Report No.
FSD18001

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Executive**		
Date:	**10th January 2018**		
Decision Type:	Non-Urgent	Executive	Non-Key
TITLE:	**DRAFT 2018/19 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2019/20 to 2021/22**		
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Chief Officer:	Director of Finance		
Ward:	Borough wide		

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1. REASON FOR REPORT

1.1 This report seeks approval of the initial draft 2018/19 Budget including the full year effect of changes agreed as part of the 2017/18 Council Tax report including savings approved during the year with the resultant impact on the Council's medium term "budget gap".

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

1.3 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 the 2018/19 Council Tax and Adult Social Care precept levels.

1.4 The report provides details of the third year of the four year local government financial settlement (2018/19 to 2019/20), the impact of the Chancellor's Autumn Budget 2017 and the Provisional Local Government Financial Settlement 2018/19.

1.5 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2018/19 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 2018/19 Budget detailed in Appendix 7;

2.1.2 Refer the initial draft 2018/19 Budget for each portfolio to the relevant PDS Committees for consideration;

2.1.3 Note the financial projections for 2019/20 to 2021/22;

2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2018/19 Budget and future year forecasts;

2.1.5 Delegate the setting of the schools budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with head teachers, governors and the Schools Forum (see *section 12*);

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 Consider the outcome of the public consultation meetings detailed in Appendix 10;

2.1.8 Agree the proposed contribution of £248,033 in 2018/19 to the London Boroughs Grant Committee (see section 11);

2.1.9 Note the outcome of the Provisional Local Government Financial Settlement 2018/19 as detailed in the report;

2.1.10 Note the significant budget gap remaining of an estimated £38.7m per annum by 2021/22 and that any decisions made for the 2018/19 Budget will have an impact on the future year 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;

2.1.12 Agree to delegate authority to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Resources Portfolio Holder, in relation to the operational details of the London Business Rate Pilot pooling arrangements with the participating authorities;

2.1.13 Agree to enter into a Memorandum of Understanding with the participating authorities as may be necessary to implement and/or regulate the pool and to delegate authority to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Resources Portfolio Holder, to finalise the arrangements on behalf of the Council.

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 £149m Draft 2018/19 Budget (excluding GLA precept)

5. Source of funding: See Appendix 7A 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 2018/19 Financial Control Budget to be published in March 2018

2. If from existing staff resources, number of staff hours – N/A

Legal

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

2. Call-in is applicable

Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2018/19 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 core funding allocations for 2018/19 to 2019/20. At the time of writing this report, further details on various grant funding is awaited and it is important to note that some caution is required in considering any projections for 2020/21 to 2021/22 as this represents the Government's next Spending Review period.

3.2 A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. It is important to consider the key national issues that could impact on public finances over the next four years. The overall national debt stands at £1.8 trillion and, whilst a national budget deficit continues, will increase further to beyond £1.9 trillion. The Autumn Budget 2017 identified that public sector net borrowing is expected to be £49.9bn in 2017/18. The forecast for the last year of the current Spending Round (2019/20) is for borrowing of £34.7bn and by 2021/22 borrowing of £30.1bn. The Chancellor stated that borrowing is still forecast at over £20bn in the first year of the next Parliament. The Chancellor has previously said that he is committed to returning public finances to balance 'as soon as practicable'. Elimination of the annual national budget deficit is expected to be delayed until at least 2030 on the basis of current economic forecasts. This highlights that austerity for local government is likely to continue for some time. The Autumn Budget 2017 identifies planned Government Spend up to 2022/23. From a local government perspective, there is no significant additional funding and on that basis austerity will continue. Even with the planned Green Paper on social care which has now been delayed until Summer 2018, no additional funding was identified in the Autumn Budget 2017 for social care. Therefore, the fiscal squeeze will continue and, with ongoing protection of health, education, police and other security services, the disproportionate cuts in direct funding to local government will continue over the remainder of the four year spending review period. The impact of funding reductions translates to a reduction in the Council's Settlement Funding Assessment of 37.1% by 2019/20 compared with the England average of 22.66% and London average of 20.6% for the period 2017/18 to 2019/20. An update on the economic situation which can impact on public finances is provided in Appendix 1. Further details of the Autumn Budget 2017 and Local Government Finance Settlement are provided in Appendix 2.

3.3 Recognising there are significant funding cuts facing local government, the Government remains committed with the aims of devolution which includes transforming local government and enabling it to be more self-sufficient. The Government views the new flexibilities such as the future growth forecasts from business rates, to be fully devolved to local government by 2020 combined with scope for an increase in council tax for the adult social care precept and the ongoing ability to increase council tax as methods which can reduce the impact of grant reductions. However, it is not the full solution for local government given its costs pressures and service demands.

3.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy

has to be set in the context of the national state of public finances, with 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 2018/19 Budget as well as the longer time frame where it is now clear that the continuation of the period of austerity remains for local government.

3.5 Bromley has the second lowest settlement funding per head of population in the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £90m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details are provided in Appendix 3.

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.

4. CHANGES SINCE THE 2017/18 BUDGET THAT IMPACT ON THE FINANCIAL FORECAST

4.1 The 2017/18 Council Tax report reported to Executive in February 2017 identified a significant "budget gap" over the four year financial planning period. Some key changes are summarised below.

4.2 There continues to be upward pressure on inflation and the 2018/19 Draft Budget and financial forecast assumes increased costs of 3.5% per annum for 2018/19 and 2019/20 reducing to 2.7% per annum from 2020/21. The inflation mainly relates to contract price increases. The main measure used for contract price increases is RPIX which is currently 4.0%. The Autumn Budget 2017 reported that inflation (RPI) is expected to be 3.1% in 2018/19, 2.8% in 2019/20 and 2.9% in 2020/21 and 2021/22. Currently RPI and RPIX are 3.9% and 4% respectively. A separate provision has also been reflected in the Draft 2018/19 Budget to meet the future increase in costs of the National Living Wage. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.

4.3 The Chancellor's Summer Budget 2015 introduced a new National Living Wage with significant cost implications to the Council over the next few years. As previously expected in the financial forecast, the Chancellor announced, as part of his Autumn Budget 2017, further increases in the National Living Wage from April 2018.

4.4 A report elsewhere on this agenda titled "Contingency Drawdown: Homelessness and Temporary Accommodation Pressures" highlights the ongoing increase of households in temporary accommodation despite the range of initiatives being taken to help reduce these pressures. Initiatives during the year include continuing acquisitions of properties for More Homes Bromley (Mears scheme) and the provision of temporary accommodation in Beckenham. The roll out of universal credit, reduction in housing

benefit cap and changes to local housing allowances arising from welfare reform changes have contributed towards these increasing costs. In addition, a new Homeless Reduction Act effective from 2018 expands the duties on local authorities for homeless prevention. Potential additional costs of £1m per annum are estimated in 2018/19 with government funding of £250k being provided, resulting in net additional costs of £750k per annum. Initial release of funding is requested elsewhere on this agenda with further release of the funds remaining being reported for approval later in the new financial year. A further consequence of the roll out of Universal Credit, apart from implications on the homelessness budget, is the potential non recovery of housing benefit overpayments due to claimant error because of the restrictions on recovery through universal credit payments with losses of £500k being provided in 2018/19 rising to £750k per annum from 2019/20.

4.5 Prior to 2017/18, Councils received housing benefit funding relating to the additional cost of supported accommodation for homeless families. The Government have removed the housing benefit funding and replaced it with a cash limited grant funding (£2,360k in 2018/19). With increasing homelessness numbers, this will reflect a new cost pressure as the grant in the future is expected to be less than the additional costs of supported accommodation as homeless numbers increase. It is important to note that the increase in homelessness is part of a London wide problem faced by London boroughs and also impacts on some other major cities in England.

4.6 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 2018/19 Budget and the future years financial forecast. There were further savings arising from the provision of temporary accommodation at a site in the Borough for a two year period resulting in total savings of £788k for a two year period which includes additional income from a loan to the developer.

4.7 Localisation of Business Rates

4.7.1 Following the recommendation of the Executive at its meeting on 13th September 2017, Council agreed on 25th September 2017 to support the London Business Rates pilot. Full details are included in the report to those meetings.

4.7.2 At a subsequent meeting on 10th October 2017 of London Councils Leaders' Committee and Congress of Leaders, it was unanimously agreed in principle by the GLA and 33 London Boroughs to proceed with participation in the pilot.

4.7.3 As part of the Autumn Budget 2017 announcements on 22nd November 2017, the Government agreed to support developing a 100% business retention pilot pool in London for 2018/19, subject to London establishing robust governance arrangements for dedicating a significant share of the additional resources to promoting future economic growth. London Councils estimate that the pilot will generate a net financial benefit of £240m for London in 2018/19 including a net benefit to Bromley of £2.9m which has been reflected in the draft 2018/19 Budget.

4.7.4 The "no detriment" guarantee remains and further details are provided in Appendix 4 of this report (Memorandum of Understanding on the London 100% Business Rates Retention Pilot 2018-19 and London Business Rates Pilot Pool 2018-19 Final Prospectus – November 2017).

4.7.5 The previous report to Council on 25th September identified within the legal implications that on the basis the Council approved joining the pilot, the future decisions would be a matter for the Leader/Executive. This report proposes that the Executive agree to delegate any final arrangements to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and Resources Portfolio Holder.

4.8 Despite the recent increase in the Bank of England base rate from 0.25% to 0.50%, there has been very little impact on interest income from lending to banks. This is partly due to banks continuing to have access to lending from central government at very low rates as well as the strengthening of "balance sheets" reducing the need to borrow. In addition, the utilisation of the investment and growth fund as well as the Highways Investment Fund, have reduced the resources available for treasury management investment. However, the treasury management strategy has been revised to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. The net impact is additional income of £600k in 2018/19, compared with the 2017/18 Budget. Without the alternative investment strategy, the income would have fallen in the draft 2018/19 Budget to reflect a reduction in treasury management resources available. The contribution of higher risk and longer term investments within Treasury Management have contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group.

4.9 The Government will implement the national funding formula for schools, higher needs, day care provision and central fund. The combination in the loss of flexibility of funding between schools funding and high needs has resulted in an estimated funding shortfall of £1m in 2018/19 rising to an estimated £2m per annum from 2019/20. This has major implications for the future funding of growth pressures within Special Education Needs which was previously wholly funded within the Dedicated Schools Grant. Future cost pressures are likely to be funded from the Council's revenue budget. The Government made available a High Needs Strategic Planning Fund of £139,624 in 2017/18 and "Local authorities can use this fund to carry out a strategic review of their high needs provision. We ask that local authorities prioritise this review and planning activity, working with schools, colleges and other providers, and with parents and young people". Members approved the release of the monies in January 2017 for the strategic review of Special Educational Needs provision. The outcome will be reported to a future meeting of the Executive.

4.10 Funding for New Homes Bonus in 2018/19 has reduced by 41% compared with the 2017/18 Budget and is expected to continue to reduce significantly. From 2017/18, any income was utilised to support the revenue budget and reduce the Council's budget gap in order to protect key services. For 2017/18, a sum of £3.84m was used to support the Council's revenue budget. As new Homes Bonus reduces in future years the financial forecast includes the fall out of funding.

