parking and Bus Lane Enforcement, Executive, 2nd December 2015</p> <p>Residential Property Acquisition, Executive, 2nd December 2015</p> <p>Investment Proposal, Executive, 2nd December 2015</p> <p>Treasury Management – Investment Strategy Review and Q2 Performance and Mid-Year Review, E&R PDS Committee, 26th November 2015</p> <p>Provisional Final Accounts 2014/15, Executive, 10th June 2015</p> <p>2015/16 Council Tax, Executive 11th February 2015</p> <p>Draft 2015/16 Budget and Update on Council’s Financial Strategy 2016/17 to 2018/19, Executive, 14th January 2015</p> <p>Care Act 2014 Impact, Care Services PDS Committee, October 2014</p> <p>Adult Social Care – Impact of the Care Bill and Future NHS Funding, Executive, November 2013</p>
Financial Considerations	<p>Covered within overall report</p>

Update on Economic Situation which can impact on Public Finances

1. The overall national debt stands at £1.6 trillion. The 2015 Spending Review identified that the public sector net borrowing is expected to be £73.5bn this year which is planned to reduce to a surplus of £10.1bn from 2019/20 based on the national measures proposed. Debt as a % of GDP to fall from 83.1% in 2014/15 to 71.3% by 2019/20. The annual deficit (gap between total expenditure and managed receipts) is shown in the chart below:

Total public sector spending and receipts



Source: Bank of England, ONS, OBR

2. There remains positive news on the economy and since 2010 no G7 economy has grown faster than Britain. Monies saved from lower debt interest payments and improvements in expected tax revenues have provided additional monies of £27bn over the spending review period. The fiscal squeeze is to continue. With ongoing protection of health, overseas aid, education and recently police and other security services, the disproportionate cuts in direct funding to local government will continue over the spending review period.
3. The most significant issues that impact on local government funding from central government are the plans relating to DCLG Resource Departmental Expenditure Limits (RDEL). The reductions compared with the previous year are -16.5% in 2016/17, -22.9% in 2017/18, -17.6% in 2018/19, -11.5% in 2019/20. This results in a real reduction including the impact of inflation of 56%.
4. However, the Government view the new flexibilities such as the future growth forecasts from business rates (to be fully devolved to local government by 2019/20), scope to raise a 2% increase in council tax (social care precept) and the ongoing ability to increase council tax as methods which can significantly mitigate the impact of grant reductions.

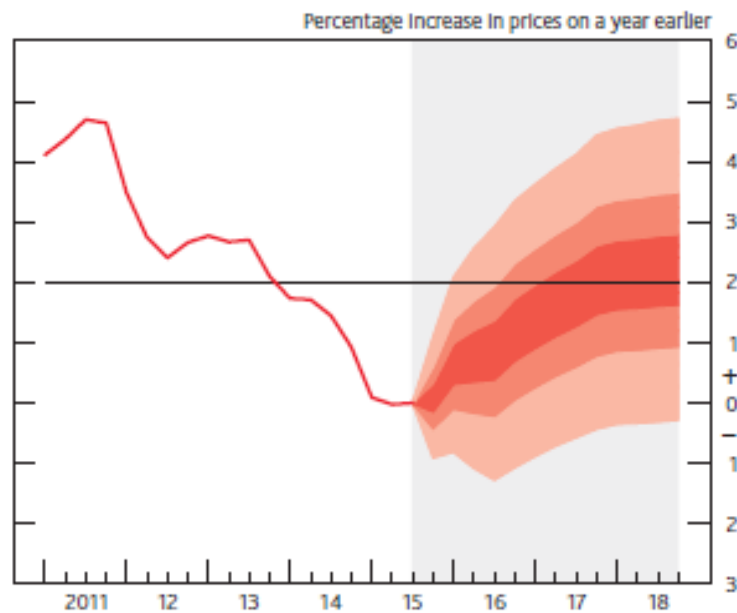
- The Bank of England's inflation report (November 2015) provides the following Gross Domestic Product (GDP) projections.

The Office for Budget Responsibility estimates that the UK economy is expected to grow by 2.4% per annum and stabilise at 2.3% per annum by 2019/20.

- Inflation (CPI) is expected to be below target at 0.1% in 2015/16, 1.0% in 2016/17, 1.8% in 2017/18, 1.9% in 2018/19 rising to 2.0% by 2019/20.

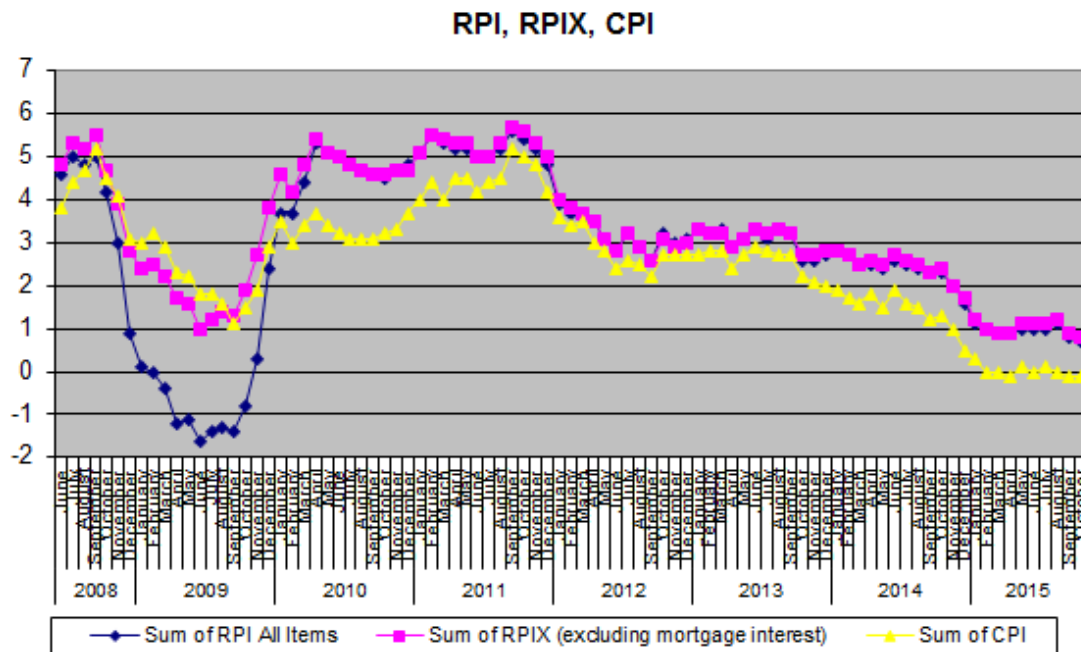
Inflation (RPI) is expected to be 1.0% in 2015/16, 2.0% in 2016/17, 2.9% in 2017/18, 3.2% in 2018/19 and 3.2% in 2019/20.

The Bank of England's inflation report (November 2015) provides the following projections for CPI inflation:



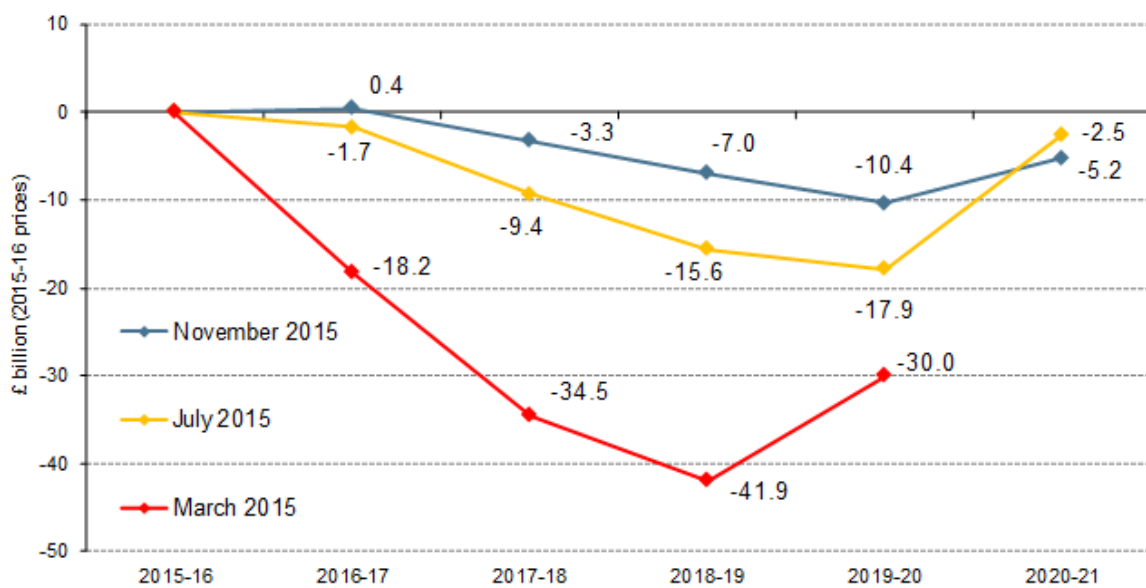
- Inflation remains below the Bank of England target of 2% - inflation has previously remained above the target since the end of 2009 until the end of 2013. Inflation has continued to fall since the end of 2013 due to the reduction in oil prices (expected to be short term initially but continue to remain low), impact of higher exchange rates for sterling and moderate pay growth. The Bank Of England are now expecting the 2% inflation target (CPI which is normally lower than RPIX) to be above target by 2018. 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 2016/17 Budget assumes contract price increases of 1.2% which compares with the existing RPIX of 0.8%. Contract price increases of 1.8% have been assumed for 2017/18 rising to 2% per annum from 2018/19.

Details of inflation movements over the last 7 years are shown below:



8. Although the national financial position has improved when the Chancellor considered the Spending Review and Autumn Statement 2015 some commentators believe that the situation could deteriorate over the next four years and further changes may be necessary. A comparison of changes in real Resources Departmental Expenditure Limits (RDEL) are shown below:

Chart 4.5: Change in real RDEL from 2015-16

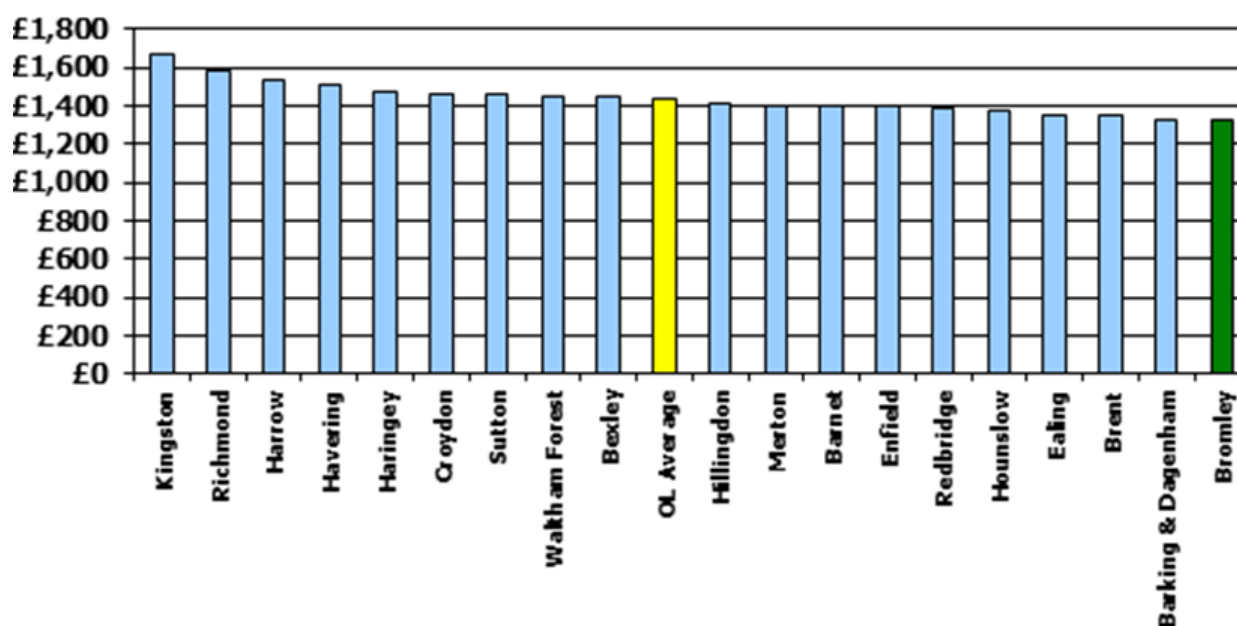


Source: OBR

Council Tax Levels, Government Funding and Spend Levels

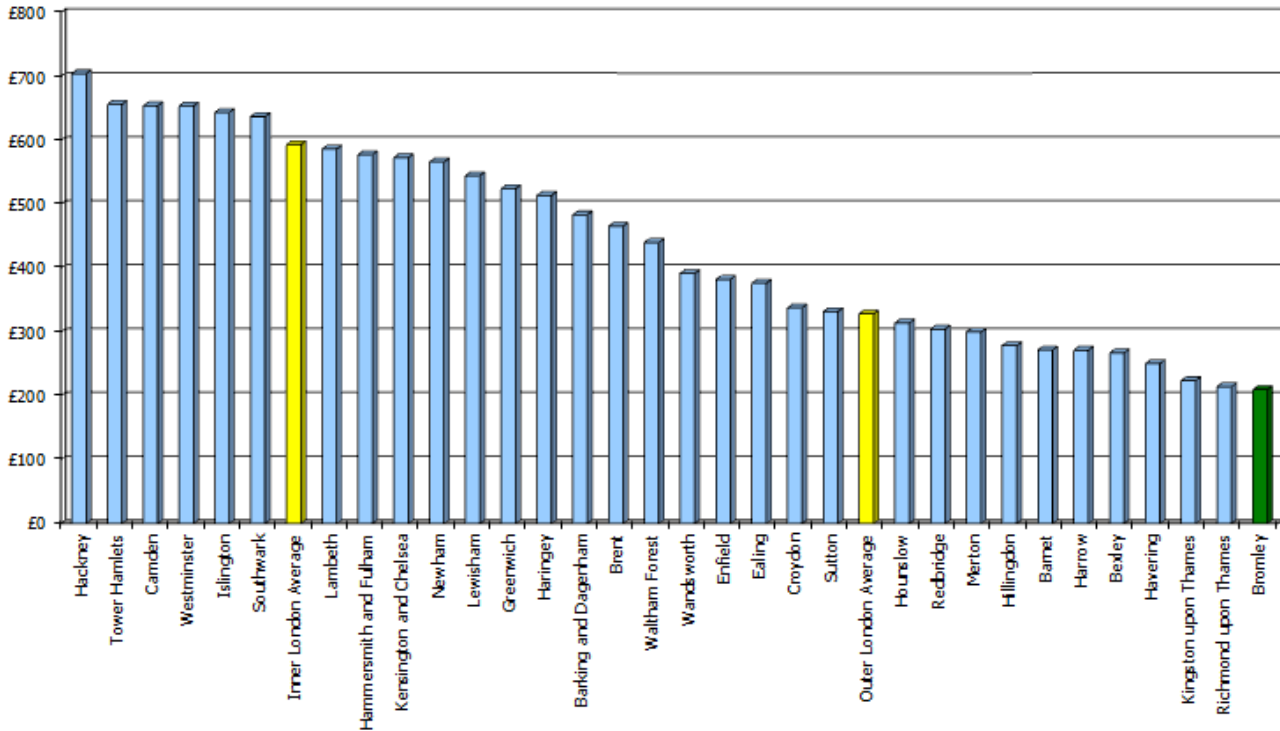
1. Historically, the council has been able to balance service pressures, whilst receiving low Formula Grant increases due to the large increase in specific grant for social care services and education up to 2006/07. This trend has been reversed since 2007/08. The situation is worsened with the Council 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 2015/16
(based on ONS Categories)**



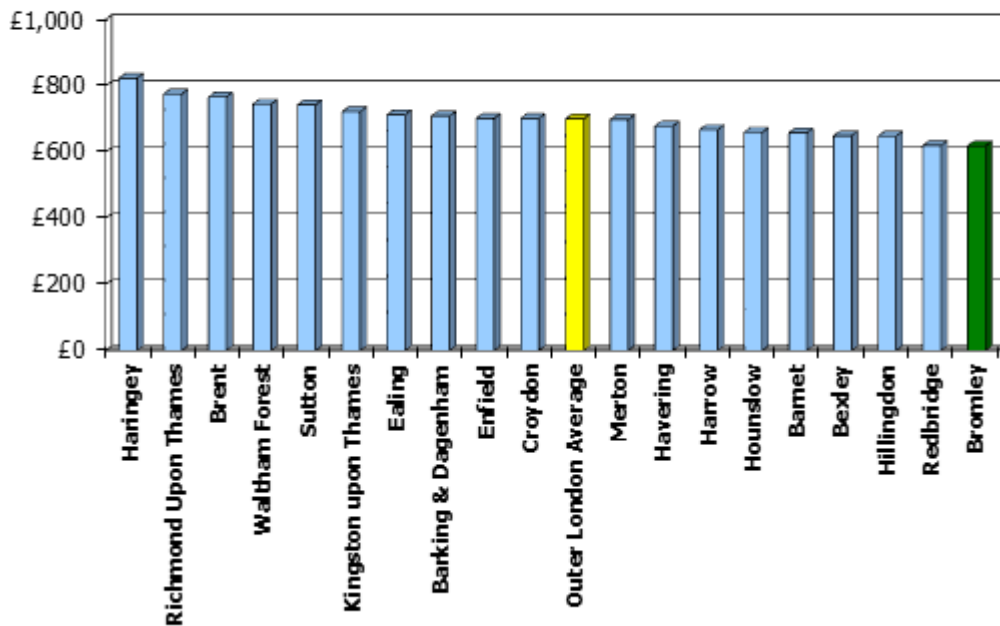
4. Most other low Grant boroughs have responded to low Government funding by setting substantially higher Council tax levels than Bromley, in some cases amongst the highest in London. If Bromley’s council tax was the average for the 6 other low grant funded authorities, or received the average grant funding for London, its annual income would increase by £25m and £73m respectively.

Whole of London Funding per Head 2015/16



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.
6. 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 2015/16



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.