4.11 Locally Administered Business Rate Relief Scheme

Executive on 19th July 2017 approved the use of the Government's short term funding towards a locally administered Business Rate Relief scheme. The Council was one of the first local authorities to progress with a discretionary scheme despite a degree of uncertainty on the conditions of funding in order to ensure that local businesses that received high increases in their business rates due to the national revaluation scheme are supported as far as possible during this period. The Council has requested flexibility of funding between years which has not been agreed by Government. The Government has provided funding of £1,405k in 2017/18, £682k in 2018/19, £261k in 2019/20 and £40k in 2020/21.

4.12 Improved Better Care Fund

The Autumn Statement 2016 identified future funding for the Improved Better Care Fund, utilising Section 31 grant funding which effectively results in direct funding to the Council rather than through Bromley CCG. Estimated ongoing funding of £2m is available in 2018/19 increasing to £4.6m per annum from 2019/20. In addition, in March 2017, after the Council agreed it's 2017/18 Budget, the Government agreed further non-recurring funding of £4.463m in 2018/19, £3.363m in 2019/20 and £1.677m in 2020/21. The utilisation of these monies requires the joint agreement with Bromley CCG. Proposals for funding various schemes were approved by Executive on 10th October 2017. The Draft Budget includes utilisation of part of the funding available to meet identified future years cost pressures on Adult Social Care (£1m in 2018/19 rising to £2.5m per annum by 2021/22) and a contribution towards the full year effect of the Adult Social Care spend in 2017/18 (£2m in 2018/19 reducing to a contribution of £1m per annum from 2019/20). Subject to approval of the 2018/19 Draft Budget, there remains uncommitted monies of £873k in 2018/19 and £2,387k in 2019/20.

4.13 The financial forecast includes additional full year costs for adults social care of £1,394k (from 2019/20), partly offset by savings from retendering of contracts and other efficiency savings of £394k, which are not funded from the Improved Better Care Fund.

4.14 There are further cost pressures, including the impact of the full year effect of children social care spend in 2017/18 totaling £1,118k. However, there are potential savings arising from the significant previous investment in children's social care services of an estimated £250k in 2019/20 rising to £1m per annum by 2021/22, which has been reflected in the financial forecast.

4.15 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 130,004 "Band D" equivalent properties for 2018/19, which assumes an allowance of 2.35% for non-collection.

4.16 The Council has a non-recurring collection fund surplus of £9.8m reflected in the '2016/17 Provisional Final Accounts' report to Executive on 20th June 2017**.** The surplus income is mainly due to good debt recovery levels, an increase in new properties in the borough and the successful continuing impact of actions following the data matching exercise on single person discounts. The financial impact of the council tax support scheme was also lower than budgeted. A sum of £2.0m will be allocated to the GLA and £7.8m to the Council. 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 2019/20.

4.17 The 2018/19 Draft Budget and financial forecast reflects variations which result in changes in the provisions within the Council's Central Contingency. This includes, for example, welfare reform changes which were not fully implemented nationally and a review of provisions in the context of needing to deliver a balanced budget. Reductions of £2m have been reflected in the 2018/19 Budget, compared with the 2017/18 Budget.

4.18 The Government announced in-year funding reductions (2015/16) for Public Health services and the ongoing reductions have been reflected in the 2018/19 Draft Budget and financial forecast. The full details of the final grant settlement for 2018/19 relating to all the grants received by the Council are awaited. A general provision has been reflected in

the Council's four year financial forecast for future loss of Government Grant of £0.5m per annum in 2018/19 rising to £1.5m per annum from 2020/21.

4.19 The Autumn Budget 2017 and subsequently the Local Government Provisional Financial Settlement 2018/19 were published on 22nd November 2017 and 19th December 2017 respectively. Details of the key changes are shown in Appendix 2.

4.20 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 £2.7m additional income per annum). Councils were able to levy the precept on top of the existing freedom to raise council tax by up to 2% without holding a referendum. Therefore, the 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. As part of the Local Government Finance settlement the Government announced that the annual Social Care Precept of 2% can be applied at 3% in 2017/18 and 2018/19 subject to a maximum of 6% across the period 2017/18 to 2019/20. The financial forecast assumes an ongoing increase of the precept of 2% per annum. The Government recognises that the precept can also include, for example, funding the additional cost of the new Living Wage. Members will be requested to consider applying the precept as part of the 2018/19 Council Tax report to the Executive on 7th February 2018.

4.21 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 and the adult social care precept. Therefore, there is an inherent assumption that local authorities will be increasing council tax and utilising the adult social care precept to mitigate against the loss of grant funding and towards meeting 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. In calculating the Council's spending power, the Government has assumed that 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". The Local Government Provisional Finance Settlement 2018/19 allows a potential council tax increase of a further 1% (including adult social care precept), totalling 4.99%, without the need for a referendum.

4.22 Details of various grant allocations for 2018/19 are still awaited at the time of writing this report.

4.23 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 potential income in 2018/19 totalling £14.2m 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.

4.24 The latest forecast indicates that despite having a balanced budget in 2018/19 there remains a significant budget gap in future years that will need to be addressed, particularly from 2020/21.

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.

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 (e.g. the impact of the National Living Wage).

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 is shown in Appendices 5 and 6 and are summarised in the table below:

Variations Compared with 2017/18 Budget	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Grant Loss	**8.5**	**14.0**	**18.4**	**22.2**
Cost Pressures				
Inflation (including impact of National Living Wage)	9.1	19.1	27.5	34.4
Welfare Reforms and Impact on Homelessness	2.0	4.3	5.8	7.8
Homelessness Reduction Act	0.7	0.7	0.7	0.7
Environmental Services contract & other key contracts	0.0	2.0	4.0	4.0
Full year effect of adult social care spend not funded by IBCF	0.0	1.0	1.0	1.0
Children's Social Care	1.1	1.1	1.1	1.1
Real Changes (see Appendix 6)	2.0	1.6	2.0	2.5
Total Additional Costs	**14.9**	**29.8**	**42.1**	**51.5**
Income / Savings				
Savings from Office Accommodation Review	0.0	-0.6	-0.6	-0.6
Acquisition of Residential Properties to Accommodate Homeless (Mears)	-1.0	-1.9	-1.9	-1.9
Additional Income Opportunity (Amey)	-0.5	-0.7	-0.9	-0.9
Additional Income from Business Rate Share	0.0	-0.6	-0.9	-0.9
Impact of London Pilots of Business Rates	-2.9	0.0	0.0	0.0
Interest on balances - additional income	-0.6	-0.2	-0.1	0.0
Release general provision in contingency for significant uncertainty/variables	-2.0	-2.0	-2.0	-2.0
Savings from recommisioning/retendering of various contracts	-1.1	-1.1	-1.2	-1.2
Fall out of Comissioning Programme funding	-0.5	-0.5	-0.5	-0.5
Savings from Childrens Social Care linked to Invest to Save funding	0.0	-0.3	-0.8	-1.0
Total Income / Savings	**-8.6**	**-7.9**	**-8.9**	**-9.0**
Other Changes (includes use of non-recurring funds)				
New Homes Bonus - Support for Revenue Budget	-1.9	0.8	2.8	3.8
Collection Fund Surplus 2014/15 (set aside to meet funding shortfall in 2018/19)	-4.9	0.0	0.0	0.0
Collection Fund surplus 2015/16 (£6401k carry forward to 2018/19 and 2019/20)	-0.7	-5.7	0.0	0.0
Collection Fund surplus 2016/17	-7.9			
Collection Fund surplus 2016/17 set aside to support the 2019/20 Budget	7.9	-7.9	0.0	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Other Changes	**-7.5**	**-16.8**	**-0.2**	**1.8**
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-1.6	-2.3	-2.9	-3.6
Impact of 3.99% Increase in Council Tax (including Adult Social Care Precept)	-5.7	-11.6	-17.8	-24.2
Total Council Tax	**-7.3**	**-13.9**	**-20.7**	**-27.8**
Remaining "Budget Gap"	**0.0**	**5.2**	**30.7**	**38.7**

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2018/19 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.4m. The financial forecast assumes an ongoing increase in the Adult Social Care precept beyond 2019/20. It should be noted that the current legislation only provided powers for this precept until the end of 2019/20.

6.2 Appendix 5 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 previously agreed to reduce the “budget gap”.

6.3 The above table highlights that, although it has been possible to achieve a potential balanced budget for next year through identifying savings, proactively generating investment income, setting aside non recurring council tax collection fund surplus and prudent financial management, there remains a “budget gap” of £5.2m in 2019/20 rising to £38.7m per annum in 2021/22. The projections in later years have to be treated with some caution, particularly as the Government’s next spending review is expected to be implemented from 2020/21 which will include the revised levels of funding for individual local authorities following the “Fair Funding” review. The Government is consulting on the early stages of the “Fair Funding” review.

6.4 The future year’s financial projections shown in Appendix 5 include a planning assumption of ongoing reductions in Government funding between 2019/20 and 2021/22. It is important to recognise that, given the current ongoing period of austerity for local government, the downside risks remain significant and that the budget gap in future years could widen substantially.

6.5 In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £90M were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on the council tax payers. With the Government placing severe reductions in the level of grant support , the burden of financing increasing service demand falls primarily upon the level of council tax.

7. DETAILED DRAFT 2018/19 BUDGET

7.1 Detailed draft 2018/19 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 2018/19 budget for each Portfolio as follows:

- A summary of the Draft 2018/19 Revenue Budget per Portfolio
- A high level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2018/19 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2016/17 expenditure, 2017/18 budget, 2018/19 budget and overall variations in planned spending between 2017/18 and 2018/19
- A summary of the main reasons for variations per Portfolio in planned spending between 2017/18 and 2018/19 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 previous 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 current Chancellor has indicated that the devolution agenda will continue. The Government assumption remains that cuts in funding will be partly 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. There are also clear benefits 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. A report on the local CIL went to Executive on 6th December 2017 outlining proposed charges, a Preliminary Draft Charging Schedule that will go out for consultation in January/February 2018 and the timelines for the local CIL to become effective. The income estimate once the local CIL is adopted is up to £3.5m per annum, but the implementation is not likely to be until 2019 after the adoption of the Local Plan in late 2018

8.3 New Homes Bonus

8.3.1 Changes to New Homes Bonus (NHB) were announced as part of the Provisional Local Government Finance Settlement 2017/18. The New Homes Bonus scheme will continue with rolling funding reduced from six years to five years in 2017/18. It will reduce to four years from 2018/19. A new baseline has been introduced so that Council's will need to achieve tax base growth of greater than 0.4% before they receive any NHB funding. Payment will only be received for property numbers exceeding the baseline threshold. The initial reduction in funding was used to fund the Adult Social Care Support Grant in 2017/18. The Government have consulted on changes including options of withholding payments from local authorities that are not 'planning effectively, by making positive decisions on planning applications and delivering housing growth' as well as the option of introducing changes that withhold payments for homes that are built following a planning appeal. As part of the Local Government Finance Settlement, the Secretary of State, DCLG, has stated that no changes will be made to NHB for the current year.

8.3.2 New Homes Bonus is currently a key source of income, previously set aside to generate investment income. The financial benefits have reduced significantly, with funding reductions in 2018/19 of 41% compared with the previous year. The Draft 2018/19 Budget and financial forecast assume that any monies will continue to be used towards reducing the Council's "budget gap" over the next four years.

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 previously retained a 30% share of local business rates with 50% retained by the Government and 20% retained by the GLA. That position was subsequently changed to 30%/33%/37% in 2017/18 to reflect changes in GLA funding. This will change in 2018/19 to reflect the 100% devolution to London as part of the London Business Rate Pilot Pool. The original Government proposals indicated that the funding "baseline" will be reset in 2020 and every 10 years thereafter. Although the reset in 2020/21 is expected to remain, future resets are currently expected to be undertaken every three years. This position may still change. The previously planned full devolution of business rates will now change to 75% (rather than 100%) of business rates and will be implemented from 2020/21 (previously planned to be 2019/20). London will have full devolution (100%) in 2018/19 as part of a pilot scheme. Pilots are expected to be able to continue in 2019/20.

8.4.2 The draft 2018/19 Budget assumes additional income of £2.9m from the London Business Rates Polling Pilot for one year only, at this stage. Recent developments will help contribute towards 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 future completion of the Bromley South site.

8.4.3 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. The Government are considering allowing local authorities to retain part of the business rate growth at the reset period to avoid a potential "cliff edge" of losing the ongoing impact of all the business rate share growth achieved up to the reset year.

8.4.4 The impact of the incentives through Community Infrastructure Levy, New Homes Bonus and the share in Business Rates 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 At its meeting on 20th July 2016, Executive considered the 'Gateway Report Commissioning – Proposed Total Facilities Management Contract' report and awarded the contract to Amey Community Limited working with Cushman and Wakefield. Cushman and Wakefield on an incentivised basis will seek to grow the Council's net investment income (excluding property generated by new capital) by a minimum of £1m

within three years. This will be achieved by:

- Rephasing the investment portfolio to improve returns and income growth prospects;
- Adopting a more commercial approach to managing rents and service charge recoveries.

Additional income arising from this incentivised scheme of £500k has been included in Draft 2018/19 Budget.

8.5.4 A key consideration is whether the Council's 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 outcome of the current review, being undertaken by Cushman and Wakefield, will be reported to a future meeting of Executive.

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 Funding of £36.85m was set aside with total uncommitted funding of £8.2m remaining. Spend to date includes the acquisition of two commercial buildings in Orpington and Bromley totalling £14.5m. These two acquisitions will generate income of £897k per annum as well as make a potential contribution towards the future economic development of the area in which they are located. A sum of £6.7m has been set aside for Biggin Hill and Cray Valley. A breakdown of spend to date and approved schemes were included in Appendix D of the Capital Programme Monitoring – 2nd Quarter 2017/18" report to Executive on 6th December 2017.

8.7 Investment Fund

8.7.1 The Council has also set aside an Investment Fund which is being used primarily for property investments to enable the Council to achieve sustainable investment income which exceeds treasury management rates. Funding of £102.26m was set aside, including a contribution of £20.3m from the Council's capital programme. Costs to date include the acquisition of 16 commercial properties totaling £91.5m, contribution to the Glades (£1.4m) and various other costs (£1.3m) leaving uncommitted monies for other potential schemes of £8m.

8.7.2 These purchases, including the purchases relating to the Growth Fund are on track to achieve an annual income of potentially over £5.7m per annum, which is some five to six times the income that was being earned from the equivalent investment in bank deposits.

8.8 Investment Income

8.8.1 The 2018/19 draft budget for income from properties purchased to date from the Investment Fund is £5.7m (the current yield provides an rate of return of between 5% and 6%) and there is further estimated income of £5m relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). Income from treasury management investments, combined with further acquisitions, potentially provides a total investment income of £14.2m. 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 span a wide variety of options with the majority of income from commercial properties. Apart from lending to banks and various local authorities other investment choices include a £40m investment made in a property fund, £10m in Diversified Growth Funds and £30m in Multi Asset Income Fund which represents a medium term (3 to 5 years) investment opportunity. Council recently approved a further increase of £20m in such alternative investments within treasury management. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk. For example, the property fund to date has generated an average return of 4.8**%** per annum. The Council also recently undertook secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative.

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. Given the significant benefits of achieving sustainable investment income, which protects key services, this approach should continue, where possible.

8.9 Review of Fees and Charges

8.9.1 There will need to be an ongoing review identifying opportunities as the medium term "budget gap" remains significant. Chief Officers will be undertaking a fundamental review of all fees and charges during 2018/19 to identify opportunities to reduce the future years 'budget gap'.

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 2017, the actual balance on the Fund stood at £14.8m (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 £1.5m 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 In the last few years significant savings have been delivered through commissioning of services. The Draft 2018/19 Budget includes savings of £1.1m per annum. There will be significant retendering of contracts including for example, the joint tendering of a number of the Environmental Services contracts totalling £30m p.a. by 2019/20 (£300m over 10 years) and the Exchequer and Customer Services contract. There are cost pressures identified in the financial forecast but all opportunities to identify commissioning savings whilst protecting key services will be explored to assist in reducing the Council's "budget gap".

8.12.2 It remains key that commissioning plans are in place across services to identify options for most effective service deliver, identifying future changes and mitigation options for addressing cost pressures and demographic pressures. This will include options around innovate service delivery, providing key services at a lower cost and exploring partnership, external funding and commercial income opportunities.

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.

8.14 Transformation

8.14.1 With a clear direction on the Government funding available for the next two years and that local authorities will need to be more 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 for significant changes including the inherent risk of a future recession.

8.15 Health and Social Care

8.15.1 The Spending Review and Autumn Statement 2015 referred 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 was a significant step combined with wider integration proposals with health and social care evolving in different parts of the country. One example of integration includes the work undertaken in Manchester which seeks to ensure integration maintains the local democratic accountability at its core.

8.15.2 Bromley CCG is co-terminus with the Council's boundaries which makes any pooling of resources for a shared locality more straightforward. The Council is working with Bromley CCG to explore opportunities for the delivery of local integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the poling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.

8.15.3 The impact of the Sustainability and Transformation Plans led by the health services and the continuation of the Better Care Fund and Improved Better Care Fund will be monitored closely to identify the risks/opportunities that may arise to meet the Building a Better Bromley priorities.

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 previously 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 Chief Officers will explore the opportunities for further savings, as well as income opportunities, to address the medium term budget gap.

9.6 The Council will need to seek primarily to balance its revenue budget over the financial forecast period and it remains essential to contain Council spending within original budget estimates to mitigate against further cost pressures. However the Council could consider utilising balances, where necessary, to smooth the impact of the savings requirement throughout the period.

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 The National Audit Office (NAO) as part of their work on the Financial Sustainability of Local Authorities 2014 found that local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. They found that the Department of Communities and Local Government has a limited understanding of authorities' financial sustainability and the impact of cuts on services. The Head of the National Audit Office commented that the DCLG "should look for evidence of financial stress in local authorities to assess itself that they are able to deliver the services for which they are responsible. It should be clear about the knock on effect of the various funding decisions taken by departments in Whitehall". The NAO issued a report at the end of 2014 that real terms cuts in local government funding would 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". The NAO is currently undertaking a further study on the "Financial Sustainability of Local Authorities 2018" and the Council's initial comments sent to the NAO are included in Appendix 8.

10.3 PWC's "The Local State We're In 2017" states the long term outlook for the local government sector is more uncertain than ever. The overall response from Leaders and Chief Executives indicated that only 16% of Councils are confident that they will be able to make the necessary savings without impacting the quality of services or outcomes in the next five years. 88% of respondents felt that some local authorities will get into serious financial crisis within the next five years.

10.4 A 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".

10.5 The most recent CIPFA annual CFO confidence survey found more than 56% of finance leaders are less confident in the ability of their council to keep delivering services in the next financial year.

10.6 Sean Nolan, Director of Local Government and Policing at CIPFA said "The financial resilience of councils is a real concern. Councils have been really imaginative in balancing the books so far but some councils are getting close to the tipping point with

little by way of reserves to cover the problem. Over the next 12 to 24 months, in those few cases, we could start to see headlines describing spending freezes, major job cuts and drastic cuts in services".

10.7 London Councils identified a funding shortfall for London boroughs of £1.5bn per annum by 2020. This has to be considered in the context that over the period to 2039, London's population is expected to increase by 24% (double the rate of the rest of England).

10.8 At the national level, the Local Government Association have identified a funding gap of £7.1bn for local authorities by 2020.

10.9 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.

10.10 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.

10.11 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.

10.12 The Council is seeking fairer funding from Government and the Council's views prior to the Autumn Budget 2017 are attached in Appendix 9. The Leader, Resources Portfolio Holder, Chief Executive and Director of Finance met with Sajid Javid, Secretary of State, DCLG on 20th December 2017 to discuss seeking a fairer funding deal for Bromley and its residents. The Council previously secured non–recurring transitional grant funding of £4.2m in recognition of the funding issues faced by the Council.

11. LONDON BOROUGHS GRANT COMMITTEE

11.1 London Councils require formal notification of the Council's agreement to their contribution for 2018/19. The London Councils Grants Committee has proposed a Budget for 2018/19 comprising total expenditure of £8.668m that is met by contributions from Boroughs of £6.668m, European Social Fund grant (£1m) and a balance of £1m transferred from reserves to reduce the Boroughs' contribution.

11.2 Bromley's contribution to this Committee was £287,198 in 2017/18. The contribution for 2018/19 is £248,033 which represents a reduction of £39,165 compared with 2017/18 (after allowing for one off payment from reserves).

11.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2018/19 budget. If it is not agreed by the 26th January 2018, the overall level of expenditure is deemed to be the same as approved for 2017/18.

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

PROVISIONAL DSG FUNDING					
	SCHOOLS	HIGH NEEDS	EARLY YEARS	CENTRAL	TOTAL
	£'000	£'000	£'000***	£'000	£'000
BASELINE	196,976	47,062	20,000	1,976	266,014
BASELINE ADJUSTMENT	1,540	-1,540	0	0	0
'NEW' BASELINE	198,516	45,522	20,000	1,976	266,014
PROVISIONAL ALLOCATION 2018/19	201,363	46,340	20,000	1,926	269,629
FINAL 2018/19 ALLOCATIONS	205,352	46,634	21,150	1,965	275,101
INCREASE/(DECREASE) £	6,836	1,112	1,150	-11	9,087
INCREASE/(DECREASE) %	3.4%	2.4%	5.8%	-0.6%	3.4%

12.3 Final allocations have been announced and are driven mainly by pupil numbers. The increases being seen in the schools block are due to primary pupils increasing from 26,803 in the provisional estimate to 27,267, an increase of 1.7%. Secondary pupils have increased from 16,529 to 16,928, an increase of 2.4%. The per pupil increase will therefore be at a lower level.

12.4 The High Needs Block is seeing pressures coming through the system. Although there are increases in funding predicted year on year, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments.

12.5 Current predictions suggest that there will be a funding shortfall of between £1.0m and £2.0m p.a. for the next 3 years in the High Needs Block

12.6 Early Years funding has increased mainly due the extension of the 15 hours entitlement which added an additional £2m of DSG to the block.

12.7 The DSG continues to be ringfenced for funding the provision of Education, the vast majority of this has to be passed directly to maintained schools and academies. Further ringfencing arrangements introduced under the National Funding Formula mean that as a rule no funding can move between individual blocks.

12.8 However a disapplication to these arrangements can be made. Bromley requested a transfer of £1m (about 0.5% of the Schools Block Grant) from the Schools Block to the High Needs Block which was rejected by the Schools Forum. Bromley has therefore forwarded the case to the DfE for their consideration. A decision is expected shortly.