1. Spending Review and Autumn Statement 2015 and Provisional 2016/17 Local Government Financial Settlement

1.1 The key changes, impacting on Bromley, are shown below.

1.1.1 From a financial planning point of view there remains significant austerity cuts planned over the next 4 years (56% reduction in real terms to the Local Government Resource DEL) but there are new flexibilities/opportunities provided to help partly mitigate against the impact of such grant losses. The Chancellor repeated the aims of devolution, as part of the Spending Review, which includes transforming 'local government, enabling it to be self-sufficient by the end of the Parliament'

1.1.2 Council Tax

- The Council Tax referendum threshold for 2016/17 remains at 2% (it was 2% in 2015/16);
- Council tax freeze grant will cease from 2016/17;
- Adult Social Care Precept – flexibility expected to enable additional funding to be raised to prevent further reductions in social care spend. There can be a council tax precept of 2% to specifically fund adult social care (a 2% increase in council tax equates to £2.6m additional income per annum). The Government recognises that the precept can also include, for example, the additional cost of the new Living Wage – the precept for social care is not affected by the council tax referendum limit.

1.2 Social Care and Health

- Better Care Fund Settlement will be after local government finance settlement which is now expected on 16th December. Additional funding of £1.5bn for Better Care Fund by 2019/20 (equates to about £4.5m for Bromley, based on formula considering the Council's tax raising income) will be back-loaded and it will be paid direct to local authorities. The first year of additional funding commences in 2017/18. A significant element of funding will come from reductions in new homes bonus which will explain why most of the funding will be provided at the end of the spending review period. Details of Better Care Fund for 2016/17 is still awaited at time of writing this report;
- In terms of the current Better Care Fund from 2016/17 and whether it will take into account the additional funding from NHS (£6bn in 2016/17 rising to £10bn by 2019/20) will depend on the decisions made by NHS England (with CCGs) on how the money is distributed – that meeting will be a few days after local government finance settlement.
- For planning purposes we can assume that the 2016/17 Better Care Fund will be at least the same as the 2015/16 funding.
- Providing NHS England with £6bn per annum in 2016/17 rising to £10bn per annum in real terms by 2020/21, compared with 2014/15 – the Government still expects the NHS to deliver the previously planned £22bn efficiency savings as part of NHS Five Year Forward View;
- The Government will integrate health and social care across the country by 2020 and requires every part of the country to have a plan in place by 2017 for full implementation by 2020;
- The 'capping of care costs' (Dilnot Review) which was deferred previously will be implemented from 2020/21;

- The Government will shortly consult with local authorities with social care responsibilities to provide fairer funding through the local government finance system.
- The Government is expected to make real terms savings of 3.9% per annum over the next 5 years in public health funding and ring fence funding will continue from 2016/17 and 2017/18
- The Troubled Families Programme will continue (details of current scheme will be reported to Executive on 2nd December 2015).

1.3 Funding Settlement

- The Council has received a four year provisional settlement ;
- The methodology used for councils receiving grant reductions will add more weighting to the council tax base of councils (Bromley will receive a higher proportion (%age) of cuts to reflect this);
- This translates to a reduction in the Council's Settlement Funding Assessment of 48.5% by 2019/20 compared with the England average of 31.8%. In real terms the reduction equates to 52.2%.
- Business Rate Devolution - the Government will consult on the reforms in 2016 and will include the transfer of TfL capital funding (matter for GLA), public health and housing benefit administration grant and potentially responsibility for attendance allowances. There will be a form of equalization to make the changes fiscally neutral. The Government's long term review of business rates will be reported with the Chancellor's March 2016 Budget;
- Local authorities will be able to spend proceeds from asset disposals on reform projects (changes to enable use of capital receipts for funding one off revenue spend).

1.4 New Homes Bonus

- New Homes Bonus – the Government is considering moving to four year funding (currently receive funding over 6 years for each additional occupied home) and considering more targeted/reward driven use;
- New Homes Bonus – funding to be cut by 2/3rds i.e. £800m out of £1.2bn (2/3rd to be used towards £1.5bn Better Care Funding). "Some alternative funding has been provided through the top-slicing' of Revenue Support Grant;
- Targeted/reward driven to include reduced funding for new homes where planning lost on appeal and future funding only provided where local authorities achieve or exceed potential targets for additional homes. Significant impact on Bromley;
- Phasing from old funding arrangements to new funding arrangements over spending review period.

1.5 Welfare Reforms

- Capping of the amount of housing benefit in the social sector to Local Housing Allowance Rates – in some cases housing association rents exceed the Local Housing Allowances and in such cases the additional element will no longer be eligible for housing benefit – the aim is to put downward pressure on rents but it could cause rent arrears difficulties leading to pressure in the longer term on homelessness budgets. This applies to new tenancies from April 2016 with housing benefit entitlement changing from April 2018;
- Ending of management fee for temporary accommodation from 2017/18 – the Council receives over £1m in housing benefit grant as a contribution towards the higher rents of temporary accommodation. This is likely to result in a significant loss of income although the Government have indicated that some devolved funding will be provided;

- Planned changes to tax credits will not proceed but ultimately will be implemented on a phased basis through the Universal Credit changes;
- Additional Discretionary Housing Funding will be made available to local authorities.

1.6 Schools

- Schools funding will be protected in real terms over the spending review period;
- The Government plan to make savings of around £600m from Education Services grant and supporting schools to realise efficiencies – effectively this will be a cut in Education Services Grant;
- A new national funding formula will be introduced from 2017/18;
- Funding for core adult skills will be cash protected;
- £23bn of capital investment for schools ;
- Funding for universal free school meals will continue.

1.7 Other key Changes

- As part of promoting further devolution the Government will deliver its commitment to a £12bn Local Growth Fund between 2015/16 and 2020/21;
- 400,000 affordable homes will be started by 2020/21. This will include 135,000 ‘help to buy’ homes, 200,000 starter homes (20% discount to market value) and 65,000 other homes;
- Extension of Right to Buy for Housing Association tenants was reaffirmed;
- Implement changes to planning system to speed up housing supply;
- Provision of £250m over the next five years to tackle potholes;
- The Government will strengthen communities’ rights to reclaim land and property held by a local authority to further encourage local authorities to release surplus assets;
- There will be a new apprenticeship levy from April 2017 and all large public sector employers will be required to pay this levy;
- The Government will progress with the creation of 6 British Wealth Funds (pooled pension investment funds) , containing at least £25bn of Scheme assets each – the funding of deficits and asset allocation will stay with individual administering authorities. A consultation paper is being issued separately.

FINANCIAL FORECAST 2016/17 TO 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2015/16 (before funding from Formula Grant)	196,281	196,281	196,281	196,281	196,281
Formula Grant and Business Rate Share	-67,380	-67,380	-67,380	-67,380	-67,380
	128,901	128,901	128,901	128,901	128,901
Increased costs (1.2% per annum rising to 2% from 2018/19)		2,632	7,363	11,991	16,614
Net reduction in core funding (includes estimates of the impact of Care Act Funding and other core grants)		13,348	23,048	28,548	33,948
Impact of revised Treasury Management Strategy - Interest on Balances		-600	-600	-600	-600
Potential impact of Living Wage announced in Chancellors Summer Budget 2015 e.g. further changes on welfare reform, new living wage etc.		4,250	8,000	10,750	13,500
Increase in cost of homelessness to reflect cuts in Welfare spending announced in Chancellor's Provision in Council's Central Contingency sum not required		-1,848	-1,848	-1,848	-1,848
Increase in council tax base		-670	-670	-670	-670
Additional income from business rate share to reflect new developments in borough		-200	-200	-200	-200
Reductions in Government Funding - Public Health (provisional estimate)		1,266	1,641	2,051	2,461
		2,198	6,323	9,483	12,643
Real Changes and other Variations (see Appendix 5)					
Education, Care and Health Services (mainly homelessness)		1,603	2,303	3,003	3,703
Environment		106	600	1,103	1,612
Renewal and Recreation		22	44	67	90
Other (mainly council wide)		-859	-871	-133	-735
Provision for future years cost pressures not included above		0	500	1,000	1,500
Sub total - real changes and variations		872	2,576	5,040	6,170
<i>New Homes Bonus (assumes top slice reduction by GLA cease in 2016/17)</i>		-7,300	-7,300	-3,250	-2,500
<i>Contribution to Investment Fund</i>		7,300	7,300	3,250	2,500
		0	0	0	0
Collection Fund Surplus 2014/15		-4,912	0	0	0
Fall out of previous years collection fund surplus used to support 2015/16 Budget		5,264	5,264	5,264	5,264
Collection Fund surplus set aside as one off support towards meeting the funding shortfall in 2018/19		4,912	0	-4,912	0
Remaining Sum to be met from Council Tax/Budget Options		153,215	173,475	184,315	203,540
Full year effect of savings agreed as part of 2015/16 Budget		-2,870	-2,915	-2,915	-2,915
Acquisition of residential properties to accommodate the homeless (Executive 2nd December 2015)		-457	-1,450	-2,408	-2,890
"Gifting" of residential properties investment to pension fund (Executive 2nd December 2015)		0	-1,700	-1,700	-1,700
Proposed Savings (see Appendix 6)		-15,074	-18,182	-19,067	-19,160
		-18,401	-24,247	-26,090	-26,665
Increase in council tax (assume 1.99% per annum) *		-2,592	-5,235	-7,931	-10,523
2015/16 Council Tax Income	-128,901	-128,901	-128,901	-128,901	-128,901
Remaining "Budget Gap"	0	3,321	15,092	21,393	37,451
Impact of Adult Social Care Precept (assume 2% per annum) *		-2,605	-5,262	-7,972	-10,736
Remaining "Budget Gap"		716	9,830	13,421	26,715

* Included for illustrative purposes. Any decision on council tax and adult social care precept levels will be part of the annual council tax setting meeting.

FINANCIAL FORECAST 2016/17 TO 2019/20
SUMMARY OF REAL CHANGES

	Budget				
	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Education, Care and Health Services					
Increase in cost of homelessness/impact of welfare reforms	6,635	300	1,000	1,700	2400
SEN transport	3,655	73	148	224	301
Offset by invest to save initiatives	3,655	-73	-148	-224	-301
Impact of changes to adult education (including in year {2015/16} impact of loss of grant)		382	382	382	382
Reduction in rate of conversion of schools to academies compared with budget assumptions		921	921	921	921
Total real changes ECS		1,603	2,303	3,003	3,703
Environment					
Absorption of inflation increases for PCNs	-4,116	56	112	170	228
Increase in car park charges exceeding 2015/16 Budget assumptions @		-160	-160	-160	-160
Absorption of inflation increases for parking fee income	-7,237	123	248	375	505
		19	200	385	573
Other cost pressures/ growth					
Waste					
- Increase in land tax above inflation	3,164	16	32	48	64
- Increase in refuse/recycling collection to reflect additional units	7,393	40	80	120	160
- Increase in refuse/recycling disposal to reflect additional units	12,234	64	128	192	256
- Decrease in paper income from fall in projected tonnages	-824	113	163	178	193
- Growth in tonnage	9,070	54	197	380	566
- Estimated reduction in balance held in contingency	300	-200	-200	-200	-200
Sub total (waste)		87	400	718	1,039
Total real changes (Environment)		106	600	1,103	1,612
Renewal and Recreation					
Absorption of inflation for statutory planning fees	-1,292	22	44	67	90
OTHER VARIATIONS (MAINLY COUNCIL WIDE)					
Other net cost pressures/ growth					
Cost of local elections in 2018/19	0	0	0	500	0
HR/Finance - Impact of Academy Conversions	110	-69	-85	-85	-85
Freedom passes					
- extra cost of London Overground and National Rail based on actual usage and other changes	10,540	678	832	1070	1200
Removal of contracted out national insurance from 2016/17		982	982	982	982
Full year savings from Mytime negotiations approved by Executive		0	0	0	-232
Provision for inflation in 2015/16 central contingency sum no longer required		-1,300	-1,300	-1,300	-1,300
Release of provisions for loss of income from De-regulation Act to reflect outcome of options reported to Executive on 2nd December		-1,000	-1,000	-1,000	-1,000
Essential Users Car Allowances		-150	-300	-300	-300
Total real changes (mainly council wide)		-859	-871	-133	-735
Provision for future years cost pressures not included above		0	500	1,000	1,500
TOTAL		872	2,576	5,040	6,170

@ Car park charges have been increased to reflect a four year planning period

DRAFT SAVINGS LIST - LATEST OPTIONS		2015/16	2016/17	2017/18	2018/19	2019/20	NOTES
		£'000	£'000	£'000	£'000	£'000	
		Controllable Budgets					
Proposals considered by Cabinet - Portfolio Savings							
Education			0	0	0	0	
Care Services							
Care Services - Adult Social Care							
1	LD Day Care/Supported Living/Short Breaks	4,035	-200	-200	-200	-200	Contract award to Certitude wef 1.10.15
2	Contract awards and price negotiations		-430	-430	-430	-430	Contract awards at the end of 2014/15 have resulted in lower on going contract costs
3	Adult's Transport Service	1,852	-243	-243	-243	-243	Contract efficiencies
4	Closure of Lubbock House ECH unit	1,213	-70	-70	-70	-70	This relates to the net full year effect of the saving from the closure of Lubbock House ECH scheme.
5	Commissioning - Further contract savings		-280	-280	-280	-280	Ongoing effect of contract efficiencies already achieved in early intervention/prevention contracts
6	Mental Health	6,514	-180	-180	-180	-180	Ongoing effect of efficiencies already achieved
7	Supporting People	1,413	-120	-120	-120	-120	Ongoing effect of efficiencies already achieved
8	Day Opportunities - continuation of invest to save	944	-100	-100	-100	-100	Invest to save. Report number CS12067 - 6/2/2013
9	In-house Extra Care Housing / Carelink	1,279	-40	-40	-40	-40	Review of services to achieve savings
10	Supported Living contracts	11,001	-100	-100	-100	-100	Ongoing effect of contract efficiencies already achieved
11	Adult Learning Disabilities Services	24,694	-1,390	-1,900	-1,900	-1,900	Managing placements/contract renegotiation/early intervention/asset based assessment and management of voids in supported living schemes.
12	Review of Domiciliary Care packages for Older People (OP) and People with Physical disabilities (PD)	5,143	-600	-600	-600	-600	We will continue to review POC to users and ensure they get the support they need.
13	Reablement - recruit to vacant facilitator posts / ensure all service users suitable for reablement are referred to the service	4,902	-250	-250	-250	-250	We are currently in the process of making job offers to 3 successful candidates, when in post it will enable us to offer reablement to more people in their homes
14	Review of respite provision (OP and PD)	174	-50	-100	-100	-100	We will continue to review all POC to ensure residents get the support that they need.
15	Focus on management of ECH voids re residential nursing placements	10,758	-334	-334	-334	-334	We will focus on ECH to so that robust scrutiny continues with placements, so that residents can get get the support they need.
16	Review all service users aged above 65 whose placements are above the ceiling rates	13,635	-380	-380	-380	-380	We will review POC to make sure that users are receiving the care that they need and LBB are getting value for money.
17	Review of service users needing Appointeeship & Deputyship	10,758	-60	-60	-60	-60	ACM will work with our A&D Team to ensure residents get the support they need
18	Increased income from Day Care and Transport	-3,991	-200	-200	-200	-200	Some Day Care previously charged at a flat rate when in a block contract are now in spot placements. These can now be charged at the full cost recovery rates. Charging a small contribution for transport. Both will need to be consulted on
19	Additional recurring underspends - Commissioning		-20	-20	-20	-20	Various savings within Commissioning
20	Additional charging income generated by legislative changes	-3,991	-503	-503	-503	-503	Maximisation of income
21	Better Care Fund Grant	-20,837	-1,000	-1,000	-1,000	-1,000	Maximisation of investment for social care services which benefit health
22	Invest to save - reablement	4,902	-150	-150	-250	-250	Impact of further investment in reablement
23	Supporting People - Increased efficiencies	1,413	-250	-250	-250	-250	Review of service levels in floating support and young peoples schemes
24	Further savings to be identified through efficiencies		-500	-1,000	-1,000	-1,000	
25	Better Care Fund - increase in negotiated funding of social care		-200	-200	-200	-200	
Total Care Services - Adult Social Care			-7,650	-8,710	-8,810	-8,810	
Care Services - Children's Social Care							
26	Reduce overall net cost of Placements through efficiencies and obtaining health income. Currently 33 Residential and 345 Fostering placements	11,964	-500	-500	-500	-500	Discussions in progress with the CCG
27	Savings from remand placements (LAPSO). Service has operated for two years (achievable)	498	-250	-250	-250	-250	Achieved
28	Review of fostering arrangements	3,343	-119	-119	-119	-119	Work in progress
29	Management Savings/Restructure - Care & Resources	13,775	-160	-160	-160	-160	Subject to formal staff and Trade Union consultation
30	Children with Disabilities	2,379	-120	-120	-120	-120	Review of Short Breaks and Direct Payments
31	Section 17 - Preventative Payments (Children's Act - Provision of services for children in need, their families and others)	124	-25	-25	-25	-25	Underspend achieved in recent years
32	Section 18 - Children's Act - Day care for pre-school and other children	72	-25	-25	-25	-25	Underspend achieved in recent years.
33	Full year saving of 2 residential placements (currently 33 residential placements)	5,497	-250	-250	-250	-250	Increase support to foster care
34	Virtual School efficiencies	360	-75	-75	-75	-75	General efficiencies
Total Care Services - Children's Social Care			-1,524	-1,524	-1,524	-1,524	
Public Health							
35	Sexual Health	3,630	-104	-104	-104	-104	Reduction in GP activity (contraception and sexually transmitted infections testing), cessation of targeted outreach service and HIV support.
36	NHS Health Checks	739	-126	-126	-126	-126	Reduction in GP activity
37	Health Protection	7	-7	-7	-7	-7	General efficiencies
38	Childhood Obesity Programme	308		-188	-188	-188	Cessation of childhood obesity programme
39	Adult Obesity Programme	59	-59	-59	-59	-59	Cessation of adult weight management programme for very high risk patients
40	Physical Activity	30	-30	-30	-30	-30	Cessation of exercise referral scheme
41	Substance Misuse	2,266	-420	-420	-420	-420	Reduction in service

DRAFT SAVINGS LIST - LATEST OPTIONS		2015/16	2016/17	2017/18	2018/19	2019/20	NOTES
		£'000	£'000	£'000	£'000	£'000	
		Controllable Budgets					
42	Smoking and Tobacco	727	0	-726	-726	-726	Cessation of smoking cessation service
43	Miscellaneous Public Health Prog	204	-12	-202	-202	-202	Cessation of dental public health service in 16/17 and cessation of health improvement service (diabetes prevention, mental wellbeing) in 17/18
44	School Nursing		-958	-958	-958	-958	Alternative funding arrangements to be considered for 16/17 and stop direct funding from 17/18
45	Public Health Staff	836	-325	-325	-325	-325	Savings related to cessation of non-statutory services
46	Public Health Unallocable	-10,034	-36	-36	-36	-36	Savings related to cessation of non-statutory services
Total Public Health			-2,077	-3,181	-3,181	-3,181	
Public Protection and Safety			0	0	0	0	
Environment							
47	Additional parking Income - details to be confirmed		-350	-350	-350	-350	Removing under-utilised pay & display bays and introducing additional bays around shopping areas will increase turnover and availability of spaces where needed and raise an additional £220,000 income. Further work is required to confirm the impact of a similar expansion of pay & display parking around railway stations. This will be subject to a report to Environment PDS in February 2016. Members should note that each scheme will be subject to consultation with Ward members so full implementation will not be possible by 1st April 2016. Ward member views could also reduce the number of new P&D bays, reducing the impact of the scheme, including additional total income. There will also be additional one-off costs in year one for installation of P&D machines reducing the total projected income for 16/17 to £150k.
48	Reduce provision in graffiti and chewing gum removal contract (proposed that reduction in town centres to be undertaken by traders)		-60	-60	-60	-60	Cease funding for chewing gum removal in town centres and reduce capacity for proactive graffiti removal. It is expected that a reduction in proactive work will result in an increase in the number of reported reactive reports - expected to at least 50% of the current proactive SqM per annum.
		3,979					
49	Deletion of outstanding balance for cleansing contract in central contingency (replace by one off Environment Fund, value to be determined)		-60	-60	-60	-60	Deletion of the £60k would mean no contingency to fall back on if members' wished to increase frequency of st. cleansing currently provided for within the St. Cleansing contract.
50	Income generation - parks and greenspace		0	-50	-50	-50	Potential income from new activities in parks dependent on interest from the market. No agreement reached at this time.
51	Overachievement of savings on change in collection frequencies in regards to residual waste and recyclable materials		-250	-250	-250	-250	Additional savings were achieved through contract negotiation and a more cost effective way of procuring waste vehicles
52	Additional savings from closure of garden satellite sites (may be rephased to reflect a specific interim arrangement)		-20	-20	-20	-20	November PDS recommended the PH agree to the phased closure of GGW sites with a net cost of £29k (£49k IF THIS SAVING IS TAKEN)
53	Street Lighting - extend invest to save repayment period by 3 years		-353	-353	-353	-353	Extending the payback by 2 years to the end of 2021/22 will enable savings of £353k per annum from 2016/17, increasing to £528k from 2020/21. This is on the basis that maintenance budgets are protected at current levels to enable any emergency works to be completed during these years. It would not be possible to extend any further as the replacement budget is required to replace the remainder of the street columns from 2022/23 onwards.
Total Environment			-1,093	-1,143	-1,143	-1,143	
Renewal and Recreation							
Recreation							
54	Eliminate Churchill Theatre subsidy		-321	-321	-321	-321	The recent procurement of the provider for the Churchill Theatre resulted in an option with no subsidy which was agreed through the Executive
55	Commissioning of Libraries (savings represent 10% of budget)		0	-446	-446	-446	Subject to the outcome of tendering, this work stream is currently on programme and the outcome of the tendering exercise will be reported to committee in Autumn 2016 for a contract commencement of the 1st April 2017
Total Recreation			-321	-767	-767	-767	
Resources (including Chief Executive's)							
56	Operational Property		-20	-20	-20	-20	Efficiency savings
57	Facilities and Support		-116	-116	-116	-116	Will be considered along with the Total Facilities Management commissioning proposal. Mainly relates to staff savings and if taken will reduce the potential savings going forward. Proposals will be subject to formal staff and Trade Union consultation
58	Property Investment		-500	-500	-500	-500	
59	Office accommodation - site reconfiguration		0	0	-600	-600	Subject to Member decision

DRAFT SAVINGS LIST - LATEST OPTIONS		2015/16	2016/17	2017/18	2018/19	2019/20	NOTES
		£'000	£'000	£'000	£'000	£'000	
		Controllable					
		Budgets					
60	Resources (including Chief Executive's) Chief Executive's		-319	-319	-319	-319	Staff reductions and general efficiencies. Proposals will be subject to formal staff and Trade Union consultation
61	Retendering of IT contract (IT general £73k and Librares £46k)		-119	-119	-119	-119	
62	Continuation of Liberata contract for a further 2 years and investment of £200k to generate changes in debt management and customer portal	7,935		-448	-633	-726	Timeframe of Liberata contract is 7+2 years. The continuation for a further 2 years (after year 7/end March 2018) will provide the timescale for joint investment in a new debt management system and a new self service module for housing benefits (Capita Connect) which will generate full year savings of £430k after investment of £200k. Investment not included in savings. Further offer of contract price reduction of £100k.
63	Interest on balances		-650	-650	-650	-650	Additional income to reflect a higher risk approach including alternative investments with a five year timeframe
64	Increase in minimum contribution for council tax support		-685	-685	-685	-685	Represents and increase from 19% to 25%
	Total Resources		-2,409	-2,857	-3,642	-3,735	
	Total Savings to date		-15,074	-18,182	-19,067	-19,160	

SUMMARY OF DRAFT 2016/17 REVENUE BUDGET - PORTFOLIO

2015/16 Final Budget £'000	Portfolio/Item	2016/17 Draft Budget £'000
102,680	Education	90,013
Cr 97,556	Less costs funded through Dedicated Schools Grant	Cr 84,066
5,124	Sub total	5,947
102,794	Care Services	94,540
32,095	Environment	31,099
2,120	Public Protection and Safety	1,948
9,214	Renewal and Recreation	8,806
30,327	Resources	28,955
7,542	Non Distributed Costs & Corporate & Democratic Core	7,579
189,216	Total Controllable Budgets	178,874
20,980	Total Non Controllable Budgets	11,521
Cr 793	Total Excluded Recharges	Cr 793
209,403	Portfolio Total	189,602
Cr 19,698	Reversal of Net Capital Charges	Cr 10,203
Cr 2,741	Interest on General Fund Balances	Cr 3,491
4,400	Contribution to Economic Development & Investment Fund	7,300
Cr 2,964	Set Aside/Utilisation of Prior Year Collection Fund Surplus	4,912
14,003	Central Contingency Sum	16,671
	Levies	
475	- London Pension Fund Authority *	499
340	- London Boroughs Grants Committee	320
236	- Environment Agency *	248
376	- Lee Valley Regional Park *	395
203,830	Sub Total	206,253
Cr 67,380	Revenue Support Grant and Business Rate Retention	Cr 56,580
Cr 89	Local Services Support Grant	Cr 89
Cr 2,300	Collection Fund Surplus	Cr 4,912
Cr 4,400	New Homes Bonus	Cr 7,300
Cr 760	New Homes Bonus - London Top Slice	Cr 986
128,901	Bromley's Requirement (excluding GLA)	136,386

* Final allocations awaited

DRAFT REVENUE BUDGET 2016/17

	Education	Care Services	Environment	Public Protection and Safety	Renewal and Recreation	Resources	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	13,789	27,755	6,420	2,150	7,765	18,280	76,159
Premises	918	268	6,052	41	908	3,843	12,030
Transport	4,199	389	316	87	93	86	5,170
Supplies and Services	52,557	14,592	9,168	412	1,612	4,983	83,324
Third Party Payments	31,926	108,755	30,051	940	1,174	11,631	184,477
Transfer Payments	-	136,809	-	-	-	11,700	148,509
Income	Cr 98,993	Cr 193,730	Cr 19,102	Cr 739	Cr 3,036	Cr 13,514	Cr 329,114
Controllable Recharges	1,384	Cr 298	Cr 1,806	Cr 943	Cr 172	Cr 673	Cr 2,508
Capital Charges/Financing	167	-	-	-	462	198	827
Total Controllable Budgets	5,947	94,540	31,099	1,948	8,806	36,534	178,874
Capital Charges/Financing	3,962	Cr 652	4,471	-	1,580	842	10,203
Repairs, Maintenance & Insurance	236	342	1,287	6	859	Cr 1,412	1,318
Property Rental Income	-	Cr 266	Cr 459	-	Cr 86	811	
Not Directly Controllable Budgets	4,198	Cr 576	5,299	6	2,353	241	11,521
Recharges In	16,768	19,447	6,724	1,421	4,455	16,811	65,626
Total Cost of Service	26,913	113,411	43,122	3,375	15,614	53,586	256,021
Recharges Out	Cr 13,124	Cr 10,228	Cr 4,821	Cr 1,359	Cr 2,420	Cr 34,467	Cr 66,419
Total Net Budget	13,789	103,183	38,301	2,016	13,194	19,119	189,602

2016/17 CENTRAL CONTINGENCY SUM

£'000

Renewal and Recreation

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

Lead Local Flood Authorities grant related expenditure (LSSG)	213
Tackling Troubled Families Grant Expenditure	426
Tackling Troubled Families Grant Income	Cr 426
SEND Implementation Grant Expenditure	177
SEND Implementation Grant Income	Cr 177

General

Provision for Unallocated Inflation	2,792
Impact of Chancellor's Summer Budget 2015 on future costs	4,250
Increase in cost of homelessness/impact of welfare reforms	2,683
General provision for risk/uncertainty	2,193
Provision for risk/uncertainty relating to volume and cost pressure	1,432
Reduction of rate of conversion of schools to academies	921
Other assumed reductions in grant funding (details awaited)	500
Retained Welfare Fund	450
Further reduction in Public Health grant (not yet allocated at this stage)	347
Deprivation of Liberty	314
Increase in cost of Homelessness	300
Growth for waste services	267
Grants to voluntary organisations - pump priming funding	275
Other Provisions	341
Alternative Funding to be identified (Public Health)	Cr 958
Increase in C Tax Support from 19% to 25% - Cost of Collection	217
Acquisition of residential properties	Cr 457
Essential car users allowance	Cr 150
HR/Finance impact of academy conversions	Cr 69
Care Act - Provision for additional costs	750

 16,671

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 PORTFOLIO**DRAFT REVENUE BUDGET 2016/17 - SUMMARY**

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
	Education Division				
Cr 355,025	Adult Education Centres	Cr 601,430	0	399,540	Cr 201,890
202,474	Alternative Education and Welfare Service	264,090	520	Cr 17,270	247,340
276,218	Schools & Early Years Commissioning and QA	396,190	260	Cr 28,410	368,040
4,632,826	SEN and Inclusion	4,833,170	18,120	24,020	4,875,310
217,991	Strategic Place Planning	216,120	320	Cr 13,430	203,010
36,126	Workforce Development & Governor Services	3,760	80	1,580	5,420
Cr 2,418,937	Education Services Grant	Cr 2,128,000	0	400,000	Cr 1,728,000
Cr 1,494,315	Schools Budgets	Cr 1,501,360	0	36,830	Cr 1,464,530
139,203	Other Strategic Functions	132,710	Cr 10	24,110	156,810
0	Early Years	0	0	0	0
0	Primary Schools	0	1,400	Cr 1,400	0
0	Secondary Schools	0	0	0	0
0	Special Schools & Alternative Provision	Cr 8,300	0	8,300	0
1,236,561		1,606,950	20,690	833,870	2,461,510
	Childrens Social Care				
2,315,334	Bromley Youth Support Programme	1,473,330	1,070	Cr 58,550	1,415,850
2,302,507	Early Intervention Services	2,043,950	1,860	23,610	2,069,420
4,617,841		3,517,280	2,930	Cr 34,940	3,485,270
5,854,402		5,124,230	23,620	798,930	5,946,780
11,877,522	TOTAL NON CONTROLLABLE	9,277,780	830	Cr 5,081,340	4,197,270
3,609,759	TOTAL EXCLUDED RECHARGES	3,987,300	0	Cr 342,310	3,644,990
21,341,683	PORTFOLIO TOTAL	18,389,310	24,450	Cr 4,624,720	13,789,040

EDUCATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	18,389	
2	Increased Costs	24	
	Full Year Effect of Allocation of Central Contingency		
3	Adult Education	382	
	Real Changes		
	<i>Savings identified for 2016/17 as part of the 2015/16 Budget process</i>		
4	Bromley Youth Music Trust	Cr 76	76
5	Reorganisation of Early Years	Cr 30	296
6	Organisational efficiencies and management costs restructure	<u>4</u> Cr 102	
	<i>Other Real Changes:</i>		
7	Education Services Grant	400	
8	Increase in National Insurance contributions	<u>119</u>	519
9	Variations in Capital Charges	Cr 5,099	
10	Variations in Recharges	Cr 341	
11	Variations in Building Maintenance	Cr 6	
12	Variations in Insurances	23	
13	2016/17 DRAFT BUDGET	<u>13,789</u>	

EDUCATION PORTFOLIO

Notes on Budget Variations in 2016/17

Ref	Comments
	<u>Full Year Effect of Allocation of Central Contingency</u>
3	<u>Adult Education (Dr £382k)</u> A supplementary estimate was approved in December 2015 relating to the significant reduction in Skill Funding Agency funding over the past few years whilst officers are consulting on another restructure of the service.
	<u>Real Changes</u>
4	<u>Bromley Youth Music Trust (Cr £76k)</u> As part of the 2015/16 budget, a £230k saving was agreed relating to BYMT, with the funding to cease entirely for 2016/17, resulting in a further saving of £76k.
5	<u>Reorganisation of Early Years (Cr £30k)</u> This relates to the full year effect of the reorganisation of the service during 2015/16, which included charging an additional element to DSG.
6	<u>Organisational efficiencies and management costs restructure (Dr £4k)</u> Revised ECHS department senior management arrangements have been put in place and this is the effect on the Education Portfolio.
7	<u>Education Services Grant (Dr £400k)</u> This relates to the reduction in ESG income due to academy conversions during 2015/16.
8	<u>Increase in National Insurance contributions (Dr £119k)</u> With effect from 6th April 2016, contracted out rates for Defined Benefit pension schemes have been abolished. The cost of this for Portfolio is £119k
9	<u>Variations in Capital Charges (Cr £5,099k)</u> The variation on capital charges, etc is due to a combination of the following: (i) Depreciation – the impact of revaluations or asset disposals in 2014/15 (after the 2015/16 budget was agreed) and in the first half of 2015/16; (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2016/17 Capital Programme that do not add value to the Council's fixed asset base. (iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2016/17 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.
10	<u>Variations in Recharges (Cr £341k)</u> Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position.
11/12	<u>Variations in Building Maintenance and Insurances (Dr £17k)</u> The variation in building maintenance 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 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 2015/16 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). In addition, Insurance Premium Tax was increased from 6% to 9.5% in November 2015 and the full-year effect of this will be felt in 2016/17. All of the Council's insurance premium contracts are currently either being retendered or are being renegotiated and the current difficult market conditions mean that there may be significant premium increases, which could have a further impact on the 2016/17 budget figures.

**EDUCATION PORTFOLIO
DRAFT REVENUE BUDGET 2016/17 - 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	2,175,690	280,990	3,090	297,780	0	0	Cr 2,962,740	3,300	0	Cr 201,890	506,000	56,070	0	562,070	665,230	1,025,410	Cr 2,970	1,022,440	
Alternative Education and Welfare Service	389,650	0	20,590	288,460	146,390	0	Cr 113,130	Cr 484,620	0	247,340	0	600	0	600	157,700	405,640	Cr 405,640	0	
Schools & Early Years Commissioning and QA	1,467,300	63,430	20,090	423,380	15,195,530	0	Cr 527,780	Cr 16,273,910	0	368,040	0	24,120	0	24,120	519,990	912,150	Cr 912,150	0	
SEN and Inclusion	5,560,760	225,890	4,035,840	256,240	16,071,140	0	0	21,080	Cr 21,295,640	4,875,310	2,000	3,440	0	5,440	1,556,950	6,437,700	Cr 6,437,700	0	
Strategic Place Planning	520,800	0	65,100	54,590	0	0	Cr 10,000	Cr 427,480	0	203,010	0	1,230	0	1,230	167,820	372,060	Cr 372,060	0	
Workforce Development & Governor Services	82,390	0	610	45,940	23,810	0	Cr 78,950	Cr 68,380	0	5,420	0	30,130	0	30,130	37,400	72,950	Cr 72,950	0	
Education Services Grant	0	0	0	0	0	0	Cr 1,728,000	0	0	Cr 1,728,000	0	0	0	0	0	Cr 1,728,000	0	Cr 1,728,000	
Schools Budgets	0	0	0	0	0	0	Cr 90,474,670	89,010,140	0	Cr 1,464,530	0	0	0	0	1,383,110	Cr 81,420	0	Cr 81,420	
Other Strategic Functions	136,880	0	740	19,190	0	0	0	0	0	156,810	0	600	0	600	6,299,210	6,456,620	Cr 180,630	6,275,990	
Early Years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,101,240	1,101,240	Cr 434,020	667,220	
Primary Schools	106,950	0	0	33,359,850	0	0	44,840	Cr 33,595,150	83,510	0	1,610,000	25,840	0	1,635,840	2,051,330	3,687,170	Cr 2,076,870	1,610,300	
Secondary Schools	0	0	0	5,220,110	0	0	Cr 2,041,750	Cr 3,261,870	83,510	0	0	3,800	0	3,800	287,440	291,240	Cr 290,940	300	
Special Schools & Alternative Provision	0	0	0	12,270,370	0	0	Cr 48,110	Cr 12,222,260	0	0	1,761,000	8,330	0	1,769,330	1,847,760	3,617,090	Cr 1,856,090	1,761,000	
	10,440,420	570,310	4,146,060	52,235,910	31,436,870	0	Cr 97,919,210	1,384,130	167,020	2,461,510	3,879,000	154,160	0	4,033,160	16,075,180	22,569,850	Cr 13,042,020	9,527,830	
Childrens Social Care																			
Bromley Youth Support Programme	1,773,490	159,100	44,530	208,940	136,190	0	Cr 877,060	Cr 29,340	0	1,415,850	52,000	73,720	Cr 350	125,370	419,650	1,960,870	Cr 65,760	1,895,110	
Early Intervention Services	1,575,220	189,050	8,150	112,000	352,730	0	Cr 196,620	28,890	0	2,069,420	31,000	7,740	0	38,740	273,380	2,381,540	Cr 15,440	2,366,100	
	3,348,710	348,150	52,680	320,940	488,920	0	Cr 1,073,680	Cr 450	0	3,485,270	83,000	81,460	Cr 350	164,110	693,030	4,342,410	Cr 81,200	4,261,210	
	13,789,130	918,460	4,198,740	52,556,850	31,925,790	0	Cr 98,992,890	1,383,680	167,020	5,946,780	3,962,000	235,620	Cr 350	4,197,270	16,768,210	26,912,260	Cr 13,123,220	13,789,040	