12.9 In previous years the Portfolio Holder has agreed a package of funding to set the Schools budget following consultation with Schools Forum, Head teachers and Governors. The Executive is asked to agree that this process should take place again for 2018/19.

12.10 In 2017/18 a grant was given to Bromley to fund a strategic review of High Needs and SEND provision. This is now underway and recommendations are expected early in 2018. It is hoped that this review will help Bromley refocus some of the areas within the High Needs Block and affect some savings. However efficiencies and savings are expected to be more medium to long term rather than quick wins.

13. GENERAL AND EARMARKED RESERVES

13.1 The Council has general reserves remaining of £20m as at 31/3/2017. A full breakdown of reserves including earmarked reserves will be reported to the next meeting as part of the 2018/19 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.

13.2 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.

13.3 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 limited opportunities to reduce costs in the medium term, this approach was reconsidered to provide capital funding for investment in planned highway maintenance funded by capital receipts.

13.4 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.

14. ISSUES FOR FUTURE YEARS

14.1 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 2018/19 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2018/19 but to also deal with the medium term financial position as well. Even allowing for the options in this report a budget gap of £38.7 per annum remains from 2021/22. Some of the measures identified in Appendix 5 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 financial outcome will also depend on the final decisions made on council tax levels.

14.2 Bromley's core funding cut has been higher than the London and England average since 2010/11 and equates to a 75% reduction compared with 63% (London and England) in real terms over the course of the decade (estimated up to 2019/20). 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. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

15.1 Details of council tax, funding levels and cost comparisons between councils are shown in Appendix 3.

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

15.3 Using 2017/18 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £65m.

15.4 Despite being a low cost authority, Bromley has achieved savings of over £90m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

15.5 The Council has achieved a low council tax level despite low levels of Government funding by keeping spending low.

15.6 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.

16. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

16.1 The GLA 2018/19 Draft Budget has been issued for consultation and includes proposals for an increase in existing GLA precept of 5.1% for 2018/19. The final GLA precept for 2018/19 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 22nd February 2018.

16.2 For 2018/19 every £1m change in income or expenditure causes a 0.7% variation in the "Bromley element" of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.4m.

16.3 As part of the Localism Act, any council tax increase of 3% or above in 2018/19 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one off cost of a referendum is estimated to be £400k.

16.4 The Social Care Precept on council tax was originally set at 2% per annum for 2017/18 to 2019/20. For 2017/18, Councils could opt for a 3% increase per annum for two years over a three year period. The total allowable increase will be 6% over the three year period 2017/18 to 2019/20. Councils are able to levy the adult social care precept on top of the existing freedom to raise council tax by up to 2% per annum (or 3% for two years only) without holding a referendum. The Local Government Finance Settlement 2018/19 enables Councils to raise council tax by up to 2.99% without holding a referendum.

16.5 If the Council chose to agree a Bromley element of a 3.99% council tax increase, including the 2% social care precept, and the GLA precept was increased by 5.1%, there would be an overall combined council tax increase of around 4.2%.

16.6 As part of the Local Government Finance Settlement 2016/17, the Government provided indicative four year funding (2016/17 to 2019/20) which assumed that the Council would raise funding from council tax increases (DCLG modelled an increase of 1.75%) and a further 2% increase to reflect the full Adult Social Care Precept.

17. CONSULTATION

17.1 Two separate resident association meetings were held on 20th November 2017 and 28th November 2017 and a wider public meeting on 1st December 2017 relating to "Talking About Our Borough" and "Bromley Council 2018-19 and Beyond". The outcome is summarised in Appendix 10.

17.2 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 7th February 2018 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 26th February 2018 where the 2018/19 Budget and Council Tax will be agreed.

17.3 Prior to finalising the "Schools Budget" the Education, Children and Families 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.

18. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

18.1 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 National Living Wage.

Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council's Corporate Risk Register shows that 'Failure to deliver a sustainable Financial Strategy which meets with Building a Better Bromley Priorities and failure of individual departments to meet budget' is the highest risk the Council is facing.

18.2 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 11. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 The draft 2018/19 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

20. POLICY IMPLICATIONS

20.1 The Council launched the updated "Building a Better Bromley 2016-2018" and the budget proposals reflect the Council's priorities. "Building a Better Bromley 2016-2018" identifies key priorities as follows

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

20.2 Ensure financial independence and sustainability priorities include:

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

21. PERSONNEL IMPLICATIONS

21.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2018/19 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

22. LEGAL IMPLICATIONS

22.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance act 1992 (as amended) requires the Council to set an amount of Council tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of Council tax. The changes included 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 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.

22.3 The Education Act 2005 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 Executive is being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.

22.5 The making of these budget decisions at full Council 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. The Council has a number of statutory duties which it must fulfill by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to case or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimization, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

22.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2018/19 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 compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a potential balanced budget for the next two years. There will be significant challenges as the Council is a low cost authority and the position will need to be regularly reviewed particularly as there are risks relating to inflation and further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2019/20 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their "cash envelope".

23.2 There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government's "Fairer Funding" review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until 2020/21 whilst austerity for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

23.3 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough and the report has referred to some of the work undertaken in the current financial year. The contribution of local MPs has also assisted in this arrangement.

23.4 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.

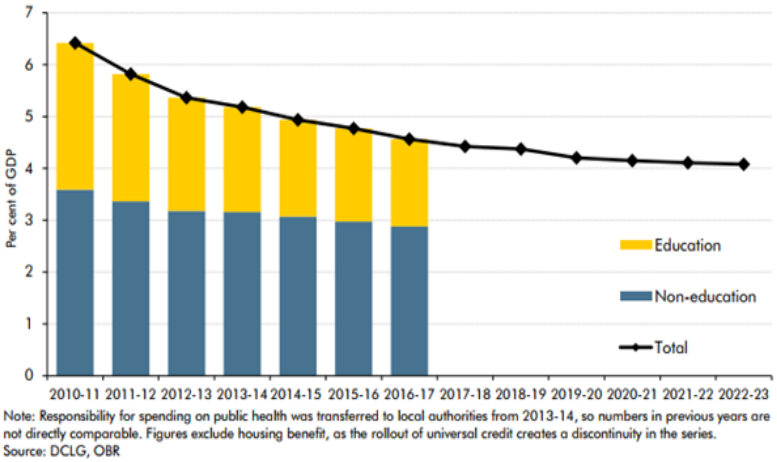
Background documents	Contingency Drawdown Homelessness and Temporary Accommodation Pressures, Executive, 10th January 2018 Treasury Management – Quarter 2 Performance 2017/18 and Mid-year Review, Resources Portfolio Holder and Council, 29th November 2017 and 11th December 2017 Capital Programme Monitoring – 2nd Quarter 2017/18, Executive, 6th December 2017 Budget Monitoring 2017/18, Executive, 6th December 2017 London Business Rate Pilot, Executive, 13th September 2017 Improved Better Care Fund, Executive, 10th October 2017 London Business Rate Pilot, Executive 13th September 2017 Locally Administered Business Rate Relief Scheme, 19th July 2017 2016/17 Provisional Final Accounts. Executive, 20th June 2017 Provision of Temporary Accommodation, 14th March 2017 2017/18 Council Tax, Executive 8th February 2017 Government's Four Year Funding Offer, Executive, 14th September 2016
Financial Considerations	Covered within overall report

Appendix 1

Update on Economic Situation which can impact on Public Finances

1. The overall national debt stands at £1.8 trillion and whilst a national budget deficit continues will increase further to beyond £1.9 trillion. The Autumn Budget 2017 identified that public sector net borrowing is expected to be £49.92bn in 2017/18. The forecast for the last year of the current Spending Round (2019/20) is for borrowing of £34.7bn which reduces to £30.1bn by 2021/22. The Chancellor stated that borrowing is still forecast at over £20bn in the first year of the next Parliament. The Chancellor has previously said that he is committed to returning public finances to balance 'as soon as practicable'. Elimination of the annual national budget deficit is expected to be delayed until at least 2030 on the basis of current economic forecasts. This highlights that austerity for local government is likely to continue for some time. Debt as a % of GDP is expected to fall from 86.5% in 2017 to 79.1% by 2022.

The scale of reductions in national local governmnet funding is illustrated below:



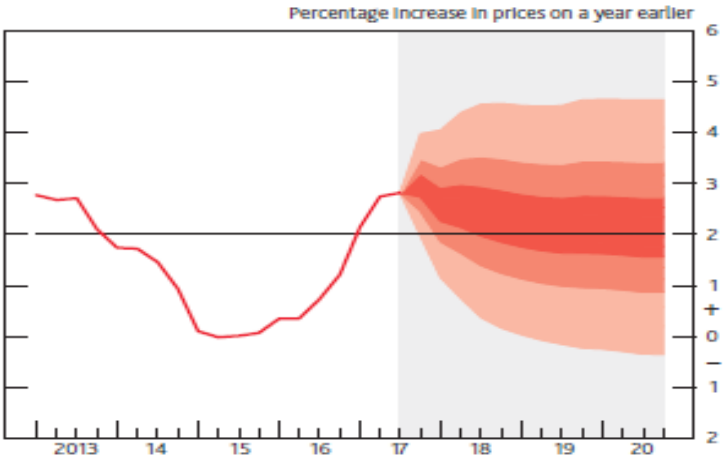
Source: OBR

2. The Autumn Budget 2017 identifies planned Government Spend up to 2022/23. From a local government perspective there is no significant additional funding for local government and on that basis austerity will continue. Even with the planned Green Paper on social care which has now been delayed until Summer 2018, no additional funding was identified in the Autumn Budget 2017 for social care. Therefore, the fiscal squeeze will continue and with ongoing protection of health, education police and other security services. The disproportionate cuts in direct funding to local government is expected to continue beyond the remainder of the four year spending review period