Care Services

DRAFT REVENUE BUDGET 2016/17 - SUMMARY

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
	Adult Social Care				
89	AIDS-HIV Grant	0	0	0	0
26,788,103	Assessment and Care Management	24,656,740	121,190	Cr 2,252,700	22,525,230
3,378,683	Direct Services	3,200,050	7,320	Cr 1,929,120	1,278,250
1,948,718	Learning Disabilities Day and Short Breaks Service	1,952,730	0	Cr 1,952,730	0
2,528,793	Learning Disabilities Care Management	2,852,490	14,690	83,980	2,951,160
1,335,615	Learning Disabilities Housing & Support	1,249,690	0	Cr 1,249,690	0
35,980,001		33,911,700	143,200	Cr 7,300,260	26,754,640
	Childrens Social Care				
17,077,556	Care and Resources	17,357,580	70,160	Cr 1,326,570	16,101,170
2,101,720	Children's Disability Services	2,378,640	7,780	Cr 146,100	2,240,320
1,172,473	Early Intervention and Family Support	1,149,390	2,830	Cr 194,600	957,620
5,553,869	Safeguarding and Care Planning	5,518,970	7,000	45,920	5,571,890
1,878,765	Safeguarding and Quality Assurance	1,482,460	820	62,330	1,545,610
27,784,382		27,887,040	88,590	Cr 1,559,020	26,416,610
	Commissioning				
0	Better Care Fund	Cr 150,890	0	0	Cr 150,890
3,101,185	Commissioning	2,747,960	6,000	67,670	2,821,630
1,199,012	Information & Early Intervention	0	6,140	Cr 6,140	0
24,053,719	Learning Disabilities Services	24,693,850	145,830	1,111,350	25,951,030
5,764,752	Mental Health Services	6,513,820	31,220	Cr 615,650	5,929,390
Cr 681,395	PCT Funding (Social Care & Health)	0	0	0	0
1,779,456	Supporting People	1,413,470	7,060	Cr 370,000	1,050,530
35,216,729		35,218,210	196,250	187,230	35,601,690
	Environmental Services - Housing				
168,824	Housing Improvement	184,730	Cr 630	5,800	189,900
168,824		184,730	Cr 630	5,800	189,900
	Operational Housing				
Cr 716	Enabling Activities	Cr 900	0	0	Cr 900
Cr 1,594,155	Housing Benefits	Cr 2,122,490	Cr 10,610	0	Cr 2,133,100
5,683,236	Housing Needs	5,638,790	20,890	676,580	6,336,260
4,088,365		3,515,400	10,280	676,580	4,202,260
	Strategic and Business Support Service				
297,748	Learning & Development	305,040	1,510	1,110	307,660
1,807,563	Strategic and Business Support Service	2,143,380	2,880	Cr 707,080	1,439,180
2,105,311		2,448,420	4,390	Cr 705,970	1,746,840
Cr 363,929	Public Health	Cr 371,650	0	0	Cr 371,650
104,979,682		102,793,850	442,080	Cr 8,695,640	94,540,290
1,479,513	TOTAL NON CONTROLLABLE	Cr 222,290	110	Cr 353,840	Cr 576,020
10,761,978	TOTAL EXCLUDED RECHARGES	9,733,200	0	Cr 514,510	9,218,690
117,221,174	PORTFOLIO TOTAL	112,304,760	442,190	Cr 9,563,990	103,182,960

CARE SERVICES PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	112,305	
2	Increased Costs	442	
	Full Year Effect of Allocation of Central Contingency		
3	Increase in Public Health Grant	Cr 3,802	Cr 12,954
	Health Visiting and Family Nurse Partnership	3,802	0
4	Transfer of Housing Strategy	31	
5	LD Day Care, Supported Living and Short Breaks contract - pensions costs	66	
6	Increase in cost of Homelessness/Impact of welfare reform	649	
7	Reduction in Public Health Grant 15/16	<u>919</u>	1,665 Cr 12,954
	Movement Between Portfolios / Departments / Divisions		
8	Customer services invest to save	Cr 76	
9	Transport - virement to ECS	<u>Cr 159</u>	Cr 235
	Real Changes		
	<i>Other Real Changes</i>		
10	National Insurance increase with effect from April 2016		385
	<i>Savings identified for 2016/17 as part of the 2015/16 budget process</i>		
11	Organisational efficiencies and management costs restructure		Cr 188
	<i>New Savings Identified for 2016/17 (Subject to Approval)</i>		
12	Adult learning disability services	Cr 1,390	24,694
13	Better Care Fund Grant	Cr 1,200	Cr 20,837
14	Review of Domiciliary Care packages for Older People (OP) and People with Physical disabilities (PD)	Cr 600	5,144
15	Additional charging income generated by legislative changes	Cr 503	Cr 3,991
16	Further savings to be identified through efficiencies	Cr 500	
17	Reduce overall net cost of Placements through efficiencies and obtaining health income. Currently 33 Residential and 345 Fostering placements	Cr 500	11,964
18	Contract awards and price negotiations - already achieved	Cr 430	
19	Substance Misuse	Cr 420	2,266
20	Review all service users aged above 65 whose placements are above the ceiling rates	Cr 380	13,635
21	Focus on management of ECH voids re: residential nursing placements	Cr 334	10,758
22	Public Health Staff	Cr 325	836
23	Commissioning - Further contract savings	Cr 280	
24	Reablement - recruit to vacant facilitator posts / ensure all service users suitable for reablement are referred to the service	Cr 250	4,902
25	Supporting People - Increased efficiencies	Cr 250	1,413

CARE SERVICES PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2016/17

Ref			VARIATION IN 2016/17	ORIGINAL BUDGET 2015/16
26	Savings from remand placements (LAPSO). Service has operated for two years	Cr	250	498
27	Full year saving of 2 residential placements (currently 33 residential placements)	Cr	250	5,497
28	Adult's Transport Service	Cr	243	1,852
29	LD Day Care/Supported Living/Short Breaks	Cr	200	4,035
30	Increased income from Day Care and Transport	Cr	200	Cr 3,991
31	Mental Health	Cr	180	6,514
32	Management Savings/restructure - Care and Resources	Cr	160	13,775
33	Invest to save - reablement	Cr	150	4,902
34	NHS Health Checks	Cr	126	739
35	Supporting People	Cr	120	1,413
36	Children with Disabilities	Cr	120	2,379
37	Review of fostering arrangements	Cr	119	3,343
38	Sexual Health	Cr	104	3,630
39	Day Opportunities - continuation of invest to save	Cr	100	944
40	Supported Living contracts	Cr	100	11,001
41	Virtual school efficiencies	Cr	75	360
42	Closure of Lubbock House ECH unit	Cr	70	1,214
43	Review of service users needing Appointeeship & Deputyship	Cr	60	10,758
44	Adult Obesity Programme	Cr	59	59
45	Review of respite provision (OP and PD)	Cr	50	174
46	In-house Extra Care Housing / Carelink	Cr	40	1,280
47	Public Health Unallocable	Cr	36	
48	Physical Activity	Cr	30	30
49	Chief Executives savings	Cr	30	
50	Section 17 - Preventative Payments (Children's Act - Provision of services for children in need, their families and others)	Cr	25	124
51	Section 18 - Children's Act - Day care for pre-school and other children	Cr	25	72
52	Additional recurring underspends - Commissioning	Cr	20	
53	Miscellaneous Public Health Prog	Cr	12	204
54	Health Protection	Cr	7	7
55	Variations in Capital Charges	Cr	387	
56	Variations in Recharges	Cr	515	
57	Variations in Insurances		29	
58	Variations in Rent Income	Cr	1	
59	Variations in Building Maintenance		6	
60	2016/17 DRAFT BUDGET		103,183	

CARE PORTFOLIO

Notes on Budget Variations in 2016/17

Ref Comments

2 **Increased Costs (Dr £442k)**

Inflation of £442k 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 2016/17.

Full Year Effect of Allocation of Central Contingency

3 **Increase in Public Health Grant (Cr £3,802k) / Increase in Expenditure (Dr £3,802k)**

Additional Public Health Grant to Fund Health Visiting and Family Nursing Partnership (0-5 Children's Service's)

4 **Transfer of Housing Strategy (Dr £31k)**

Following the departure of the Head of Housing Strategy, the service budget was transferred to Operational Housing from Renewal and Recreation Portfolio.

5 **LD Day Care, Supported Living and Short Breaks contract - pensions costs (Dr £66k)**

During 2015/16, the former in-house services for LD day care, supported living and short breaks were outsourced to the Southside Partnership. Funding of £66k in a full year has been released from the central contingency to fund the additional pension costs of LBB staff that transferred to the Southside Partnership.

6 **Increase in cost of Homelessness/Impact of welfare reform (Dr £649k)**

This relates to the draw down from Central Contingency of funding held for the continued increase in costs of providing temporary accommodation.

7 **Reduction in Public Health Grant 15/16 (Dr £919k)**

During 2015/16 the government consulted on reducing the grant to local authorities for Public Health. As a result Bromley's grant was reduced by £919k.

Movement Between Portfolios / Departments / Divisions

8 **Customer services invest to save (Cr £76k)**

As part of the Customer Services Invest to Save Scheme, savings totalling £76k have been identified from the Care Services Portfolio

9 **Transport - virement to ECS (Cr £159k)**

Transfer of budget to ECS to reflect new commissioning arrangements

Real Changes

Other Real Changes

10 **National Insurance increase with effect from April 2016 (Dr £385k)**

With effect from 6th April 2016 contracted out rates for Defined Benefit pension schemes have been abolished.

Savings identified for 2016/17 as part of the 2015/16 budget process

11 **Revised ECHS Department management arrangements (Cr £188k)**

Revised ECHS Department senior management arrangements have been put in place and this is the effect on the Care Services Portfolio

New Savings Identified for 2016/17 (Subject to Approval)

- 12 Adult learning disability services (Cr £1,390k)
Managing placements/contract renegotiation/early intervention/asset based assessment and management of voids in supported living schemes
- 13 Better Care Fund Grant (Cr £1,200k)
Maximisation of investment in social care services which benefit health
- 14 Review of Domiciliary Care packages for Older People (OP) and People with Physical disabilities (PD) (Cr £600k)
We will continue to review packages of care to users and ensure they get the support they need.
- 15 Additional charging income generated by legislative changes (Cr £503k)
Maximisation of income
- 16 Further savings to be identified through efficiencies (Cr £500k)
Further savings to be identified
- 17 Reduce overall net cost of Placements through efficiencies and obtaining health income. Currently 33 Residential and 345 Fostering placements (Cr £500k)
Discussions in progress with the CCG
- 18 Contract awards and price negotiations - already achieved (Cr £430k)
Contract awards at the end of 2014/15 have resulted in lower ongoing contract costs
- 19 Substance Misuse (Cr £420k)
Reduction in service
- 20 Review all service users aged above 65 whose placements are above the ceiling rates (Cr £380k)
We will review packages of care to make sure that users are receiving the care that they need and LBB are getting value for money.
- 21 Focus on management of ECH voids re: residential nursing placements (Cr £334k)
We will focus on ECH so that robust scrutiny continues with placements, so that residents get the support they need
- 22 Public Health Staff (Cr £325k)
Savings related to cessation of non-statutory services
- 23 Commissioning - Further contract savings (Cr £280k)
Ongoing effect of contract efficiencies already achieved in early intervention/ prevention contracts
- 24 Reablement - recruit to vacant facilitator posts / ensure all service users suitable for reablement are referred to the service (Cr £250k)
Currently in the process of making job offers to 3 successful candidates, when in post it will enable us to offer reablement to more people in their homes
- 25 Supporting People - Increased efficiencies (Cr £250k)
Review of service levels in floating support and young peoples schemes
- 26 Savings from remand placements (LAPSO). Service has operated for two years (Cr £250k)
Savings already achieved
- 27 Full year saving of 2 residential placements (currently 33 residential placements) (Cr £250k)
Increase support to foster care
- 28 Adult's Transport Service (Cr £243k)
Contract efficiencies
- 29 LD Day Care/Supported Living/Short Breaks (Cr £200k)
Contract award to Certitude wef 1.10.15

- 30 Increased income from Day Care and Transport (Cr £200k)
Some Day Care previously charged at a flat rate when in a block contract are now in spot placements. These can now be charged at the full cost recovery rates. Charging a small contribution for transport. Both will need to be consulted on
- 31 Mental Health (Cr £180k)
Ongoing effect of efficiencies already achieved
- 32 Management Savings/restructure - Care and Resources (Cr £160k)
Subject to formal staff and trade union consultation
- 33 Invest to save - reablement (Cr £150k)
Impact of further investment in reablement
- 34 NHS Health Checks (Cr £126k)
Reduction in GP activity
- 35 Supporting People (Cr £120k)
Ongoing effect of efficiencies already achieved
- 36 Children with Disabilities (Cr £120k)
Review of Short Breaks and Direct Payments
- 37 Review of fostering arrangements (Cr £119k)
Work in progress
- 38 Sexual Health (Cr £104k)
Reduction in GP activity (contraception and sexually transmitted infections testing), cessation of targeted outreach service and HIV support.
- 39 Day Opportunities - continuation of invest to save (Cr £100k)
Invest to save. Report number CS12067 - 6/2/2013
- 40 Supported Living contracts (Cr £100k)
Ongoing effect of contract efficiencies already achieved
- 41 Virtual School efficiencies (Cr £75k)
Savings identified from educational equipment, and running costs, etc
- 42 Closure of Lubbock House ECH unit (Cr £70k)
This relates to the net full year effect of the saving from the closure of Lubbock House ECH scheme.
- 43 Review of service users needing Appointeeship & Deputyship (Cr £60k)
ACM will work with our A&D Team to ensure residents get the support they need
- 44 Adult Obesity Programme (Cr £59k)
Cessation of adult weight management programme for very high risk patients
- 45 Review of respite provision (OP and PD) (Cr £50k)
We will continue to review packages of care to users and ensure they get the support they need.
- 46 In-house Extra Care Housing / Carelink (Cr £40k)
Review of services to achieve savings
- 47 Public Health Unallocable (Cr £36k)
Savings related to cessation of non-statutory services
- 48 Physical Activity (Cr £30k)
Cessation of exercise referral scheme

- 49 Chief Executives savings (Cr £30k)
Staff reductions and general efficiencies
- 50 Section 17 - Preventative Payments (Children's Act - Provision of services for children in need, their families and others) (Cr £25k)
Underspend achieved in recent years
- 51 Section 18 - Children's Act - Day care for pre-school and other children (Cr £25k)
Underspend achieved in recent years. Nursery provision provided by LBB recharge.
- 52 Additional recurring underspends - Commissioning (Cr £20k)
Various savings within Commissioning
- 53 Miscellaneous Public Health Prog (Cr £12k)
Cessation of dental public health service in 16/17 and cessation of health improvement service (diabetes prevention, mental wellbeing) in 17/18
- 54 Health Protection (Cr £7k)
General efficiencies
- 55 Variations in Capital Charges (Cr £387k)
The variation in capital charges is due to a combination of the following:
 (i) Depreciation – the impact of revaluations or asset disposals in 2014/15 (after the 2015/16 budget was agreed) and in the first half of 2015/16;
 (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2016/17 Capital Programme that do not add value to the Council's fixed asset base.
 (iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2016/17 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.
- 56 Variations in Recharges (Cr £515k)
Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position.
- 57 Variations in Insurances (Dr £29k)
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 2015/16 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). In addition, Insurance Premium Tax was increased from 6% to 9.5% in November 2015 and the full-year effect of this will be felt in 2016/17. All of the Council's insurance premium contracts are currently either being retendered or are being renegotiated and the current difficult market conditions mean that there may be significant premium increases, which could have a further impact on the 2016/17 budget figures.
- 58 Variations in Rent Income (Cr £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.
- 59 Variations in Building maintenance (Dr £6k)
This relates to the reallocation of building maintenance budgets across departments / portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

Care Services
DRAFT REVENUE BUDGET 2016/17 - 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	6,245,450	54,690	84,810	1,279,400	32,699,480	2,888,420	Cr 13,874,870	Cr 6,852,150	0	22,525,230	28,000	145,450	Cr 153,550	19,900	6,034,050	28,579,180	Cr 3,808,270	24,770,910
Direct Services	2,687,300	53,430	109,280	157,370	38,650	0	Cr 690,110	Cr 1,077,670	0	1,278,250	0	7,340	0	7,340	87,720	1,373,310	Cr 1,294,150	79,160
Learning Disabilities Day and Short Breaks Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Learning Disabilities Care Management	0	0	0	0	1,214,260	1,962,900	Cr 226,000	0	0	2,951,160	0	0	0	0	0	2,951,160	0	2,951,160
Learning Disabilities Housing & Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	8,932,750	108,120	194,090	1,436,770	33,952,390	4,851,320	Cr 14,790,980	Cr 7,929,820	0	26,754,640	28,000	152,790	Cr 153,550	27,240	6,121,770	32,903,650	Cr 5,102,420	27,801,230
Childrens Social Care																		
Bromley Youth Support Programme	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Care and Resources	3,899,160	0	72,910	772,030	11,506,710	1,787,830	Cr 1,293,330	Cr 644,140	0	16,101,170	0	0	0	0	2,130,420	18,231,590	Cr 56,460	18,175,130
Children's Disability Services	782,380	0	16,680	5,150	1,205,940	451,120	Cr 220,950	0	0	2,240,320	0	0	0	0	132,860	2,373,180	0	2,373,180
Early Intervention and Family Support	535,840	21,650	9,910	59,720	465,340	24,830	0	Cr 159,670	0	957,620	1,000	4,040	0	5,040	39,090	1,001,750	0	1,001,750
Safeguarding and Care Planning	4,106,840	0	36,450	693,060	549,470	105,350	Cr 64,020	144,740	0	5,571,890	0	24,700	Cr 6,070	18,630	634,800	6,225,320	0	6,225,320
Safeguarding and Quality Assurance	1,394,580	0	14,170	491,210	42,080	558,090	Cr 1,031,130	76,610	0	1,545,610	0	22,880	0	22,880	780,010	2,348,500	0	2,348,500
	10,718,800	21,650	150,120	2,021,170	13,769,540	2,927,220	Cr 2,609,430	Cr 582,460	0	26,416,610	1,000	51,620	Cr 6,070	46,550	3,717,180	30,180,340	Cr 56,460	30,123,880
Commissioning																		
Better Care Fund	0	0	0	9,522,000	0	0	Cr 18,482,000	8,809,110	0	150,890	0	0	0	0	150,890	0	0	0
Commissioning	2,392,150	0	6,450	237,040	893,780	36,160	Cr 96,110	Cr 647,840	0	2,821,630	0	4,120	0	4,120	0	2,825,750	Cr 1,594,330	1,231,420
Information & Early Intervention	0	0	0	0	1,381,690	0	Cr 285,870	Cr 1,095,820	0	0	0	0	0	0	149,160	149,160	Cr 149,160	0
Learning Disabilities Services	0	0	0	66,000	30,495,480	0	Cr 3,177,250	Cr 1,433,200	0	25,951,030	90,000	87,560	0	177,560	1,076,460	27,205,050	0	27,205,050
Mental Health Services	0	0	0	6,450,440	161,440	0	Cr 674,970	Cr 7,520	0	5,929,390	4,000	23,890	Cr 106,100	Cr 78,210	165,690	6,016,870	Cr 1,395,610	4,621,260
PCT Funding (Social Care & Health)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supporting People	0	0	0	1,050,530	0	0	0	0	0	1,050,530	0	0	0	0	41,930	1,092,460	0	1,092,460
	2,392,150	0	6,450	9,825,040	40,271,920	197,600	Cr 22,716,200	5,624,730	0	35,601,690	94,000	115,570	Cr 106,100	103,470	1,584,130	37,289,290	Cr 3,139,100	34,150,190
Environmental Services - Housing																		
Housing Improvement	390,590	35,340	8,970	3,590	0	0	Cr 176,020	Cr 72,570	0	189,900	Cr 942,000	240	0	Cr 941,760	314,230	Cr 437,630	0	Cr 437,630
	390,590	35,340	8,970	3,590	0	0	Cr 176,020	Cr 72,570	0	189,900	Cr 942,000	240	0	Cr 941,760	314,230	Cr 437,630	0	Cr 437,630
Operational Housing																		
Enabling Activities	0	0	0	0	0	0	Cr 900	0	0	900	0	0	0	0	158,750	157,850	0	157,850
Housing Benefits	0	0	0	591,890	0	128,833,040	Cr 131,558,030	0	0	2,133,100	0	0	0	0	2,198,890	65,790	0	65,790
Housing Needs	2,165,320	102,380	21,630	659,660	9,139,920	0	Cr 5,708,270	Cr 44,380	0	6,336,260	167,000	18,200	0	185,200	887,190	7,408,650	Cr 148,830	7,259,820
	2,165,320	102,380	21,630	1,251,550	9,139,920	128,833,040	Cr 137,267,200	Cr 44,380	0	4,202,260	167,000	18,200	0	185,200	3,244,830	7,632,290	Cr 148,830	7,483,460
Strategic and Business Support Service																		
Learning & Development	422,170	0	0	48,060	0	0	Cr 85,960	Cr 76,610	0	307,660	0	490	0	490	0	308,150	Cr 305,230	2,920
Strategic and Business Support Service	1,388,940	0	3,710	63,130	181,270	0	Cr 69,140	Cr 2,470	0	1,439,180	0	2,790	0	2,790	4,093,320	5,535,290	Cr 1,476,380	4,058,910
	1,811,110	0	3,710	15,070	181,270	0	Cr 155,100	Cr 79,080	0	1,746,840	0	3,280	0	3,280	4,093,320	5,843,440	Cr 1,781,610	4,061,830
Public Health																		
	1,344,590	0	4,500	68,910	11,439,790	0	Cr 16,015,000	2,785,560	0	371,650	0	0	0	0	371,650	0	0	0
	27,755,310	267,490	389,470	14,591,960	108,754,830	136,809,180	Cr 193,729,930	Cr 298,020	0	94,540,290	Cr 652,000	341,700	Cr 265,720	Cr 576,020	19,447,110	113,411,380	Cr 10,228,420	103,182,960

ENVIRONMENT PORTFOLIO**DRAFT REVENUE BUDGET 2016/17 - SUMMARY**

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
545,332	Support Services	518,300	120	Cr 26,930	491,490
545,332	Support Services	518,300	120	Cr 26,930	491,490
76,852	Public Protection	74,980	80	1,100	76,160
76,852	Emergency Planning	74,980	80	1,100	76,160
4,115,313	Street Scene & Green Space	4,047,690	18,270	Cr 146,290	3,919,670
2,428,775	Area Management & Street Cleansing	2,541,590	12,040	Cr 80,030	2,473,600
Cr 42,075	Highways - SS&GS	Cr 1,960	Cr 200	Cr 35,740	Cr 37,900
5,744,956	Markets	5,675,920	26,830	Cr 254,230	5,448,520
466,903	Parks and Green Space	513,030	100	87,330	600,460
17,612,972	Street Regulation	17,853,200	86,020	Cr 433,640	17,505,580
30,326,844	Waste Services	30,629,470	143,060	Cr 862,600	29,909,930
6,921,021	Transport & Highways	6,794,000	31,810	Cr 299,480	6,526,330
Cr 6,496,193	Highways (Including London Permit Scheme)	Cr 6,695,630	Cr 37,340	Cr 222,000	Cr 6,954,970
175,936	Parking	156,470	Cr 320	111,000	267,150
578,817	Traffic & Road Safety	616,880	1,320	165,000	783,200
1,179,581	Transport & Depot Support Services	871,720	Cr 4,530	Cr 245,480	621,710
32,128,609		32,094,470	138,730	Cr 1,133,910	31,099,290
6,237,865	TOTAL NON CONTROLLABLE	5,332,340	4,110	Cr 37,360	5,299,090
2,221,253	TOTAL EXCLUDED RECHARGES	2,290,340	0	Cr 388,040	1,902,300
40,587,727	PORTFOLIO TOTAL	39,717,150	142,840	Cr 1,559,310	38,300,680

ENVIRONMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	39,717	
2	Increased Costs	89	
	Full Year Effect of Allocation of Central Contingency		
3	Increase in Contract Costs re TLG Pension contributions	23	1,262
4	Contingency allocation re Street Cleansing contract	<u>60</u>	60
	Movements Between Portfolios/Departments		
5	Transfer resources for SEN transport client team	<u>159</u>	159
	Real Changes		
6	Impact of removal of contracted out NI	130	6,432
7	Absorption of inflation increases for PCNs	56	Cr4,116
8	Absorption of inflation increases for parking fee income	123	Cr7,697
9	Increase in landfill tax above inflation	16	3,164
10	Increase in refuse/recycling collection to reflect additional units	40	7,288
11	Increase in refuse/recycling disposal to reflect additional units	<u>64</u>	12,287
	<i>Savings identified for 2016/17 as part of the 2015/16 Budget process</i>		
12	Full year effect of the closure of the public conveniences	Cr 67	110
13	Full year effect of restructuring the SSGS division	Cr 348	3,999
14	Reduction of opening hours of the green garden waste satellite sites	Cr 125	145
15	Full year effect of management savings	Cr 142	142
16	Increase price of green garden wheelie bin service from April 2016	<u>Cr 30</u>	Cr 894
	<i>New Savings Identified for 2016/17 (subject to approval)</i>		
17	Deletion of outstanding balance for cleansing contract held in the Central Contingency	Cr 60	60
18	Reduction in provision of graffiti & chewing gum removal contract	Cr 60	248
19	Overachievement of savings from the change in paper collection frequencies	Cr 250	1,986
20	Removal of the residual budget for green garden waste satellite sites	Cr 20	145
21	Extension of repayment of street lighting invest to save scheme by a further two years	Cr 353	4,251
22	Additional parking income	<u>Cr 350</u>	Cr 2,942
23	Variations in Capital Charges	Cr 4	4,475
24	Variations in Recharges	Cr 388	2,239
25	Variations in Rent Income	21	Cr 478
26	2016/17 DRAFT BUDGET	<u>38,301</u>	

ENVIRONMENT PORTFOLIO

Notes on Budget Variations in 2016/17

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Increase in Contract Costs re TLG Pension contributions (Dr £23k)
This reflects the additional cost of the pension contributions payable for the staff transferred to TLG.
- 4 Street Cleansing Contract (Dr £60k)
Allocation of central contingency re Street Cleansing Contract into portfolio budget (total contingency is £60k). This enables a corresponding saving to be made - see below.

Movements Between Portfolios/Departments

- 5 Transfer of resources for SEN transport client team (Dr £159k)
Transfer of resources to the Environment Portfolio to manage the new SEN transport contract.

Real Changes

- 6 Impact of removal of contracted out NI (Dr £130k)
With effect from 6th April 2016, contracted out rates for Defined Benefit pension schemes have been abolished. The cost of this for the Environment Portfolio is £130k.
- 7 Absorption of Inflation increases for PCNs (Dr £56k)
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.
- 8 Absorption of Inflation increases for parking fee income (Dr £123k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As the parking fees were increased significantly in 2015/16 and are not expected to rise again for another 3 years, savings have to be found to absorb the inflation rate.
- 9 Increase in landfill tax above inflation (Dr £16k)
This represents the expected cost of the Government increasing the landfill tax above inflation built into the 2016/17 budget.
- 10 Increase in Refuse/Recycling Collection (Dr £40k)
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 2016/17.
- 11 Increase in Refuse/Recycling Disposal (Dr £64k)
The additional costs for the disposal contract reflect the anticipated increase in tonnage generated from new properties for 2016/17.
- 12 Full year effect of the closure of the public conveniences (Cr £67k)
Full year effect of closing the remaining four public conveniences.
- 13 Full year effect of restructuring the SSGS Division (Cr £348k)
This represents the full year effect of the restructuring of SSGS division including; a fully commissioned park service and a review of the client contract monitoring function across the whole division.
- 14 Reduction of opening hours - Green Garden Waste satellite sites (Cr £125k)
Reduced opening hours of the green garden waste satellite sites from April 2016 as detailed in the November 2015 report to the Environment PDS.
- 15 Full year effect of management savings (Cr £142k)
This represents the full year effect of the agreed management savings.

- 16 Increase price of green garden waste wheelie bin service (Cr £30k)
This proposal involves increasing the price of the green garden waste wheelie bin collection service with effect from April 2016.
- 17 Deletion of the residual balance held in central contingency for Street Cleansing contract (Cr £60k)
Deletion of the remaining balance of £60k held in the central contingency set aside for the Street Cleansing contract.
- 18 Reduction in provision of graffiti and chewing gum removal contract (Cr £60k)
Cease funding for chewing gum removal in town centres and reduce capacity for proactive graffiti removal.
- 19 Overachievement of savings from the change in paper collection frequencies (Cr £250k)
Overachievement of savings from the change in collection frequencies for kerbside paper, as reported to the Environment PDS on 18th February 2015.
- 20 Removal of residual budget for green garden waste satellite sites (Cr £20k)
The November 2015 Environment PDS recommended the Portfolio Holder agree to the phased closure of GGW sites with a net cost of £29k. If this saving is taken the net cost of this recommendation will rise to £49k. Alternative savings will have to be found to meet this additional net cost.
- 21 Extension of repayment of the street lighting invest to save scheme (Cr £353k)
Extending the payback of the invest to save scheme for street lighting by 2 years to the end of 2021/22, will enable savings of £353k per annum to be taken from 2016/17, increasing to £528k from 2020/21. This is on the basis that maintenance budgets are protected at current levels to enable any emergency works to be completed during these years. It would not be possible to extend any further as the replacement budget is required to replace the remainder of the street columns from 2022/23 onwards.
- 22 Additional parking income (Cr £350k)
Removal of under-utilised pay and display bays, the introduction of additional bays around shopping areas will increase turnover and availability of spaces where needed and there is potential to expand pay and display parking around railway stations. This will be subject to a report to Environment PDS in February 2016.
- 23 Variations in Capital Charges (Cr £4k)
The variation on capital charges, etc is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2014/15 (after the 2015/16 budget was agreed) and in the first half of 2015/16
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2016/17 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 2016/17 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 (Cr £388k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.
- 25 Variations in Rent Income (Dr £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 Portfolio

DRAFT REVENUE BUDGET 2016/17 - 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	463,140	0	1,020	27,330	0	0	0	0	0	491,490	0	0	0	0	136,890	628,380	Cr 677,900	Cr 49,520	
	463,140	0	1,020	27,330	0	0	0	0	0	491,490	0	0	0	0	136,890	628,380	Cr 677,900	Cr 49,520	
Public Protection																			
Emergency Planning	48,810	0	5,380	21,970	0	0	0	0	0	76,160	0	0	0	0	49,740	125,900	0	125,900	
Street Scene & Green Space																			
Area Management & Street Cleansing	293,430	25,810	22,350	28,860	3,557,050	0	Cr 7,830	0	0	3,919,670	41,000	9,550	0	50,550	796,240	4,766,460	Cr 345,480	4,420,980	
Highways - SS&GS	368,480	0	31,150	2,611,360	0	0	Cr 209,390	Cr 328,000	0	2,473,600	0	0	0	0	1,344,310	3,817,910	Cr 2,230	3,815,680	
Markets	0	5,020	0	176,870	0	0	Cr 219,790	0	0	37,900	0	290	0	290	58,220	20,610	0	20,610	
Parks and Green Space	307,670	3,188,550	22,750	35,240	2,196,110	0	Cr 41,800	Cr 260,000	0	5,448,520	569,000	557,780	Cr 299,020	827,760	1,373,660	7,649,940	Cr 1,775,670	5,874,270	
Street Regulation	584,140	0	20,520	6,800	0	0	Cr 11,000	0	0	600,460	0	0	0	0	67,380	667,840	Cr 601,050	66,790	
Waste Services	527,980	17,330	25,210	297,700	21,467,620	0	Cr 4,773,660	Cr 56,600	0	17,505,580	15,000	0	0	15,000	645,000	18,165,580	Cr 214,010	17,951,570	
	2,081,700	3,236,710	121,980	3,156,830	27,220,780	0	Cr 5,252,470	Cr 655,600	0	29,909,930	625,000	567,620	Cr 299,020	893,600	4,284,810	35,088,340	Cr 2,938,440	32,149,900	
Transport & Highways																			
Highways (Including London Permit Scheme)	1,015,970	1,656,480	96,540	5,162,570	336,640	0	Cr 1,696,670	Cr 45,200	0	6,526,330	3,675,000	517,780	Cr 18,950	4,173,830	964,590	11,664,750	Cr 252,960	11,411,790	
Parking	834,530	927,990	21,640	722,810	2,314,790	0	Cr 11,819,050	42,320	0	6,954,970	120,000	38,710	Cr 46,270	112,440	497,620	6,344,910	Cr 399,090	5,945,820	
Traffic & Road Safety	1,492,800	4,540	29,490	37,370	178,690	0	Cr 327,880	Cr 1,147,860	0	267,150	0	0	0	0	496,870	764,020	Cr 243,220	520,800	
Transport and Depot Support Services	483,220	226,530	40,460	38,930	0	0	Cr 5,940	0	0	783,200	51,000	163,020	Cr 94,800	119,220	293,410	1,195,830	Cr 1,108,200	87,630	
	3,826,520	2,815,540	188,130	5,961,680	2,830,120	0	Cr 13,849,540	Cr 1,150,740	0	621,710	3,846,000	719,510	Cr 160,020	4,405,490	2,252,490	7,279,690	Cr 1,205,290	6,074,400	
	6,420,170	6,052,250	316,510	9,167,810	30,050,900	0	Cr 19,102,010	Cr 1,806,340	0	31,099,290	4,471,000	1,287,130	Cr 459,040	5,299,090	6,723,930	43,122,310	Cr 4,821,630	38,300,680	

PUBLIC PROTECTION & SAFETY PORTFOLIO**DRAFT REVENUE BUDGET 2016/17 - SUMMARY**

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
	Public Protection				
310,605	Community Safety	255,860	80	Cr 78,560	177,380
340,807	Mortuary & Coroners Service	353,320	1,760	0	355,080
1,607,095	Public Protection	1,511,240	2,510	Cr 97,840	1,415,910
2,258,507		2,120,420	4,350	Cr 176,400	1,948,370
2,258,507		2,120,420	4,350	Cr 176,400	1,948,370
92,286	TOTAL NON CONTROLLABLE	6,230	30	Cr 30	6,230
9,004	TOTAL EXCLUDED RECHARGES	150,550	0	Cr 88,730	61,820
2,359,797	PORTFOLIO TOTAL	2,277,200	4,380	Cr 265,160	2,016,420

PUBLIC PROECTION & SAFETY PORFOLIO

SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	2,277	
2	Increased Costs	4	
	Real Changes		
	<i>Savings identified for 2016/17 as part of the 2015/16 Budget process</i>		
3	Review of staffing and associated budgets	Cr 170	2,272
4	Deletion of Portfolio Holder grants	<u>Cr 50</u> Cr 220	50
	<i>Other Real Changes:</i>		
5	Impact of removal of contracted out National Insurance	44	2,272
6	Variations in Recharges	Cr 89	151
7	2016/17 DRAFT BUDGET	<u>2,016</u>	

PUBLIC PROTECTION & SAFETY PORFOLIO

Notes on Budget Variations in 2016/17

Ref Comments

Real Changes

- 3 Review of staffing and associated budgets across Public Protection and Community Safety (Cr £170k).
The full year effect of the staffing review undertaken in 2015/16.
- 4 Deletion of Portfolio Holder grants (Cr £50k)
Deletion of the remaining balance of the Portfolio Holder grants budget.
- 5 Impact of removal of contracted out NI (Dr £44k)
With effect from 6th April 2016, contracted out rates for Defined Benefit pension schemes have been abolished. The cost of this for the Public Protection and Safety Portfolio is £44k.
- 6 Variations in Recharges (Cr £89k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

PUBLIC PROTECTION & SAFETY PORTFOLIO

DRAFT REVENUE BUDGET 2016/17 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Income	Controllable Recharges	Total Controllable	Repairs, Maintenance & Insurance	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£		£			£	£	£	£
Public Protection														
Public Protection	1,867,880	40,930	78,910	184,500	584,760	Cr 393,350	Cr 942,520	1,421,110	6,230	6,230	876,250	2,303,590	Cr 1,315,800	987,790
Mortuary & Coroners Service	0	0	0	0	355,080	0	0	355,080	0	0	20,850	375,930	0	375,930
Community Safety	281,640	0	8,410	227,650	0	Cr 345,520	0	172,180	0	0	523,930	696,110	Cr 43,410	652,700
	2,149,520	40,930	87,320	412,150	939,840	Cr 738,870	Cr 942,520	1,948,370	6,230	6,230	1,421,030	3,375,630	Cr 1,359,210	2,016,420