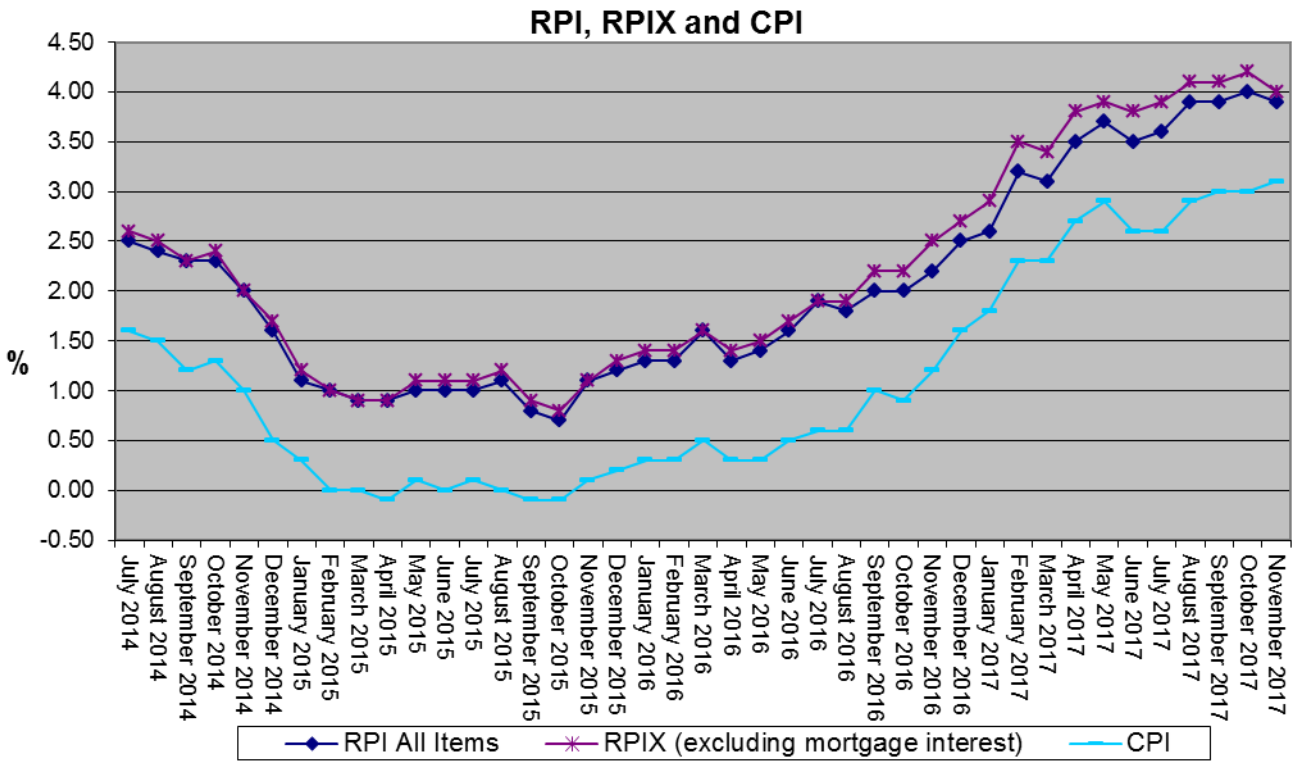
3. For Bromley, the impact of funding reductions translates to a reduction in the Council's Settlement Funding Assessment of 37.1% by 2019/20 compared with the England average of 22.6% for the period 2017/18 to 2019/20. However, the Government view the new flexibilities such as the future growth forecasts from business rates (to be devolved to local government by 2020/21, scope to raise a social care precept and the ongoing ability to increase council tax as methods which can significantly mitigate the impact of grant reductions.

4. The Office for Budget Responsibility predict that the UK economy is expected to grow by 1.5% in 2017, 1.4% in 2018, 1.3% in 2019 and 2020, 1.5% in 2021 and 1.6% in 2022 – the forecast growth has been reduced since the Spring Budget 2017.

5. Inflation (CPI) is expected to be initially above target at 2.7% in 2017, 2.4% in 2018, 1.9% in 2019, and 2% in 2020, 2021 and 2022. Inflation (RPI) is expected to be 3.8% in 2017, 3.1% in 2018, 2.8% per annum between 2019 and 2022 – the Council uses RPIX for its contracts which are similar to RPI. The Bank of England's inflation report (November 2017) provides the following projections for CPI inflation:



6. 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 2018/19 Budget assumes contract price increases of 3.5% which compares with the existing RPIX of 4.0%. Contract price increases of 3.5% have been assumed for 2019/20 reducing to 2.7% per annum from 2020/21. Details of inflation movements over the last 3 years are shown below:



Appendix 2

AUTUMN BUDGET 2017 AND PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/19

The key issues are as follows:

The Autumn Budget 2017 identifies planned national public spend up to 2022/23. From a local government perspective there is no significant additional funding for local government and on that basis austerity will continue for local government;

Elimination of the annual national budget deficit is expected to be delayed until at least 2030 on the basis of current economic forecasts;

There were some welcome changes to universal credit including changes which followed the Chancellors Autumn Budget 2017. They include, for example, options for tenants to arrange universal credit payments direct to landlords, removal of non-eligibility for first 7 days, housing benefit being payable for temporary accommodation (homelessness) instead of universal credit as well as other changes. The implementation date of the roll out for Bromley was delayed from May 2018 to July 2018;

There will be an increase in the National Living Wage from £7.50 to £7.83 (workers aged 25 years and over), an increase of 4.4%;

Inflation is projected to remain higher than recent years;

There are indications of the removal of the pay cap for the public sector – there is no additional funding for local government to reflect this change;

The Government have agreed the London pilot for 100% devolution of business rates in London for 2018/19 – further details are reported elsewhere in this report;

Business rate indexation will change from Retail Price Index (RPI) to Consumer Price Index (CPI) from April 2018 (2 years early). Local Government will be fully compensated;

Business rate revaluations move to 3 yearly revaluations following the next valuation currently due in 2022 e.g. years 2022, 2025, 2028;

Additional housing investment monies of £15.3 billion for new housing investment to support the delivery of 300,000 additional homes by mid 2020's nationally – details awaited;

Councils will have powers to raise empty homes premium from current 50% of council tax to 100%;

Indications are that the Adult Social Care Green Paper has been delayed from previously planned December 2017 to at least Summer 2018;

The referendum threshold for council tax increases (excluding Adult Social Care Precept) has been set in line with inflation at 3% (previously 2%);

Business rate retention to be fully devolved to local government by 2020/21 (previously planned to be 2019/20) – London will have full devolution in 2018/19 only, at this stage, as

part of the London Business Rate Pool pilot. Nationally devolution will account for 75% of business rates. Pilots are expected to continue in 2019/20;

There will be no new changes to New Homes Bonus for 2018/19 – the 0.4% threshold will remain and payments for homes approved after appeal will not be withheld – councils that fail to achieve housing growth above the baseline of 0.4% will not receive any bonus payments;

Bromley is due to face negative Revenue Support Grant (RSG) in 2019/20 of £2.3m The Government will consult on “fair and affordable” options to be addressed before the 2019/20 local government finance settlement;

The fair funding review is expected to be implemented in 2020/21 (previously expected to be implemented in 2019/20);

Flexibility of capital receipts to meet revenue costs of transformation will be extended until April 2022;

Police authorities will be allowed a £12 per household increase for police services which will be reflected in council tax levels;

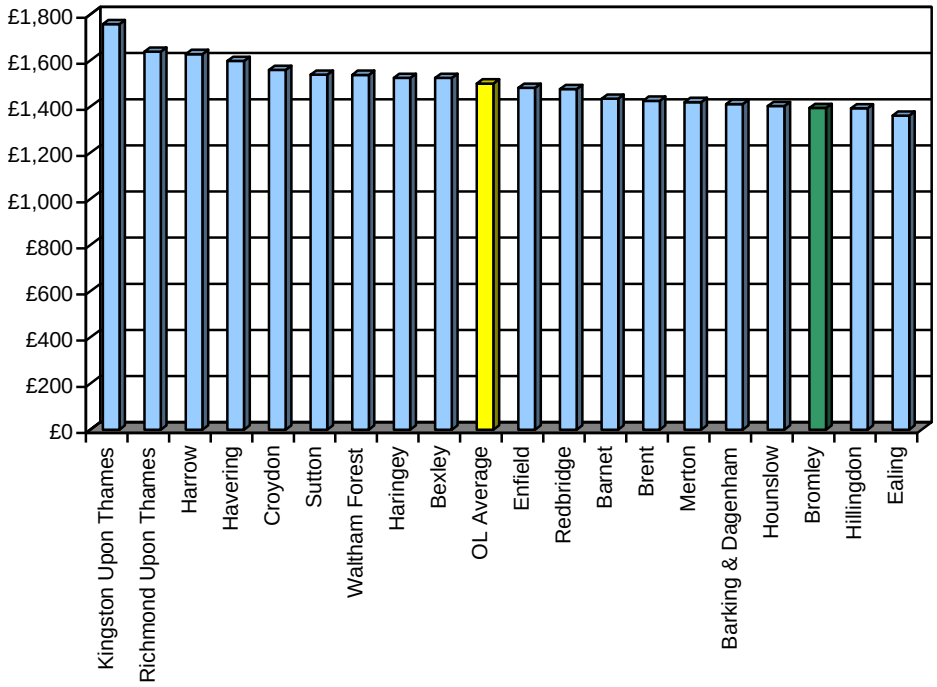
£19million announced for Unaccompanied Asylum Seeker Children – individual authority funding details awaited;

Consultation published on Fair Funding Review. Various general grants for 2018/19 including public health, not yet confirmed.

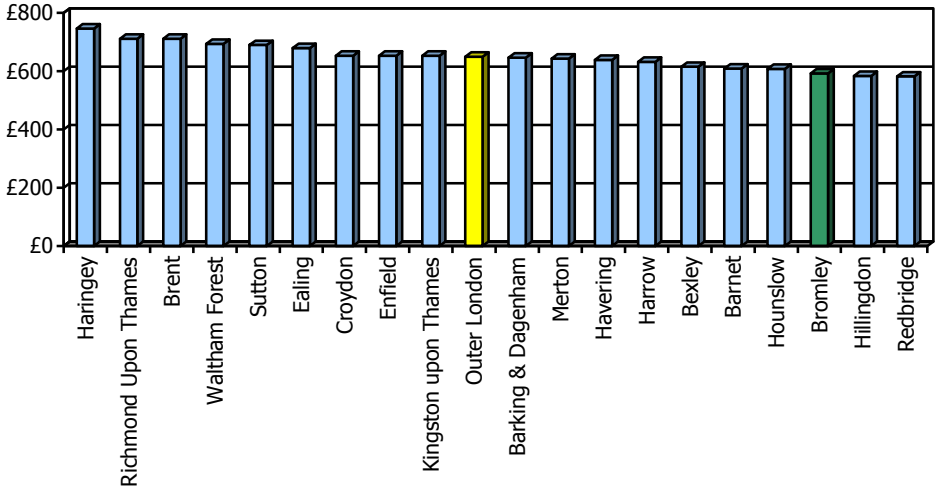
Appendix 3

Council Tax Levels, Government Funding and Spend Levels

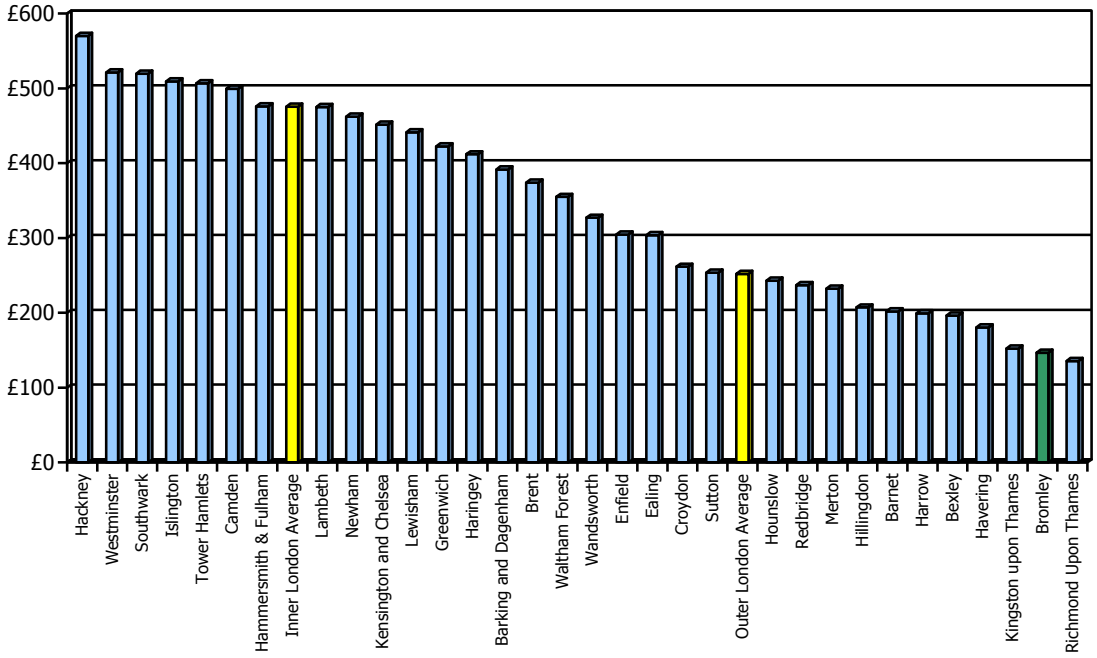
Outer London Council Tax Band 'D' Levels 2017/18
(Based on ONS Categories)



Outer London Spend per Head 2017/18



Whole of London Funding per Head 2017/18
(including Transition Grant)



Appendix 4

Memorandum of Understanding on the London 100% business rates retention pilot 2018-19

Department for Communities and Local Government

LONDON COUNCILS

MAYOR OF LONDON

Rt Hon Sajid Javid MP
Secretary of State for Communities and Local government

Sadiq Khan
Mayor of London

Rt Hon Greg Hands MP
Minister for London

Cllr Claire Kober
Chair, London Councils

Department for Communities and Local Government

LONDON COUNCILS

MAYOR OF LONDON

100% Business Rates Retention Pilot 2018-19
Agreement for London

Introduction

1. In the Spring Budget 2017, the London Devolution Memorandum of Understanding[1] included a commitment to exploring options for granting London government greater powers and flexibilities over the administration of business rates, including supporting the voluntary pooling of business rates within London, subject to appropriate governance structures being agreed.

2. This Memorandum of Understanding confirms the commitment by the Government, the Mayor of London and London local government to pilot the principles of 100% business rates retention in 2018-19 through a pan-London business rates pool. It sets out the terms by which the local authorities listed at **Annex A** will pilot 100% business rates retention.

3. This agreement comes into effect from 1 April 2018 and expires on 31 March 2019.

Pilot principles

4. The pilot pool will be voluntary, but will include all 32 London boroughs, the Corporation of the City of London and the Greater London Authority ["the London authorities"].

5. From 1 April 2018 the London authorities will retain 100% of their non-domestic rating income[2]. They will also receive section 31 grants in respect of Government changes to the business rates system which reduce the level of business rates income. Section 31 grant will amount to 100% of the value of the lost income. Tariffs and top-ups will be adjusted to ensure cost neutrality.

6. In moving to 100% rates retention, the Department for Communities and Local Government will no longer pay Revenue Support Grant to the London authorities in 2018/19. The value of these grants in 2018/19 is set out in **Annex B**.

7. The London authorities will not be subject to more onerous rules or constraints under the 100% rates retention pilot, than they would have been if they had remained subject to the 67% scheme in place in 2017-18 reflecting the

[1] https://www.gov.uk/government/publications/memorandum-of-understanding-on-further-devolution- to-london

[2] As defined in the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI2013/452) (as amended).

incremental impact of the Greater London Authority's partial pilot as a result of the rolling in of its revenue support grant and the Transport for London investment grant. No "new burdens" will be transferred to London and participation in the pilot will not affect the development or implementation of the Fair Funding Review.

8. Levy and safety net payments due from/to the London business rates pool will be calculated, in accordance with the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 (SI 2013/737) (as amended), as if the London authorities were not 100% pilots, but instead were operating under the 50% rates retention scheme adjusted for the GLA's partial pilot for 2017-18 which is continuing as part of the pool and increased the locally retained share to 67%.

9. However, notwithstanding the calculation of levy and safety net payments under the Regulations, the Government will calculate levy and safety net payments due from/to the London business rates pool on the basis that it has a "zero" levy rate and "safety net threshold" of 97%, and that the London authorities will be retaining 100% of London's business rates income. The difference between any sums due under this calculation and the levy/safety net due under SI 2013/737 will be paid to the London business rates pool via a section 31 grant.

10. The piloted approach is to be without detriment to the resources that would have been available collectively to the 34 London authorities under the current local government finance regime, over the four year settlement period. This includes current 67% scheme growth retained under the retention pilot, and reflects Enterprise Zones and "designated areas" where the designations made by the Secretary of State came into force on or before 1 April 2018, along with other special arrangements, such as the statutory provision to reflect the unique circumstances of the City of London Corporation.

Distribution of any financial benefit

11. The 34 London authorities will prepare a framework agreement for the operation of a pilot pool in which:
    - each authority will receive at least as much from the pool as they would have individually under the existing 67% retention scheme;
    - 15% of any net financial benefit will be set aside as a "Strategic Investment Pot" (see paragraphs 13 and 14); and
    - the resources not top-sliced for the investment pot will be shared between the GLA and the 33 billing authorities (the 32 boroughs and the Corporation of London) in the ratio 36:64, in accordance with the principle previously

agreed by London Councils and the GLA in the joint business rate devolution proposals to Government in September 2016.

12. **Strategic investment** The Mayor of London commits that the GLA's share of any additional net financial benefit from the pilot will be spent on strategic investment projects. Decisions on the allocation of the GLA's share will be made by the Mayor of London.

13. For this purpose, and for the separate joint strategic investment pot, "strategic investment" is defined as projects that will contribute to the sustainable growth of London's economy which lead to an increase in London's overall business rate income. Examples of the kinds of projects the Mayor will seek to support with the GLA's share include supporting the delivery of housing through infrastructure investment and the provision of skills and training to further support housing delivery.

14. The joint strategic investment pot will be spent on projects that meet each of the following requirements:
    - contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
    - leverage additional investment funding from other private or public sources; and
    - have broad support across London government in accordance with the proposed governance process (see paragraph 16).

15. It is anticipated that approximately 50% of net additional benefits arising from the pilot pool will be spent on strategic investment projects.

Governance

16. Decisions regarding the Strategic Investment Pot will be taken formally by the Corporation of the City of London - as the lead authority - in consultation with all member authorities, reflecting voting principles designed to protect Mayoral, borough and sub-regional interests, previously endorsed by Leaders and the Mayor in the London Finance Commission (both 2013 and 2017), and set out in London Government's detailed proposition on 100% business rates in September 2016. These are that:
    - both the Mayor and a clear majority of the boroughs would have to agree;
    - a majority would be defined as two-thirds of the 33 billing authorities (the 32 boroughs and the Corporation of the City of London), subject to the caveat

that where all boroughs in a given sub-region disagreed, the decision would not be approved;

- if no decisions on allocation can be reached, the available resources would be rolled forward within the pot for future consideration at the next decision making round.

17. It is envisaged that decisions will be taken bi-annually to coincide with meetings of the Congress of Leaders and the Mayor of London.

Evaluation

18. The Government will undertake a qualitative evaluation the progress of the pilot based on the current research programme for the existing business rate retention pilots, with additional focus on the governance mechanism and decision making process, and the scale of resources dedicated to strategic investment.

Next steps

19. As specified in paragraph 3, the pilot will operate for one year. The Government is committed to giving local government greater control over the revenues they raise. Subject to the evaluation of the pilot, the Government will work with London authorities to explore: the options for grants including, but not limited to, Public Health Grant and the Improved Better Care Fund; the potential for transferring properties on the central list in London to the local list where appropriate; and legislative changes needed to develop a Joint Committee model for future governance of a London pool.

20. The Government will prepare a “designation order” establishing a London pilot pool and reflect this in the Provisional Local Government Finance Settlement in December. If any authority decides to opt out within the following 28 days – that is, by 28 days after the Provisional Local Government Finance Settlement – the pool would not proceed.

21. London Government will draft a pooling agreement between the 34 London authorities by which London Government collectively decides how to operate the pool and distribute the financial benefits. Each authority will be required to take the relevant decisions through its own constitutional decision-making arrangements.

Annex A

Authorities in the London Pilot

Barking & Dagenham
Barnet
Bexley
Brent
Bromley
Camden
City of London
Croydon
Ealing
Enfield
Greenwich
Hackney
Hammersmith & Fulham
Haringey
Harrow
Havering
Hillingdon
Hounslow
Islington
Kensington & Chelsea
Kingston upon Thames
Lambeth
Lewisham
Merton
Newham
Redbridge
Richmond upon Thames
Southwark
Sutton
Tower Hamlets
Waltham Forest
Wandsworth
Westminster
Greater London Authority

Annex B

Grants

The amount of Revenue Support Grant (RSG) to be ‘rolled-in’ to 100% rates retention for 2018/19 for each authority is set out below. This is in addition to the sums rolled in in 2017-18 in respect of the Transport for London investment grant and the Greater London Authority’s RSG under the GLA’s partial pilot.

RSG	Amount (£m) for 2018/19
Barking & Dagenham	23.3
Barnet	14.9
Bexley	8.5
Brent	33.7
Bromley	4.3
Camden	31.9
City of London	7.5
Croydon	23.3
Ealing	26.2
Enfield	25.7
Greenwich	33.3
Hackney	45.0
Hammersmith & Fulham	23.4
Haringey	30.2
Harrow	7.3
Havering	6.8
Hillingdon	13.1
Hounslow	15.7
Islington	32.6
Kensington & Chelsea	16.3
Kingston upon Thames	1.5
Lambeth	42.8
Lewisham	36.9
Merton	10.1
Newham	46.4
Redbridge	16.8
Richmond upon Thames	0.0
Southwark	47.0
Sutton	11.8
Tower Hamlets	43.8
Waltham Forest	26.1
Wandsworth	30.2
Westminster	38.1

London Business Rates Pilot Pool 2018-19
Final Prospectus – November 2017

Introduction

1. Earlier draft versions of this prospectus were circulated to Leaders in July and September asking all boroughs, the City of London and the GLA to consider the issues involved in establishing a pilot pool ahead of the Leaders' Committee and Congress of Leaders and the Mayor on 10 October.

2. At that meeting Leaders' Committee and the Mayor agreed in principle to pool business rates in a London pilot of 100% retention in 2018-19. Leaders' Committee delegated authority to the 5 elected officers of London Councils (the Chair, Deputy Chair, and three Vice Chairs) to take the in principle agreement forward to arrive at a core proposition for the operation of the pool and to continue discussions with both the Mayor and ministers on this. The elected officers discussed this in October and agreed a final distribution option on 1 November following discussions via the party groups, which was subsequently taken forward.

3. The Government formally confirmed its commitment to establishing a 100% business rate retention pilot in London in April 2018 in the Autumn Budget. This was agreed by a memorandum of understanding (MOU) signed by the Chair of London Councils, the Mayor of London, the Minister for London and the Secretary of State for Communities and Local Government.

4. This final prospectus sets out how the London Business Rates pilot pool will work in practice, were the 32 boroughs, the City of London Corporation and the Mayor of London to form a pool in 2018-19.