RENEWAL & RECREATION PORTFOLIO**DRAFT REVENUE BUDGET 2016/17 - SUMMARY**

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
	Housing Strategy & Development				
Cr 14,240	Housing Strategy & Development	31,020	0	Cr 31,020	0
Cr 14,240		31,020	0	Cr 31,020	0
	Planning				
Cr 27,536	Building Control	13,780	0	14,800	28,580
Cr 164,378	Land Charges	Cr 167,670	0	3,000	Cr 164,670
433,589	Planning	617,430	Cr 5,620	65,500	677,310
1,104,520	Renewal	1,793,460	4,920	137,500	1,935,880
1,346,195		2,257,000	Cr 700	220,800	2,477,100
	Recreation				
1,940,881	Culture	1,973,070	7,000	Cr 299,900	1,680,170
5,086,816	Libraries	4,734,340	6,900	Cr 270,000	4,471,240
254,495	Town Centre Management & Business Support	219,060	100	Cr 42,000	177,160
7,282,192		6,926,470	14,000	Cr 611,900	6,328,570
8,614,147		9,214,490	13,300	Cr 422,120	8,805,670
11,630,537	TOTAL NON CONTROLLABLE	3,915,830	3,680	Cr 1,565,920	2,353,590
2,158,846	TOTAL EXCLUDED RECHARGES	2,469,010	0	Cr 434,070	2,034,940
22,403,530	PORTFOLIO TOTAL	15,599,330	16,980	Cr 2,422,110	13,194,200

RENEWAL & RECREATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	15,599	
2	Increased Costs	42	
	Movements Between Portfolios/Departments		
3	Transfer of Housing Strategy to Care Services	<u>Cr 31 Cr 31</u>	31
	Real Changes		
	<i>Other Real Changes:</i>		
4	Absorption of inflation for Statutory Planning	22	Cr 1,292
5	New Homes Bonus topslice funding spend	226	760
6	Impact of removal of contracted out National Insurance	<u>139</u>	7,481
	<i>Savings identified for 2016/17 as part of the 2015/16 Budget process</i>		
7	Town Centre Management efficiencies	Cr 46	196
8	Relocation of museum exhibition space to Central Library	Cr 11	74
9	Establishment of six community libraries	Cr 250	320
10	Regeneration staffing charged to Regeneration & Investment Fund	<u>Cr 104 Cr 411</u>	155
	<i>New Savings Identified for 2016/17 (subject to approval)</i>		
11	Removal of Churchill Theatre subsidy	Cr 321	321
12	Library IT savings	<u>Cr 46 Cr 367</u>	46
13	Variations in Capital Charges	Cr 1,588	3,168
14	Variations in Recharges	Cr 435	2,429
15	Variations in Rent Income	Cr 2	Cr 83
16	2016/17 DRAFT BUDGET	<u>13,194</u>	

RENEWAL & RECREATION PORTFOLIO

Notes on Budget Variations in 2016/17

Ref Comments

Movements Between Portfolios/Departments

- 3 Transfer of Housing Strategy (Cr £31k)
Following the departure of the Head of Housing Strategy, the service budget was transferred to Operational Housing within the Care Services Portfolio.

Real Changes

- 4 Statutory Planning inflation (Dr £22k)
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.
- 5 New Homes Bonus topslice funding spend (Dr £226k)
Adjustment reflects the additional funding available to spend in 2016/17 from the New Homes Bonus topslicing sum. Total available for 2016/17 is £986k.
- 6 Impact of removal of contracted out NI (Dr £139k)
With effect from 6th April 2016, contracted out rates for Defined Benefit pension schemes have been abolished. The cost of this for the Renewal and Recreation Portfolio is £139k.
- 7 Town Centre Management efficiencies (Cr £46k)
Review of Town Centre Management services, including the potential savings from the establishment of a BID in Bromley Town Centre.
- 8 Relocation of museum exhibition space to Central Library (Cr £11k)
Part year savings as a result of relocating the museum exhibition space to Central Library.
- 9 Establishment of six community libraries (Cr £250k)
Maximum potential savings from the tendering exercise to establish six community libraries.
- 10 Regeneration staffing (Cr £104k)
This relates to a proposal to fund staff from the Regeneration & Investment fund therefore generating a saving to the revenue budget.
- 11 Removal of Churchill Theatre subsidy (Cr £321k)
The recent procurement of the provider for the Churchill Theatre resulted in an option with no subsidy which was agreed through the Executive.
- 12 Library IT savings (Cr £46k)
The retendering of the IT contract has enabled savings of £46k to be made from the Library IT budget.
- 13 Variations in Capital Charges (Cr £1,588k)
The variation on capital charges, etc is due to a combination of the following:
- (i) Depreciation – the impact of revaluations or asset disposals in 2014/15 (after the 2015/16 budget was agreed) and in the first half of 2015/16

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to a significant general increase in the value of schemes in our 2016/17 Capital Programme that do not add value to the Council's fixed asset base.

(iii) Government Grants - mainly due to a variations in credits for capital grants receivable in respect of 2016/17 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 (Cr £435k)

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

15 Variations in Rent Income (Cr £2k)

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 & RECREATION PORTFOLIO
DRAFT REVENUE BUDGET 2016/17 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party 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	0	0	0	0	0	0	0	0	0	0	0	0	0	22,340	22,340	0	22,340
	0	0	0	0	0	0	0	0	0	0	0	0	0	22,340	22,340	0	22,340
Planning																	
Building Control	847,490	0	28,110	79,400	0	Cr 926,420	0	0	28,580	0	0	0	0	245,470	274,050	Cr 102,380	171,670
Land Charges	194,290	0	0	16,640	0	Cr 375,600	0	0	Cr 164,670	0	0	0	0	278,590	113,920	Cr 45,020	68,900
Planning	1,791,250	0	22,610	139,770	5,630	Cr 1,281,950	0	0	677,310	0	0	0	0	1,809,700	2,487,010	Cr 1,110,670	1,376,340
Renewal	1,096,890	8,540	3,190	520,610	0	Cr 650	Cr 155,000	462,300	1,935,880	0	0	0	0	517,540	2,453,420	Cr 545,320	1,908,100
	3,929,920	8,540	53,910	756,420	5,630	Cr 2,584,620	Cr 155,000	462,300	2,477,100	0	0	0	0	2,851,300	5,328,400	Cr 1,803,390	3,525,010
Recreation																	
Culture	576,670	95,070	5,360	69,850	990,580	Cr 40,010	Cr 17,350	0	1,680,170	1,266,000	274,640	Cr 85,620	1,455,020	393,050	3,528,240	Cr 555,290	2,972,950
Libraries	3,106,870	802,520	31,680	728,490	171,540	Cr 369,860	0	0	4,471,240	314,000	584,570	0	898,570	987,640	6,357,450	Cr 61,680	6,295,770
Town Centre Management & Business Support	151,280	2,150	2,500	56,940	5,950	Cr 41,660	0	0	177,160	0	0	0	0	200,970	378,130	0	378,130
	3,834,820	899,740	39,540	855,280	1,168,070	Cr 451,530	Cr 17,350	0	6,328,570	1,580,000	859,210	Cr 85,620	2,353,590	1,581,660	10,263,820	Cr 616,970	9,646,850
	7,764,740	908,280	93,450	1,611,700	1,173,700	Cr 3,036,150	Cr 172,350	462,300	8,805,670	1,580,000	859,210	Cr 85,620	2,353,590	4,455,300	15,614,560	Cr 2,420,360	13,194,200

Resources Portfolio

DRAFT REVENUE BUDGET 2016/17 - SUMMARY

2014/15 Actual	Service Area	2015/16 Budget	Increased costs	Other Changes	2016/17 Draft Budget
£		£	£	£	£
	Financial Services				
191,104	Director of Finance and Other	201,710	160	2,680	204,550
1,726,341	Exchequer - Payments & Income	1,516,140	6,560	34,210	1,556,910
6,506,155	Exchequer - Revenue & Benefits	6,389,490	31,670	6,240	6,427,400
495,330	Financial Accounting	495,180	2,580	84,990	582,750
379,245	Financial Systems	421,380	890	Cr 45,370	376,900
1,178,678	Management Accounting & Systems	1,109,160	410	Cr 230	1,109,340
10,476,852		10,133,060	42,270	82,520	10,257,850
	Corporate Services				
1,613,295	Admin Buildings	1,612,510	7,210	5,890	1,625,610
945,839	Contact Centre	923,470	4,400	68,000	995,870
1,449,967	Democratic Services	1,382,800	5,340	4,830	1,392,970
685,113	Electoral	312,280	380	3,670	316,330
480,876	Facilities & Support	467,410	470	Cr 110,180	357,700
4,385,826	Information Systems and Telephony	4,393,550	16,160	Cr 54,540	4,355,170
1,446,914	Legal Services	1,548,230	1,640	20,560	1,570,430
166,150	Management and Other (Corporate Services)	147,760	Cr 80	2,570	150,250
418,988	Operational Property	375,330	Cr 420	Cr 7,250	367,660
1,809,181	Repairs & Maintenance (ALL LBB)	1,919,950	8,980		1,928,930
Cr 105,567	Registration of Birth Death and Marriage	Cr 94,330	Cr 2,690	7,070	Cr 89,950
13,296,583		12,988,960	41,390	Cr 59,380	12,970,970
	Human Resources				
1,480,543	HR	1,542,750	1,560	Cr 2,630	1,541,680
1,480,543		1,542,750	1,560	Cr 2,630	1,541,680
	Chief Executive				
770,129	Audit	733,410	2,090	Cr 75,430	660,070
201,425	Comms	213,130	0	Cr 88,080	125,050
600,507	Management and Other (C.Exec)	785,470	1,160	Cr 206,160	580,470
141,041	Mayoral	143,580	270	Cr 13,750	130,100
426,639	Procurement	445,870	1,270	2,980	450,120
2,139,740		2,321,460	4,790	Cr 380,440	1,945,810
	Regeneration and Transformation				
214,063	Investment & Non-Operational Property Exp.	390,070	1,270	Cr 110,360	280,980
549,959	Strategic Property Services	606,490	Cr 450	Cr 99,000	507,040
Cr 5,630,380	Investment & Non-Operational Property Income	Cr 7,393,100	Cr 21,410	Cr 1,942,030	Cr 9,356,540
Cr 833,161	Other Rental Income - Other Portfolios	Cr 824,490	Cr 4,030	17,790	Cr 810,730
Cr 5,699,519		Cr 7,221,030	Cr 24,620	Cr 2,133,600	Cr 9,379,250
	Central Items				
7,450,020	CDC & Non Distributed Costs	7,541,670	37,680	0	7,579,350
10,425,296	Concessionary Fares	10,561,810	54,970	1,000,760	11,617,540
17,875,316		18,103,480	92,650	1,000,760	19,196,890
39,569,514		37,868,680	158,040	Cr 1,492,770	36,533,950
Cr 1,311,222	TOTAL NON CONTROLLABLE	3,367,370	490	Cr 2,409,020	958,840
Cr 19,609,190	TOTAL EXCLUDED RECHARGES	Cr 19,423,530	0	1,767,660	Cr 17,655,870
Cr 1,383,734	Less R & M allocated across other Portfolios	Cr 1,521,580	Cr 7,120	0	Cr 1,528,700
833,161	Less Rent allocated across other Portfolios	824,490	4,030	Cr 17,790	810,730
18,098,530	PORTFOLIO TOTAL	21,115,430	155,440	Cr 2,151,920	19,118,950

RESOURCES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2016/17

Ref		VARIATION IN 2016/17 £'000	ORIGINAL BUDGET 2015/16 £'000
1	2015/16 BUDGET	21,115	
2	Increased Costs	155	
	Full Year Effect of Allocation of Central Contingency		
3	Concessionary Fares	438	10,562
4	Increase in cost of Credit Card Charges	120	34
5	Additional contract costs re pensions	<u>37</u>	662
		595	
	Movements Between Portfolios/Departments		
6	Transfer to Customer Services Invest to Save from Care Services Portfolio	<u>77</u>	77
		77	77
	Real Changes		
	<i>Savings identified for 2016/17 as part of the 2015/16 Budget process</i>		
7	Additional income from Investment Properties	Cr 1,000	Cr 3,025
8	Management Costs	Cr 174	Cr 1,500
9	Increase in Strategic Property charges to Economic Dev. Fund	Cr 109	Cr 20
10	Financial Services Division	Cr 70	8,196
11	Anerley Business Centre - Effect of lease to CPCDT	Cr 31	111
12	Corporate Services Division	<u>Cr 13</u>	11,069
		Cr 1,397	
	<i>Other Real Changes:</i>		
13	Additional income from Investment Properties	Cr 500	Cr 3,025
14	Increase in cost of Concessionary Fares	566	10,562
15	Increase in National Insurance Charges	<u>165</u>	705
		231	
	<i>New Savings Identified for 2016/17 (subject to approval)</i>		
16	Regeneration & Transformation Division	Cr 500	997
17	Chief Executive's Division	Cr 365	2,231
18	Corporate Services Division	Cr 209	11,069
19	Financial Services Division	Cr 40	10,133
20	HR Division	<u>Cr 24</u>	1,543
		Cr 1,138	
21	Variations in Capital Charges	Cr 2,417	
22	Variations in Recharges	1,768	
23	Variations in Insurances	8	
24	Variations in Rent Income	Cr 18	
25	2016/17 DRAFT BUDGET	<u>18,979</u>	

RESOURCES PORTFOLIO

Notes on Budget Variations in 2016/17

Ref Comments

Full Year Effect of Allocation of Central Contingency

3 Concessionary Fares (£438k)

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 second year's increase was made in the 2015/16 Central Contingency, pending details being provided by London Councils, and £438,300 was subsequently drawn down. Provision for phase 3 has been built into the 16-17 budget (see note 15 below).

4 Increase in cost of Credit Card Charges (£120k)

An increase in the volume of income transactions being paid by credit cards and debit cards has resulted in additional processing charges.

5 Additional contract costs re pensions (£37k)

Additional services were outsourced to Liberata during 2014/15 (Financial Assessments, Appointeeship & Deputyship, Schools Finance and HR). 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 £37k.

Movements Between Portfolios/Departments

6 Transfer to Customer Services Invest to Save from Care Services Portfolio (Cr £77k)

As part of the Customer Services Invest to Save Scheme, savings totalling £77k have been identified from the Care Services Portfolio budget.

Real Changes

Savings identified for 2016/17 as part of the 2015/16 Budget process

7 Additional income from Investment Properties (Cr £1,000k)

Further investment in the purchase of commercial property, in order to achieve additional rent income of £1m, was agreed as part of the 15-16 budget.

8 Management Costs (Cr £174k)

Further savings from organisational efficiencies and management restructures were proposed as part of the 15-16 budget.

9 Increase in Strategic Property charges to Economic Dev. Fund (Cr £109)

Further costs of £109k were proposed to be charged to the Economic Development fund as part of the 15-16 budget.

10 Financial Services Division (Cr £ 70k)

The full year effect of staff savings proposed in the 15-16 budget is £70k.

11 Anerley Business Centre - Effect of lease to CPCDT (Cr £ 31k)

Further savings for Anerley Business Centre result from the proposals agreed by the Executive in October 2015.

12 Corporate Services Division (Cr £ 13k)

The full year effect of savings proposed in the 15-16 budget, relating to the Customer Services contract, is £13k.

Other Real Changes:

13 Additional income from Investment Properties (Cr £500k)

Further investment is proposed in the purchase of commercial property in order to achieve additional rent income of £0.5M.

14 Increase in cost of Concessionary Fares (£566k)

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 of £565,660 has been built into the 16-17 budget for phase 3.

15 Increase in National Insurance Charges (£165k)

Wef. 6th April 2016, contracted out rates for Defined Benefit pension schemes have been abolished. The cost of this for Resources Portfolio is £165k.

New Savings Identified for 2016/17 (subject to approval)

16 Regeneration & Transformation Division (Cr £500k)

Further investment in the purchase of commercial property is proposed, as part of the 16-17 savings, in order to achieve additional rent income of £0.5m.

17 Chief Executive's Division (Cr £ 365k)

Savings of £140k are proposed from the withdrawal from London Councils. Staff reductions and general efficiencies are proposed to achieve a total of £225k.

18 Corporate Services Division (Cr £ 209k)

Savings of £116k are proposed for Facilities & Support, £73k in IT and £20k for Operational Property.

19 Financial Services Division (Cr £ 40k)

Further staff savings of £40k are proposed in the Financial Services division from reducing the number of Heads of Finance from 3 to 2, offset by an increase in budget monitoring resources.

20 HR Division (Cr £ 24k)

Savings of £24k are proposed from the budget for the Employee / Staff side secretary.

21 Variations in Capital Charges (Cr £2,417k)

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

- (i) Depreciation – the impact of revaluations or asset disposals in 2014/15 (after the 2015/16 budget was agreed) and in the first half of 2015/16;
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2016/17 Capital Programme that do not add value to the Council's fixed asset base.
- (iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2016/17 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.

22 Variations in Recharges (£1,768k)

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

23 Variations in Insurances (£8k)

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 2015/16 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). In addition, Insurance Premium Tax was increased from 6% to 9.5% in November 2015 and the full-year effect of this will be felt in 2016/17. All of the Council's insurance premium contracts are currently either being retendered or are being renegotiated and the current difficult market conditions mean that there may be significant premium increases, which could have a further impact on the 2016/17 budget figures.