Pilot principles

5. The MOU between London Government and the Government on the London 100% business rates retention pilot agrees that:

    - The 100% business rates retention pilot in London will be voluntary, but will be a pool comprising all 32 London boroughs, the Corporation of the City of London and the Greater London Authority.
    - From 1 April 2018 the London authorities will retain 100% of their non-domestic rating income[1]. London will not retain 100% of total rates collected, as it will continue to pay an aggregate tariff to government. The overall level of collected rates that will be retained is around 64% after the tariff is paid.
    - London authorities will also receive section 31 grants in respect of Government changes to the business rates system which reduce the level of business rates income. Section 31 grant will amount to 100% of the value of the lost income. Tariffs and top-ups will be adjusted to ensure cost neutrality.

[1] As defined by DCLG.

- The London pool will retain 100% of any growth in business rate income above baselines, and will pay no levy on that growth.
- In moving to 100% rates retention, the Department for Communities and Local Government will no longer pay Revenue Support Grant (RSG) to the London authorities in 2018/19. Funding baselines will be increased by the equivalent amount to reflect this transfer of RSG, which overall amounts to £775 million in 2018/19 (the full boroughs breakdown can be found at Appendix A).
- London authorities will not be subject to more onerous rules or constraints under the 100% rates retention pilot, than they would have been if they had remained subject to the existing "67% scheme" in place in 2017/18.
- No "new burdens" will be transferred to London and participation in the pilot will not affect the development or implementation of the Fair Funding Review.
- In the event that London's business rates income fell, the pool will have a higher "safety net" threshold – 97% rather than 92.5% of the overall baseline funding level – than in the existing system, reflecting the greater reliance local authorities will have on business rates within the pilot.
- The piloted approach is to be without detriment to the resources that would have been available collectively to the 34 London authorities under the current local government finance regime, over the four year settlement period[2]. This "no detriment" guarantee will ensure that the pool, as a whole, cannot be worse off than the participating authorities would have been collectively if they had not entered the pilot pool. In the unlikely event of this arising (the current forecast is for collected rates to 6% above baselines), the government would intervene to provide additional resources.

Pooling principles

6. The MOU with the Government establishes the terms of the 100% retention pilot, but the London business rates pool must be set up following the same process as all other business rates pools. Following legal advice, the detailed pooling agreement that establishes the terms by which the pool will operate will be by an MOU between the 34 pooling authorities – as is the case for the vast majority of business rates pools.

7. The key principles that underpin the London pooling agreement are that:
   - **The pool in 2018-19 would not bind boroughs or the Mayor indefinitely** – the founding agreement includes notice provisions for authorities to withdraw provided notice is given by 31 August each year. Were the pool to continue beyond 2018/19, unanimous agreement would be required to reconfirm a pool from 2020/21 onwards (the expected year in which funding baselines will be update as a result of the Fair Funding Review).
   - **No authority can be worse off as a result of participating** - where authorities anticipate a decline in business rates, the first call on any additional resources generated by the pool would be used to ensure each borough and the GLA receives at least the same amount as it would have without entering the pool (this would include the equivalent of a safety net payment were it eligible for one individually under the current

[2] This includes current 67% scheme growth retained under the retention pilot, and reflects Enterprise Zones and "designated areas" where the designations made by the Secretary of State came into force on or before 1 April 2018, along with other special arrangements, such as the statutory provision to reflect the unique circumstances of the City of London Corporation.

67% system). Where authorities expect to grow, they will continue to retain at least as much of that income as they would under the current system, plus a potential share of the aggregate benefits of pooling assuming the pools grows (see paragraphs 14 and 18). Where the pool overall has less income than would have been available collectively under the 67% system, the funding provided by the Government as part of the "no detriment" guarantee would be used to ensure that no individual authority is worse off than it would have been otherwise. Existing Enterprise Zones and "designated areas", along with other special arrangements, such as the statutory provision to reflect the unique circumstances of the City of London Corporation, will be taken into account in calculating the level of resources below which the guarantee would operate. For boroughs in an existing pool, DCLG have also indicated that the basis of comparison would include the income due from that pool[3].

- **All members will receive some share of any net benefits arising from the pilot pool** – recognising that growing London's economy is a collective endeavour in which all boroughs make some contribution to the success of the whole, all members of the pool will receive at least some financial benefit, were the pool to generate additional resources.

Lead authority

8. As in other existing pools, it is a statutory requirement that a "lead authority" acts as the accountable body to government and is responsible for the administration of the pooled fund. The City of London has agreed to be the lead authority for the London business rates pool.

9. The lead authority's standard responsibilities will include, but not be limited, to:
   - all accounting for the finances of the pool including payments to and from the Government;
   - management of the pool's collection fund;
   - all audit requirements in relation to the pool;
   - production of an annual report of the pool's activity following final allocation of funds for the year;
   - the administration of the dissolution of the pool;
   - all communications with the DCLG including year-end reconciliations; and
   - the collation and submission of information required for planning and monitoring purposes.

10. It will be for the Lead Authority for the pool to determine the distribution of revenues between members of the pool and also pay the net tariff payment to the Government during the year. In practice, this will mean some authorities will receive net payments from the pool in instalments during the 2018-19 financial year and others will make net payments into the pool depending on their top up and tariff positions and estimated business rates income. These transfers through the pool will also incorporate the GLA's share.

11. Under a delegation arrangement, the GLA will manage treasury management issues and monetary transfers between billing authorities on behalf of the lead authority. This reflects the fact that the GLA already has the systems in place to manage payment flows to and from billing authorities for business rates retention as well as council tax and the BRS.

[3] Of the 33 London authorities in 2017-18 this includes Barking & Dagenham, Havering and Croydon

12. It is likely that the resources required to perform this function would be 1 FTE post, which would likely be a senior accountant with considerable experience and understanding of collection fund accounting and the business rates retention scheme.

13. In the case of the London pilot pool, the lead authority will have an additional role in formally taking decisions over the allocation of the Strategic Investment Pot following consultation with all participating authorities (as described in paragraphs 21 to 23 below).

Distributing the benefits of pooling

14. The net financial benefit of pooling consists of retaining 100% of growth (rather than 67% across London under the current scheme), and in not paying a levy on that growth (which tariff authorities and tariff pools currently pay). The principle would mean that *any aggregate growth* in the pool overall – because of the increased retention level – would generate additional resources to share, with each pooling member to benefit to some extent.

15. The net financial benefit to participating in the pool in 2018-19 is currently estimated to be in the region of £240 million, based on London Councils' modelling using boroughs' own forecasts. A more accurate forecast will be expected in February 2018 following the completion of individual forecasts for 2018-19.

16. The pooling agreement sets out the principles and method for distributing any net financial benefits that may be generated. The principles are based on four objectives agreed by Leaders and the Mayor:
    - **incentivising growth** (by allowing those boroughs where growth occurs to keep some proportion of the additional resources retained as a result of the pool)
    - **recognising the contribution of all boroughs** (through a per capita allocation)
    - **recognising need** (through the needs assessment formula); and
    - **facilitating collective investment** (through an investment pot designed to promote economic growth and lever additional investment funding from other sources).

17. The final agreed distribution method recognises all four of these objectives with 15% of any net financial benefit set aside as a "Strategic Investment Pot" (see paragraphs 19 to 23 below); and the resources not top-sliced for the investment pot being shared between the GLA and the 33 billing authorities (the 32 boroughs and the Corporation of London) in the ratio 36:64, in accordance with the principle previously agreed by London Councils and the GLA in the joint business rate devolution proposals to Government in September 2016. Estimated boroughs shares of the estimated £240 million net benefit to the pool and the above distribution weightings are set out in Appendix B.

18. The Mayor of London has committed that the GLA's share of any additional net financial benefit from the pilot will be spent on strategic investment projects. It is therefore anticipated that approximately 50% of net additional benefits arising from the pilot pool will be spent on strategic investment projects. <u>Decisions on the allocation of the GLA's share will be made by the Mayor of London.</u> Examples of the kinds of projects the Mayor will seek to support with the GLA's share include supporting the delivery of housing through infrastructure investment and the provision of skills and training to further support housing delivery.

Strategic investment pot and pool governance

19. The joint Strategic Investment Pot (SIP) - representing 15% of the total additional net benefit - will be spent on projects that meet each of the following requirements:
    - contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
    - leverage additional investment funding from other private or public sources; and
    - have broad support across London government in accordance with the proposed governance process.

20. For these purposes, "strategic investment" is defined as projects that will contribute to the sustainable growth of London's economy which lead to an increase in London's overall business rate income.

21. Following legal advice regarding the form of the governance mechanism for taking decisions regarding the SIP, decisions will be taken formally by the City of London - as the lead authority - in consultation with all member authorities, reflecting voting principles designed to protect Mayoral, borough and sub-regional interests[4], previously endorsed by Leaders and the Mayor in the London Finance Commission (both 2013 and 2017), and set out in London Government's detailed proposition on 100% business rates in September 2016. These are that:
    - both the Mayor and a clear majority of the boroughs would have to agree;
    - a majority would be defined as two-thirds of the 33 billing authorities (the 32 boroughs and the City of London), subject to the caveat that where all boroughs in a given sub-region disagreed, the decision would not be approved; and
    - if no decisions on allocation can be reached, the available resources would be rolled forward within the pot for future consideration at the next decision making round.

22. The lead authority will oversee the methodology for the allocation of resources and prepare reports on proposals for the SIP, supported by London Councils and the GLA, in accordance with the agreed criteria. Decisions on allocating the strategic investment pot will be taken bi-annually with the lead authority reporting back on decisions, following consultation with all participating authorities, at each meeting of the Congress of Leaders and the Mayor of London.

23. The Lead Authority will prepare reports with proposed recommendations as to SIP allocations and shall circulate the reports to the Participating Authorities for consultation in advance of Congress meetings and each Participating Authority will decide, in accordance with its own governance process and scheme of delegation, whether that Participating Authority wishes to recommend to the lead authority that a strategic investment project is supported or rejected and if rejected together with its reasons for such recommendation.

Future of the pilot

24. The Government will undertake a qualitative evaluation of the progress of the pilot based on the current research programme for the existing business rate retention pilots, with additional

[4] For these purposes, the sub-regions would be defined as the Central, West, South and Local London sub-regions as defined for devolved employment support arrangements and illustrated in the map at Appendix C. If in the future, boroughs wished to change the initial groupings that could be achieved by agreement of the pool member authorities.

focus on the governance mechanism and decision making process, and the scale of resources dedicated to strategic investment.

25. The MOU between London Government and the Government only commits to the pilot operating for one year. However, subject to the evaluation of the pilot, it also commits the Government to working with London authorities to explore: future options for grants including, but not limited to, Public Health Grant and the Improved Better Care Fund; the potential for transferring properties on the central list in London to the local list where appropriate; and legislative changes needed to develop a Joint Committee model for future governance of a London pool.

Designated areas

26. Enterprise Zones and “designated areas” effectively hypothecate future business rate revenues to support investment. Under current arrangements, these are subject to agreement between the government and the boroughs directly involved, in consultation with the GLA, whose revenues are also affected.

27. The Government is not actively encouraging further such arrangements. However, if, during the lifetime of a pilot pool, new “designated areas” or Enterprise Zones were to be created, this could – depending on the nature of the individual scheme – impact on the potential future revenues of all members of the pool and will need to be considered in establishing the pool and framework.

28. It is not proposed that consideration or decision-making in respect of new designated areas be a matter for the pool. However, depending on the nature of individual schemes, such decisions would have to be taken by the relevant local authority after appropriate consultation with those affected.