24 Variations in Rent Income (Cr £18k)

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

Resources Portfolio
DRAFT REVENUE BUDGET 2016/17 - 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
	£	£	£	£	£	£	£			£	£				£	£	£	£
Financial Services																		
Director of Finance and Other	174,810	0	280	34,370	0	0 Cr	4,910	0	0	204,550	0	740	0	740	160,280	365,570	Cr 362,960	2,610
Exchequer - Payments & Income	227,090	0	710	17,400	1,412,210	0 Cr	100,500	0	0	1,556,910	0	0	0	0	274,970	1,831,880	Cr 2,000,780	Cr 168,900
Exchequer - Revenue & Benefits	401,250	0	1,850	437,090	6,565,360	100,500 Cr	1,078,650	0	0	6,427,400	0	0	0	0	4,564,440	10,991,840	Cr 7,791,500	3,200,340
Financial Accounting	393,370	0	200	474,660	84,420	0 Cr	291,370	Cr 244,350	165,820	582,750	0	0	0	0	181,840	764,590	Cr 741,040	23,550
Financial Systems	199,520	0	330	176,470	580	0	0	0	0	376,900	0	0	0	0	205,220	582,120	Cr 639,450	Cr 57,330
Management Accounting & Systems	1,023,910	0	4,710	184,590	109,830	0 Cr	213,700	0	0	1,109,340	0	0	0	0	602,520	1,711,860	Cr 1,853,840	Cr 141,980
	2,419,950	0	8,080	1,324,580	8,172,400	100,500 Cr	1,689,130	Cr 244,350	165,820	10,257,850	0	740	0	740	5,989,270	16,247,860	Cr 13,389,570	2,858,290
Corporate Services																		
Admin Buildings	147,010	1,481,730	8,080	173,520	0	0 Cr	217,280	0	32,550	1,625,610	326,000	254,850	Cr 460,910	119,940	726,950	2,472,500	Cr 2,475,190	Cr 2,690
Contact Centre	85,700	0	0	139,440	869,840	0 Cr	73,780	Cr 25,330	0	995,870	0	0	0	0	116,920	1,112,790	Cr 1,115,490	Cr 2,700
Democratic Services	308,920	0	50	1,084,000	0	0	0	0	0	1,392,970	0	0	0	0	497,970	1,890,940	Cr 2,035,570	Cr 144,630
Electoral	236,230	0	640	84,320	0	0 Cr	4,860	0	0	316,330	0	80	0	80	606,280	922,690	Cr 346,830	575,860
Facilities & Support	370,790	0	80	7,610	0	0 Cr	5,560	0	0	357,700	0	0	0	0	264,620	622,320	Cr 788,080	Cr 165,760
Information Systems and Telephony	1,212,740	0	1,330	1,234,310	1,919,920	0 Cr	0	Cr 13,130	0	4,355,170	470,000	0	0	470,000	387,370	5,212,540	Cr 5,355,700	Cr 143,160
Legal Services	1,323,500	0	1,450	405,100	0	0 Cr	139,620	Cr 20,000	0	1,570,430	0	2,710	0	2,710	381,670	1,954,810	Cr 2,060,510	Cr 105,700
Management and Other (Corporate Services)	168,770	0	550	19,070	0	0	0	0	0	150,250	0	0	0	0	142,860	293,110	Cr 311,060	Cr 17,950
Operational Property	810,870	225,570	36,620	Cr 37,500	0	0 Cr	348,870	Cr 319,030	0	367,660	0	56,660	0	56,660	257,210	681,530	Cr 632,210	49,320
Repairs & Maintenance (ALL LBB)		1,928,930								1,928,930		Cr 1,928,930		Cr 1,928,930		0		0
Registration of Birth Death and Marriage	452,910	0	350	24,910	0	0 Cr	568,120	0	0	89,950	0	0	0	0	258,510	168,560	0	168,560
	5,117,440	3,636,230	49,150	3,081,420	2,789,760	0 Cr	1,358,090	Cr 377,490	32,550	12,970,970	796,000	Cr 1,614,630	Cr 460,910	Cr 1,279,540	3,640,360	15,331,790	Cr 15,120,640	211,150
Human Resources																		
HR	1,285,820	0	860	144,320	156,000	0 Cr	45,320	0	0	1,541,680	0	0	0	0	472,690	2,014,370	Cr 2,138,400	Cr 124,030
	1,285,820	0	860	144,320	156,000	0 Cr	45,320	0	0	1,541,680	0	0	0	0	472,690	2,014,370	Cr 2,138,400	Cr 124,030
Chief Executive																		
Audit	294,640	0	1,020	206,680	174,830	0 Cr	17,100	0	0	660,070	0	0	0	0	143,770	803,840	Cr 907,290	Cr 103,450
Comms	122,890	0	150	2,010	0	0	0	0	0	125,050	0	0	0	0	34,830	159,880	Cr 257,550	Cr 97,670
Management and Other (C.Exec)	540,580	0	780	39,110	0	0	0	0	0	580,470	0	2,230	0	2,230	266,920	849,620	Cr 1,002,410	Cr 152,790
Mayoral	79,650	1,140	15,140	34,170	0	0	0	0	0	130,100	6,000	0	0	6,000	29,010	165,110	Cr 193,140	Cr 28,030
Procurement	193,200	0	990	21,310	323,160	0 Cr	88,540	0	0	450,120	0	0	0	0	112,160	562,280	Cr 565,630	Cr 3,350
	1,230,960	1,140	18,080	303,280	497,990	0 Cr	105,640	0	0	1,945,810	6,000	2,230	0	8,230	586,690	2,540,730	Cr 2,926,020	Cr 385,290
Regeneration and Transformation																		
Investment and Non-Operational Property	0	205,630	0	70,010	5,340	0	0	0	0	280,980	40,000	198,520	Cr 8,895,630	Cr 8,657,110	702,410	Cr 7,673,720	0	Cr 7,673,720
Strategic Property Services	646,750	0	10,000	49,780	0	0 Cr	148,470	Cr 51,020	0	507,040	0	1,280	0	1,280	259,910	768,230	Cr 892,260	Cr 124,030
Investment & Non-Operational Property Income							Cr 9,356,540			Cr 9,356,540		9,356,540		9,356,540		0		0
Other Rental Income - Other Portfolios							Cr 810,730			Cr 810,730		810,730		810,730		0		0
	646,750	205,630	10,000	119,790	5,340	0 Cr	10,315,740	Cr 51,020	0	Cr 9,379,250	40,000	199,800	1,271,640	1,511,440	962,320	Cr 6,905,490	Cr 892,260	Cr 7,797,750
Central Items																		
CDC & Non Distributed Costs	7,579,350	0	0	0	0	0	0	0	0	7,579,350	0	0	0	0	5,159,690	12,739,040	0	12,739,040
Concessionary Fares	0	0	0	9,140	9,220	11,599,180	0	0	0	11,617,540	0	0	0	0	0	11,617,540	0	11,617,540
	7,579,350	0	0	9,140	9,220	11,599,180	0	0	0	19,196,890	0	0	0	0	5,159,690	24,356,580	0	24,356,580
	18,280,270	3,843,000	86,170	4,982,530	11,630,710	11,699,680 Cr	13,513,920	Cr 672,860	198,370	36,533,950	842,000	Cr 1,411,860	810,730	240,870	16,811,020	53,585,840	Cr 34,466,890	19,118,950

Introduction

This year's Council's budget consultation – **Bromley Council's Budget 2016-17 – Your Views** – set out to collect residents' views on the Council's Building a Better Bromley priorities in the light of savings of more than £50 million to be made over four years from a net budget of £199 million. The consultation was made up of an online survey, a public meeting and two round table meetings with representatives of the borough's residents' associations.

A public meeting held at the Civic Centre on 26 November was attended by 132 people. Two round table meetings for residents' associations were attended by 50 people on behalf of 35 organisations out of 108 organisations invited from across the borough. There were 2,514 replies to the online survey (6 on paper).

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 and newsletter campaign; web; 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 available on the Council's website from the start of the consultation period and handed out at public meetings. Comments were also captured through the Leader's email box and through submissions from Bromley Youth Council and the London branch of the Royal National Institute for the Blind. The following is a summary of the themes and issues raised.

Online Survey – summary of findings

This section of the report summarises responses to the Council's online survey seeking views on the overall approach to its Building a Better Bromley priorities. It also asked for practical ideas and suggestions for saving money as well as how to generate more funds to help secure important front line services. Below is an overview of responses. Most feedback was invited in free text to enable respondents to express their own views on the priorities, therefore the findings reflect general trends identified. A more quantitative finding is recorded for the section on the level of council tax. The Leader of the Council and other members of the Executive have had full access to all the comments made and, along with feedback from the public meeting, residents' association sessions and submissions from other organisations, these will continue to be considered and will inform budget setting decisions in 2016-17 and beyond.

The survey asked in which ward respondents lived. Out of the replies received to this question, the largest contingent was from Orpington, Bromley Town and Chislehurst and the fewest replies came from Darwin, Cray Valley West, Cray Valley East, Crystal Palace and Mottingham and Chislehurst North. The rest of respondents were fairly evenly split across other wards.

Question 1: This aimed to help give a better understanding of the broad direction of travel under the Council's Building a Better Bromley priorities and to seek views on the Council's general approach. The main points are listed below. Many views expressed were repeated throughout the survey.

Social Care and Integration with Health: Many mentioned social care as a priority and the importance of early intervention, some thought it should not be cut at all. Most people

supported the concept of integrating health and social care as sensible in terms of delivering the service and saving money. A few mentioned focussing on retaining the quality of the service and a small minority thought it would not work. There was general agreement that those able to pay for social care should do so. Others mentioned children's services as a priority especially around safeguarding, support for children and young people with disabilities and special needs. More emphasis on mental health was called for, especially in relation to young people. There was also a focus on working with third sector partners to deliver services and giving confidence to carers. People wanted more signposting to self-help.

Education: Good education was thought to be important to the future of Bromley. The need for more primary and secondary school places was acknowledged, though some said places should be for Bromley children only. More people said that these places should come from expanding existing good schools rather than setting up free schools, though those who supported free schools thought the Council should help in finding sites. Some concern was expressed about the surrounding infrastructure in areas where more school places were being created. Other topics included: the importance of adult education in Bromley; maintaining services for disabled children and those with learning difficulties; more sport in schools; consider discontinuing sibling priority; more support for home education; introducing school buses and encouraging young people to help in the community.

Quality Environment: This was considered important for residents as well as for attracting business to the borough. Comments ranged from people who thought the new refuse collection arrangements are working well to those who wanted more frequent collections. Most agreed with attempting to minimise waste generally, with some people thinking that fines should be used for people who do not recycle properly. A money-saving suggestion was to provide street wagons as on the continent instead of door-to-door collections. One concern voiced by a number of people was litter. Suggestions included more litter bins, especially fox-proof ones in parks, and more use of volunteers, traders taking responsibility, as well as educating people to take litter home, starting at a young age. In addition, some people thought that more frequent road sweeping was necessary particularly in the autumn, though others said less sweeping generally would save money. Friends Groups were considered a very good initiative which many thought should be expanded.

Some people suggested turning off street lighting overnight in some areas, but others thought this unwise. Views were also mixed on how much tree pruning should be done. Other points and suggestions included only undertaking road repairs and renewing pavements where really necessary, more enforcement of penalties for fly tipping and dog fouling in particular; fewer flower beds and less repeat planting, selling off discarded plants and bulbs and stop cutting grass verges; ban people eating in shopping centres; more recycle centres around the borough; the Council should generate its own electricity from renewables and introduce more cycle lanes.

Thriving Town Centres: Points included attracting more quality shops and department stores to our high streets. It was felt that there were too many coffee shops, cafes and restaurants with more independent retailers wanted as well as ensuring there is a mix of retail and cultural venues in town centres, and to consider reducing business rates and rents to encourage business. More parking availability was suggested especially in smaller shopping parades, with more pedestrian areas in town centres. Some people thought that staging more large scale events in the borough would be a good way of raising revenue. Other suggestions included removing or reducing parking fees to compete with out of town shopping centres; offering free or reduced short term parking to support local shops; encouraging large scale office space for larger companies to relocate; better transport infrastructure to encourage people to visit Bromley and the Council should support business start-ups.

Housing: Of those who mentioned housing, a significant amount wanted developments in the borough to include more affordable housing or social housing, with only those entitled to have access to it with regular checks made to determine any change of circumstances. Some held the view that housing stock should not be sold off by housing associations. It was suggested that empty properties should be renovated and brought back into use or empty office accommodation could be converted to housing. Some respondents were concerned that house and flat building should be accompanied by the necessary surrounding infrastructure. A very few did not want any more houses built, especially in their neighbourhood.

Healthy Bromley: There was confusion about the Council's health remit and how this dovetails with the NHS. Many thought that 'prevention is better than cure', though they wanted proper measured outcomes in place. Many felt that people should be taking responsibility for their own health especially in the field of weight loss. Other comments included children being encouraged to walk or cycle to school; gym equipment in parks; use of the voluntary sector and more use of pharmacies to give advice.

Safer Bromley: The most prevalent comments were about police presence on the streets which is not within the Council's remit. Many people mentioned the importance of tackling antisocial behaviour and the use of CCTV to combat crime. Other comments related to not feeling safe in the evenings especially where young people were congregating in local parks; concerns about road safety issues such as speeding. Timely warnings about rogue traders and scams were welcome.

Overall views on the priorities outlined: Many people broadly agreed with the priorities and some described them as sensible, 'laudable', 'worthy', 'and 'the right ones'. A number of people expressed concern at how they would be delivered with less money.

Question 2: We have taken more than £60 million out of the budget over the past years and the online survey asked what impact this has had on those taking part in the survey.

The responses included those who said in their view there had been no impact and those who expressed positive comments, particularly about the town centre improvements. Listed below are the overarching areas of council activity or service where it was felt there had been a negative impact, which will be passed to heads of service to consider, particularly in terms of contract management and service performance. These responses fell into a range of key categories, which included:

- Closure of Bromley museum
- Loss of Bromley Youth Music Trust (BYMT) funding
- Youth services including Child and Adolescent Mental Health Services (CAMHS) as well as mental health services for adults
- Pressures on social care both adults' and children's and on services for those with learning disabilities
- Loss of funding for certain charities and voluntary organisations
- Contact with the Council, particularly by phone
- Impact on the early years service
- Impact on environment included litter; bin and waste collection; grass verge cutting; street cleansing; maintaining roads; pavements; parking
- Public toilet closures
- Housing whether the lack of it or the impact of increased development
- The library service

- Other areas where a negative impact was considered included adult education; allotment services and on those receiving benefits.

There were also responses regarding reductions in policing and those relating to health services, which fall outside the Council's direct remit.

Question 3: As we continue to review services rigorously to ensure they are delivered in the most cost effective way by those best placed to provide them, we asked for suggestions about ways we can balance the budget this year and beyond. Again, the responses fell into a range of key categories, which included:

- Ensuring commissioned services, with partner agencies, voluntary or the private sector, are delivered as efficiently as possible and return the best value for money. Concern was expressed about the quality of services being compromised if commissioned and certain respondents thought these services should continue to be delivered in-house. The positive role of the voluntary sector in providing services was again reflected in responses
- Effective and robust contract monitoring of services to ensure service level agreements and standards of performance are met; effective due diligence when outsourcing
- Delivering services jointly with other local authorities; learning from other local authorities' experiences; selling services to other authorities; collaboration with other public sector organisations such as the Clinical Commissioning Group
- Reducing staffing levels; reducing pensions of staff and sick pay; increasing retirement age of staff; monitoring staff performance; less use of agency staff; reducing numbers of elected members; reviewing councillor expenses and feasibility of supporting a Mayoral service; delete non-essential roles
- Increasing the level of council tax; using reserves
- Effectively monitoring the payment of benefits such as those relating to housing and council tax; community service for those receiving benefit
- Improving levels of recycling; reducing repeat planting schemes; possibility of libraries being online only
- Reducing funding of discretionary activities and reduce discretionary services
- Encouraging personal responsibility in terms of improving outside own property and street; encouraging more people to join 'Friends' initiative
- Effective use of digital communications
- Charging for services
- Lobbying for fairer government funding
- Other issues included turning off street lighting at night; effective communications of services such as FixMyStreet; a lottery; charging for the use of library computers; minimising waste relating to infrastructure refurbishment projects; discouraging take up of services such as Freedom Passes when not needed; signposting and effective communications about social care including to self-funders.
- **Income generation.** Suggestions included: charging for residents' parking; maximising the use of the Council's assets including land; maximising income through use of reserves; effective enforcement of fines relating to issues such as littering, dog fouling; maximising collection of monies owed to the Council such as council tax; parking fines; introducing speed cameras.

Question 4: As we work to provide more advice, information and access to services online, the survey asked what respondents liked about Bromley Council online and what other information and services they would like to see online in the future. A brief summary of responses is set out below. The full responses to the question have been passed to the relevant head of service. Categories of responses included:

- Positive responses regarding FixMyStreet
- Difficulty finding information on the Council website
- Positive about parking online process
- Slow response to emails and other reports
- Webcam at Waldo Road useful
- Pan London school admissions systems to be integrated with our customer relationship management system
- Promote more local events
- Online communications regarding the Council's future plans
- Public discussion forums
- Access to services for residents unable to access the internet or who do not have the requisite skills
- Maps of controlled parking zones.

Question 5: The survey asked for views on a number of listed areas of revenue generation and which areas the respondents would consider increasing. The areas of income generation included: promoting new development and seeking 'section 106' contributions towards the cost of providing community and social infrastructure; use of sponsorship opportunities; increased income for penalty charges for parking incorrectly, dropping litter and waste; rolling out the successful Business Improvement District funding model to other town centres to fund improvements.

Below is a summary of the key issues raised in the responses:

- Regarding promoting new development, the views varied as follows:
- Further development should be encouraged
- It should include affordable housing, shared ownership and social housing
- Infrastructure improvements must be secured through section 106 monies
- It should be on brownfield sites
- It should not continue, with concern expressed about the impact on the nature of the borough
- In terms of sponsorship this would be welcomed
- There is considerable support for the enforcement of fines for litter, dog fouling and fly tipping. The use of traffic wardens having the powers to fine was suggested
- In terms of parking charges, again views varied. There was concern about the impact of increasing penalty charges and parking costs generally on local businesses and town centres, with Bluewater cited in terms of introducing free parking. There was also a call to increase parking spaces to support local business. Views were expressed about increased charges for illegally parking around schools, in disabled bays and issues were raised about illegal parking in certain areas with a call for the extension of controlled parking zones
- The Business Improvement District funding model received positive feedback. There were other suggestions regarding initiatives to encourage businesses to the borough as well as businesses taking responsibility for the environment outside their premises
- Other suggestions for income generation and savings included increasing council tax; reducing councillor expenses and Mayoral support; supporting independence with technology and reducing care costs; bringing empty homes back into use; creating a local investment

bank; reducing council activity and services; increasing council tax banding; peak hour tolls on roads; ensuring council buildings are carbon neutral; using reserves; penalty charges for speeding; reducing staff costs and improving performance; turning street lights off at night.

Question 6: Respondents were asked whether to help protect essential services they would support a reasonable increase in council tax and if so what would be a reasonable percentage rise in council tax levels.

This question attracted 1,995 responses. The majority of respondents (66%, 1,312) said they would support a reasonable increase in council tax to help protect essential services. Of those who would support an increase:

- 8% (101) would support an increase in line with inflation levels (both CPI and RPI mentioned) (Some also mentioned a percentage)
- 18% (234) mentioned **1%** as a reasonable increase
- 11% (140) mentioned **2%** as a reasonable increase
- 6% (81) mentioned **3%** as a reasonable increase
- 25% (321) mentioned **5%** as a reasonable increase
- 5% (63) mentioned a figure greater than **5%** as a reasonable increase.
- The remainder of respondents who supported a reasonable increase did not state a figure
- Some of these respondents explicitly stated that they would only support a reasonable increase if essential or certain specified services were maintained or improved.

27% (540) of respondents did not want to see any increase in Council Tax levels, citing as the main reasons: look for more savings; don't want to pay more for reduced services; current level adequate; would put a strain on families and those on a fixed income such as pensioners. 7% (143) of responses were categorised as 'other'. The two main reasons for this were the comment was not related to the question or no answer was given either way.

- Figures have been rounded to 0 decimal places.

Question 7: This question asked for any further ideas about generating income.

Responses generally reflected those already outlined in earlier questions with the addition of the following ideas:

- Support pop-up restaurants
- Launch a rated trader scheme with a percentage going to the Council
- Tie up with local businesses to launch an online discount scheme for products with a percentage paid to the Council.
- Ask for donations
- Open coffee shop concessions in libraries.

Bromley Youth Council: Bromley Youth Council is a representative forum organised and supported by the Council to enable young residents to have a voice in local decision making and encourage participation in issues that affect them. The following is a summary of the key points of discussion:

- Increased health education and public health working with academies to deliver health related education; health education in primary schools; a framework for young people with Special Educational Needs to achieve independence; improved transition services; increased

school numbers impacting on education; teacher turnover; pressure on high achieving students; impact of academy programme

- In terms of impact on services:
Less support from Bromley Youth Support Programme to deliver projects resulting in less engagement with Bromley young people; impact on care services, parks, leisure and health services; pressure on young people receiving care with personal budgets in terms of making right choices; reduction in staffing levels including in the Youth Offending Service and the impact on building trust and rapport
- Concern about quality of outsourced services with consensus to have a small good service as opposed to larger, inadequate service; merits of larger libraries incorporating other services; services for vulnerable young people and older people should not be outsourced; merit of sharing services with other local authorities including Chief Executive and HR functions; reducing number of managers and senior managers and resources redirected to frontline staff
- Council website overall effective; need for more interaction online; importance of up-to-date information; keeping up to date with comments and feedback; merit of mobile app
- Increasing sponsorship; not necessarily local authorities' priority to invest in business improvement districts without significant return; more accessible space for businesses
- Regarding raising the level of council tax to protect services:
recognised some experiencing financial difficulty, however, accepted a small short term increase in council tax to support frontline services for more vulnerable residents
- Better information and consultation about how council tax is spent; an additional council tax band to bring in extra money; more advertising of Bromley; use of space for national events and festivals to generate money.

Royal National Institute for the Blind (RNIB): The RNIB represents blind or partially sighted members in the UK. A general submission rather than a response to specific survey questions was made by the London branch. Below is a brief summary:

- The RNIB agrees with signposting people to self-help solutions; the needs of blind and partially sighted people should be considered, including recording recipients' preferred formats of communication, when providing information and advice services online
- There should be access to rehabilitation services at all stages of life and not just at the point of diagnosis; these services should be person centred and may be expected to last beyond six weeks; care eligibility criteria should not be applied to rehabilitation services; reablement services for people with a visual impairment which last longer than six weeks should not be charged
- There should be opportunities to make contact with those who would benefit from preventative support; local authorities and hospitals should work together to ensure timely support on diagnosis
- There should not be a reduction in spend on children's sensory support; support for children and young people with vision impairment should be provided through a unified and centrally managed service to target specialist support appropriately and cost effectively based on the changing needs of the pupil population
- Aids and adaptations needed to support independence costing up to £1000 should be provided free of charge by local authorities.

Public Meeting

This took place on Thursday 26 November 2015 at Bromley Civic Centre. Below is a summary of the topics discussed:

General

- Ensuring that residents and service users understand where and why cuts to services are being made.

- Ensuring equality impact assessments are undertaken, and reported, during the decision making process.
- Addressing inequality and deprivation across the borough.

Resources

- Continuing to lobby the Government for a fairer funding settlement for Bromley.
- Considering a potential increase in council tax and/or business rates for Bromley.
- Reviewing the Council's use of capital assets.

Sustainability and environment

- Ensuring street cleansing contracts are delivered to a high standard and that residents are aware of the mechanisms in place to report issues.
- Maintaining a regular schedule for street cleaning, litter bin emptying and clearing fallen leaves.
- Access to public toilets.
- Improving online reporting.
- Ensuring a consistency of approach to on-street parking enforcement in residential areas.

Housing

- Increasing the provision of affordable housing.

Sport and Leisure Facilities

- Closure and redevelopment of leisure facilities.
- Avoiding the loss of sports facilities across the borough.

Education

- Re-considering the closure of the Widmore Centre and considering the closure of satellite centres for adult education provision.

Public Protection and Safety

- Preventing disability hate crime.

Care Services and the Voluntary Sector

- Communicating with service users when contracts with service providers come to an end.
- Reconsidering any further cuts to services for disabled residents.
- Cuts to public health spending and the impact this would have on social care.
- Future funding for social care and the implications of the 2% precept announced by the Chancellor of the Exchequer in the Autumn Statement.
- Demographic time bomb – ensuring that facilities are available to keep the aging population mentally and physically active.
- Ensuring that the front line services which contribute to maintaining quality of life are protected from cuts.
- Ensuring the personal records of service users are kept up to date, stored securely and made available when necessary.

Residents' Association Meetings 2015

The **first Residents' Association** meeting was held on Monday 30 November 2015. Below is a summary of topics covered by 27 representatives from broadly the west of the borough:

Resources

- Lobby the Government for a fairer funding settlement for Bromley.
- Consider a potential increase of council tax and/or business rates for Bromley.

- Maintain business rate relief for sports clubs.
- Continue to review the number of local authority staff required as services are outsourced or delivered in alternative ways.
- Increase employee contributions to the pension scheme.
- Review membership of the Council pension scheme for new staff.
- Continue to lobby Central Government to increase funding to the local authority.
- Maximise capital and revenue grants from external sources, such as regional bodies.
- Use Council reserves to support service delivery.
- Use Council reserves to fund invest-to-save initiatives.
- Review the Council's property portfolio and use the proceeds of property sales to support service delivery.
- Introduce a Council-run lottery to help fund services.
- Consider whether the cost of work to explore outsourcing of services is proportionate to the savings realised.
- Ensure that Council staff have the right skills and job description to deliver the most efficient services possible, including contract management experience to monitor outsourced contracts.
- Develop a wider range of shared services with other local authorities, including for key back office functions.

Sustainability and environment

- Ensure any street cleansing contract is delivered to a high standard and that residents are aware of the mechanisms in place to report issues.
- Continue to increase levels of recycling of household and business waste.

Planning

- Lobby the Government for the exemption of further areas of the borough from the conversion of B1a offices to housing development, including Beckenham town centre, to preserve office stock.
- Work to reduce the impact of planning appeal costs to the local authority.

Town centre developments

- Ensure the street scene is maintained in areas where public realm improvements have been made.
- Continue to deliver a sufficiently staffed Town Centre Management service.
- Ensure that sufficient toilet provision is available in town centres.
- Consider the potential to use capital reserves to fund a joint venture to develop Site F: Bromley Civic Centre and other sites across the borough.
- Develop a parking validation system for Bromley town centre or consider free parking provision at limited times.

Leisure, Culture and Sport

- Continue to support leisure, culture and sporting provision across the borough.
- Maintain the involvement of children and young people in sport.
- Continue to deliver a range of adult education services.
- Continue to develop the cycling infrastructure across the borough.

Communications

- More information to be made available about the Council's work, including the budget.

The **second Residents' Association** meeting was held on Tuesday 1 December 2015. Below is a summary of topics covered by 23 representatives from broadly the east of the borough:

Resources

- Residents are not aware what their council tax pays for – need to communicate better to overcome this disconnect. Pie charts and visual information recommended.
- Most people would not support a large council tax increase above 2%.
- As savings become harder to find, the Council should focus on joint commissioning, generating income and using reserves.
- The Council should be allowed to maintain its reserves (and not be forced to spend them by central government.)
- The Council should use its assets well and obtain more revenue from them.
- Procurement should be improved to make savings.
- If staffing and budgets are reducing, should there also be a reduction in the number of elected Members?

Sustainability and environment

- Street cleaning is good in the populous areas, but poor in rural areas on the periphery of the borough.
- Street cleaning and landscape contractors are not supervised closely enough.
- Outsourcing to the Landscape Group has been very successful – they react more quickly to issues than before.
- ‘FixMyStreet’ needs to be better publicised – and officer responses need to be clearer and more helpful.

Social Care

- Better coordination to ensure that hospital discharges are not delayed due to care packages not being in place.
- Social care in rural areas needs to be integrated with other issues such as transport.

Planning

- If there is to be an increase in activity at Biggin Hill airport, S.106 money needs to be secured for traffic relief at the Keston Mark junction and Keston Village.
- The Planning Department needs sufficient staff to handle applications for large developments and to see that applications are processed quickly (charging for fast-track planning applications could be considered.)
- It is difficult to get planning enforcement issues followed up.

Economic Development and Town centres

- Bromley should be attracting more businesses and investment.
- Council expertise and resources should be given to centres like Chislehurst to attract grants and investment.
- Delays in projects such as Chislehurst Library mean savings are delayed.
- Fast broadband is vital for business growth, a plan is needed for the whole borough.
- Concern was expressed at the spread of down-market shops with slot machines and tanning parlours.
- Car parking charges should not be too high in town centres, or people will go elsewhere.

Community, Leisure, Culture and Sport

- The local resource centres at Cotmandene and Mottingham provide excellent service.
- The computers at the Central Library need updating – sponsorship should be explored.
- Can the Central Library and the Churchill Theatre be linked?
- Are there any plans to close Hayes Library?

- The need to review the libraries' IT supplier.

Public Protection and Safety

- If Police resources are diverted to special projects, crime and ASB will rise elsewhere.

Communications

- More information to be made available about the Council's work including the budget.

Leader's email box

Forty email responses were received to leader@bromley.gov.uk

Again, the points and suggestions made generally mirrored those already listed in this report with the addition of the following:

- Introduce a local currency
- Cut down on the duplication of voter materials sent by different communications methods
- Deal with foxes in the borough
- Better children's playgrounds
- Increase revenue from location filming in the borough
- Raise funds by developing the National Sports Centre for Crystal Palace Football Club.

Susie Clark

December 2015

RISK AREAS WITHIN CARE SERVICES PORTFOLIO FOR 2016/17 ONWARDS

Risk Summary – 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). 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.

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 we are very dependent on health partners delivering on their responsibilities, for us to deliver ours.

We have seen 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.

There will be a further work to align the Public Health services, particularly Health Visiting service, with early intervention service and thus manage social and health risk in a more efficient way.

The introduction of the National Living Wage from April 2016 could have a significant impact on the care sector where traditionally care workers are remunerated at the lower end of average income levels. In Bromley around 95% of adult social care front line service delivery and spend is in the independent sector. The Council's social care contracts require providers to pay at least the National Minimum Wage, currently £6.70 per hour. It is not known how many of them are already paying at the higher National Living Wage (NLW) rate which will take effect for over 25s from 1st April 2016 (£7.20 per hour rising to £9 per hour by 2020). Employers are likely to benefit from changes to corporation tax and National Insurance which should mitigate some of the effect for those who will need to increase pay rates. The Council will consider the contractual position on an individual provider basis and would expect providers to be able to demonstrate the specific impact of the NLW on their costs.

Nationally the care worker sector is experiencing recruitment problems partly as a result of pay levels but also caused by the sector's poor reputation and perceived lack of opportunity for

employees. Recruitment issues for the sector locally have meant that domiciliary care providers in particular are not always able to respond in a timely way to requests for support for people living in the community which can have an impact on ensuring timely hospital discharges and avoiding unnecessary hospital admissions.

The Council is working closely with the NHS to further integration of health and social care. One of the priorities for the NHS is to deliver 7 day working across the health sector in hospitals and the community. This means that the Council will also have to consider how to respond to pressure for social care services to be accessible 7 days a week both in terms of its own workforce and contracts with external providers. This priority is reflected in the outcomes for the Better Care Fund in order to ensure that the resulting cost pressures in social care are recognised and supported within the health and social care economy.

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 which may be further exacerbated as the next tranche of welfare from is rolled out over the next 18 months.

Education

The education department continues to deliver effective services at a time when the landscape is an evolving one and presenting considerable financial challenge. The SEND reforms have brought additional funding to support change but the extension of education, health and care plans through to age 25 has yet to work its way through the system and it is anticipated that this will have associated additional financial burdens for both the DSG high needs block and RSG in the case of SEN transport. The funding for the education capital programme remains uncertain and there is concern that the increased pressure to create bulge classes will create further DSG pressures. In terms of adult education the proposed restructure, if agreed, will move the service closer to meeting its costs but we must be mindful of possible future further reductions to grant funding.

RISK AREAS WITHIN RESOURCES PORTFOLIO 2016/17 ONWARDS

Rental Income

1. Investment Fund

The 2015/16 budget for rental income from properties purchased from the Investment Fund is £3m, with a further £1m agreed for 2016/17 as part of the 2015/16 budget process, and an additional £1m proposed in the 2016/17 draft budget. 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 has helped to reduce this risk. Expenditure approved to date (which includes those properties reported to Executive on 15th December 2015) is £62.7m, which should generate rental income of £3.8m pa. The balance remaining in the Fund is currently £6.0m.

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.

Admin Subsidy

Housing Benefit Admin Subsidy to be received for 2016/17 is £1.029m which is £226.7k (18.05%) lower than that received for 2015/16. The amount received for 2016/17 reflects a £142k clawback for transfer of the benefit investigation service (£46k part year clawback was made in 2015/16). The level of Admin Subsidy to be received in respect of Council Tax Support has not yet been announced.

Benefit Changes

Bromley is in the 4th tranche of LA's for introduction of Universal Credit (UC). Commencing in January 2016, new single claimants will receive UC towards their housing costs rather than Housing Benefit. Whilst funding for undertaking the Authority's role has been agreed with the Department of Work and Pensions for 2016/17, longer term commitment could not be obtained. The rental market is already reacting to the introduction of UC, making landlords less likely to rent to benefit claimants and further inflating rents. The introduction of UC will have major contractual implications and the uncertainty regarding the roll-out 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 UC the opportunity for this form of recovery will be severely reduced.

From April 2016 working age claimants in receipt of Council Tax Support (CTS) will be required to pay a minimum of 25% towards their Council Tax liability, the level of contribution being 19% for 2015/16. The minimum liability of 25% 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 ongoing welfare reform programme combined with an increase in rent levels mean that a growing number of households 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.

Interest on Balances

A rate of 1% has been assumed for interest on new investments in the financial forecast from 2016/17. In spite of expectations to the contrary, there has been no material change in market interest rates in the last year and it is now anticipated by many "experts" that rates will begin a slow increase from around the middle of 2016, although this is by no means certain. Any future increase in interest rates resulting in additional income will be factored into 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. Following Member approval to changes to our strategy, however, we have placed more money 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 and with other local authorities. These, together with a continuing increase in the

average balance available for investments, have significantly improved our interest earnings in 2015/16 and in 2016/17.

Insurances

The Council's casualty/liability insurance is on a long-term agreement expiring on 30th April 2019, but all the other Council insurance policies (primarily property/material damage and motor) will expire on 30th April 2016. A renewal strategy has been approved by the Commissioning Board and by the Resources Portfolio Holder and these are all in the process of being tendered with a start date of 1st May 2016, the intention being that we will enter into contracts for 2 years plus an option for a further year, which would mean all policies would expire on 30th April 2019. At this stage, it is impossible to predict the results of the tender process, but indications are that premium costs are likely to increase.

RISK AREAS WITHIN ENVIRONMENT PORTFOLIO FOR 2016/17 ONWARDS

Waste Services

Landfill Tax

Landfill Tax currently stands at £82.60 per tonne. The Government has confirmed that this Tax will then increase by RPI inflation until further notice.

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 £85 per year for waste disposal. Each new property thus cumulatively increases costs by about £153 per year. On average, the number of properties in the borough has increased by about 500 each year, although the increase in the last year was 797 properties. 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 - the average cost to equip a property with recycling containers, including delivery, is £22.

The average additional cost per property is thus $£68 + £85 + 22 = £175$. At an average increase of 500 properties per year, this represents an additional annual cost of £87,500 to the Waste budget. This year's increase of 797 properties added a cost of £139,475.

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
2014/15 144,337

In the first 8 months of 2015/15 tonnages have increased by 0.22%, which suggests waste could increase by 350 tonnes over the full year compared to 2014/15. However, many other local authorities are reporting increases of up to 4%. 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 2015/16 will be £83 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £125k 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 UK paper mills through Veolia at a fixed rate of £67 per tonne. 15,690 tonnes of paper were recycled in 2011/12, 15,877 tonnes in 2012/13, 14,436 in 2013/14, and 12,940 in 2014/15. The projection for the current year is 11,900 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 £60k 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 £60k, 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 fluctuated during recent years in line with the performance of utility companies. The quality of works undertaken by Thames Water Utilities (TWU) for example 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.

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 this reduced to £446k in 2014/15 it is estimated to drop to £300k in 2015/16 as SU performance improves. At the same time income from S74 has reduced from £222k to £30k, and FPN's from £77k to £30k 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 £0.790m in 2015/16.

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

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 was agreed in 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 budgeted income in the light of fluctuating demand and inflationary pressures.

It should be noted that the parking service operates in a restricted legal environment which cannot include "maximisation of revenue from Penalty Charge Notices 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 changing 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.

The Executive is considering a proposal to extend pay & display parking around shopping centre and railway stations which will improve management of parking in these areas, with associated income.

In April 2015 Government banned the use of CCTV for the majority of Parking Contraventions. It was estimated that Bromley's income from parking fines could have reduced by about £1 million p.a. Proposals for management action with mitigation measures were agreed by Executive in December 2015.

The Shared Service is continuing to perform well and is leading on a joint Tender exercise with Bexley 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 contract. However it is hoped that the exercise will show a financial benefit for Bromley. A report will be put before Members in mid-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 RENEWAL AND RECREATION PORTFOLIO FOR 2016/17 ONWARDS

Planning Services

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

Pre-emptive action is currently being taken to avoid the risk of Government Designation for Special Measures due to performance, in anticipation of high volumes of work.