Accounting and reporting

29. In order that a the lead authority can fulfil its functions and meet its obligations as the accountable body, each member authority will need to provide timely information to the lead authority as well as making timely payments to an agreed schedule.

30. Forecast (NNDR1) and outturn (NNDR3) figures will still be required as per the existing NDR Regulations 2013, in order to enable budget processes to be complete and for the schedule of payments from the lead authority and to government to be determined during the course of the year. The pool would use NNDR1 returns to establish the schedule of payments to be made to the lead authority and for the calculation of any notional levy savings to be made. However, it would not be until the outturn position is known (the NNDR3 form) that actual reconciliation would be made and the final growth/decline for the pool as a whole, and individual pool members, would be known. This will be in September 2019 after accounts have been audited for the financial year 2018-19.

31. The forecast NDR income figures in the NNDR1 forms determine the growth/decline for that year and it is this figure that would determine the amount to be shared between pool members or between local authorities and central government in the current system.

32. Variances against forecast in the non-domestic rating income are reflected in the forecast surplus or deficit of the collection fund at the start of the following year (information which is collected as part of NNDR1). Appeals provisions impact each year on the calculation of the

NNDR income figure: a higher provision in a year, everything else being equal, reduces the NNDR income figure determining growth/decline for that year.

33. A separate pooled collection fund would be required to be established that would sit with the lead authority. A key issue will be the treatment of Collection Fund surpluses and appeals provisions within the pool. The key principle pooling authorities would have to agree is that the benefits (or costs) of actions undertaken by the authorities prior to entering the pool should remain with the authority so that no authority can be worse off than they would have been under the 67% scheme. So – for example – if a provision established in 2013-14 proves not to be necessary and is released during 2018-19, the authority should receive at least as much as it would have under the existing 67% scheme, plus its share of any additional retained revenues.

34. The pool's collection fund account would have to continue beyond the life of the pool until all appeals relating to the pool period were resolved. Provisions released after the operation of the pilot would be distributed on the basis of the pool's founding agreement – i.e. the authority where the provisions originated would receive at least as much as it would under the 67% retention system, with any additional resources being shared according to the pool's agreed distribution mechanism. There would therefore be no "gaming" benefits to individual authorities of setting higher (or lower) provisions. The lead authority would be responsible for administering this.

35. Further work is being undertaken to set out how the accounting and reporting requirements would work in practice, which may require an additional "London pool" form to be administered by the lead authority. This will be confirmed following the Provisional Local Government Finance Settlement in December.

Next steps - Local decisions required to establish the pool

36. Establishing a pilot pool will require two separate decisions to be made by each participating authority:
    - the agreement to accept the designation order by government to form the pool; and
    - agreement between the boroughs, the City of London and the GLA by which London Government collectively decides how to operate the pool and distribute the financial benefits (the pooling MOU).

37. With regard to the former, the Government has prepared a draft "designation order" establishing a London pilot pool that will be sent out by DCLG alongside in the Provisional Local Government Finance Settlement in December (a draft of the designation order letter will be circulated alongside this final prospectus). If any authority decides to opt out within the following 28 days – that is, by 28 days after the Provisional Local Government Finance Settlement – the pool would not proceed.

38. The pooling agreement MOU between the 34 London authorities will be circulated by Friday 1 December, to be signed by each Leader of the 32 London boroughs, the Chairman of the Policy and Resources Committee of the City of London and the Mayor of London, and.

39. Each authority will need to take the relevant decisions regarding the pooling agreement and designation order, through its own constitutional decision-making arrangements in time for the resulting business rate and funding baselines to be incorporated within the Final Local Government Finance Report in February.

40. In order to facilitate and support authorities in taking these decisions, advice on the legal framework and governance options for the pool has been circulated to Chief Executives and Finance Directors, along with other supporting material to help facilities those local decisions including:

    - draft resolutions to support boroughs in drafting any cabinet/committee/council reports
    - an FAQs document to answer any legal queries in relation to the pool
    - a further legal note on executive decisions
    - this final prospectus.

41. The timeline to make the pool operational is as follows:

    - Government publishing draft baseline figures in the provisional settlement (Mid-December).
    - Boroughs taking formal decisions to participate in the pool and the framework for its operation within 28 days of the Provisional Settlement (by mid-January 2018).
    - Final baselines published in final LGF Settlement (February 2018).
    - Pool goes live (April 1 2018).

Appendix A – Revenue Support Grant amounts to be rolled in to the funding baselines as part of the London 100% BRR pilot

The amount of Revenue Support Grant (RSG) to be 'rolled-in' to 100% rates retention for 2018/19 for each authority is set out below. This is in addition to the sums rolled in in 2017-18 in respect of the Transport for London investment grant and the Greater London Authority's RSG under the GLA's partial pilot.

	Amount (£m) for 2018/19
Barking & Dagenham	23.3
Barnet	14.9
Bexley	8.5
Brent	33.7
Bromley	4.3
Camden	31.9
City of London	7.5
Croydon	23.3
Ealing	26.2
Enfield	25.7
Greenwich	33.3
Hackney	45.0
Hammersmith & Fulham	23.4
Haringey	30.2
Harrow	7.3
Havering	6.8
Hillingdon	13.1
Hounslow	15.7
Islington	32.6
Kensington & Chelsea	16.3
Kingston upon Thames	1.5
Lambeth	42.8
Lewisham	36.9
Merton	10.1
Newham	46.4
Redbridge	16.8
Richmond upon Thames	0.0
Southwark	47.0
Sutton	11.8
Tower Hamlets	43.8
Waltham Forest	26.1
Wandsworth	30.2
Westminster	38.1

NB: Provisional baselines and tariffs and top-ups will be circulated following the Provisional Local Government Finance Settlement in December.

Appendix B – Forecast shares of net financial benefit in 2018/19 based on £240 million estimate

The figures below represent the estimated shares of the overall net financial benefit currently forecast from the London pool in 2018/19 (£240m), applying the distribution methodology set out in paragraph 17, which applies the following weightings (15% incentives: 35% population; 35% SFA; 15% Strategic Investment Pot).

Table B1 - Breakdown of estimated total net benefit

	£m	%
Incentives pot (boroughs' share)	*23.0*	9.6%
SFA pot (boroughs' share)	*53.7*	22.3%
Population pot (boroughs' share)	*53.7*	22.3%
London Boroughs total	130.3	54.2%
GLA total	73.9	30.8%
Boroughs/GLA total	204.3	85.0%
Strategic Investment Pot	36.0	15.0%
London Total	**240.3**	**100.0%**

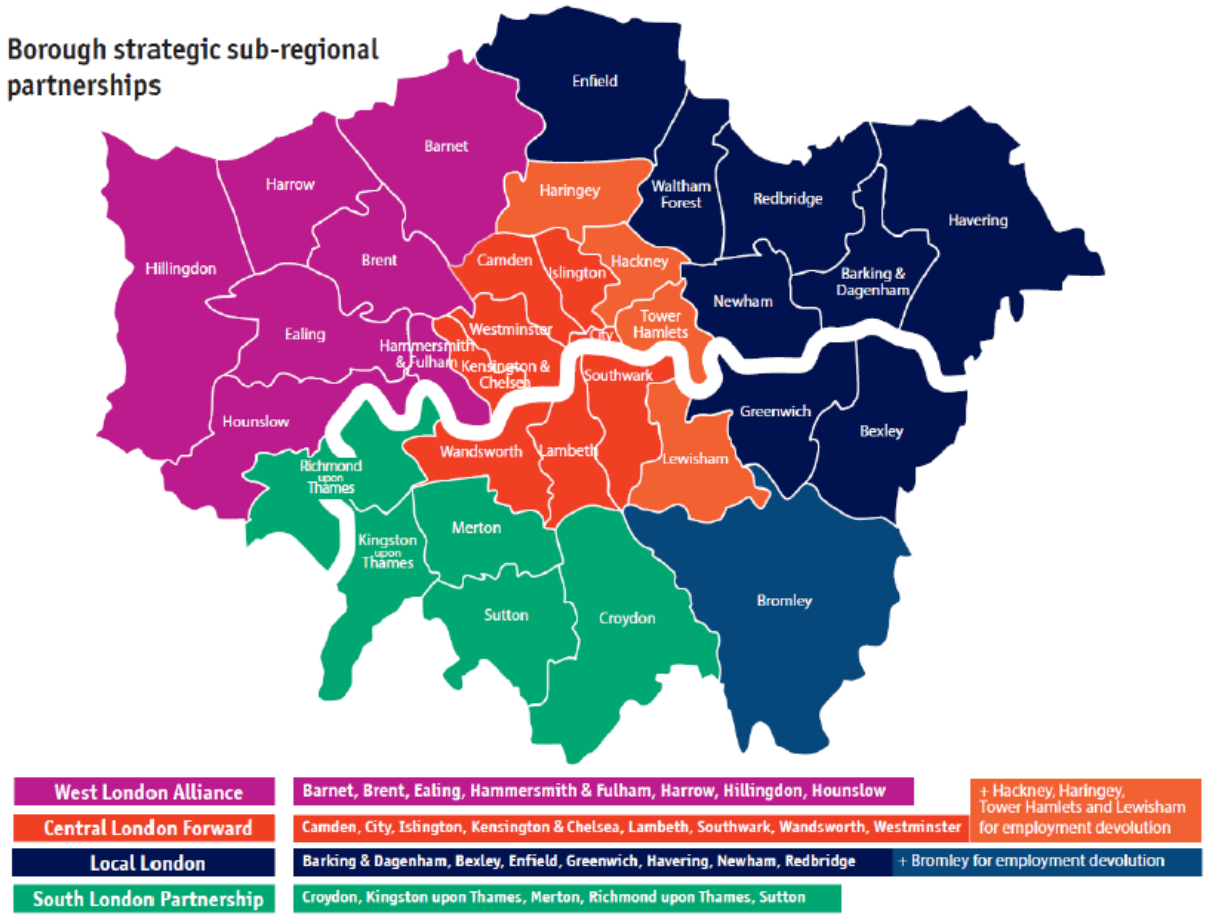
Note: The GLA's total is comprised of 36% of each of the incentives, SFA and population pots

Table B2 – Borough breakdown of estimated net benefit in 2018/19

	£m
Barking & Dagenham	2.8
Barnet	3.7
Bexley	2.8
Brent	4.9
Bromley	2.9
Camden	5.7
City of London	8.2
Croydon	4.3
Ealing	4.4
Enfield	4.2
Greenwich	3.9
Hackney	4.6
Hammersmith & Fulham	2.6
Haringey	3.7
Harrow	2.4
Havering	2.5
Hillingdon	5.4
Hounslow	3.4
Islington	3.8
Kensington & Chelsea	2.2
Kingston upon Thames	1.7
Lambeth	5.3
Lewisham	4.3
Merton	2.4
Newham	6.2
Redbridge	3.2
Richmond upon Thames	1.7
Southwark	6.0
Sutton	2.1
Tower Hamlets	8.0
Waltham Forest	3.4
Wandsworth	3.9
Westminster	3.8
London Boroughs total	**130.3**
GLA total	**73.9**
Boroughs/GLA total	**204.3**
Strategic Investment Pot	**36.0**
London Boroughs total	**240.3**

Note: These figures should be treated with caution and are only indicative. They are based on modelling which uses boroughs' own estimates from a survey of London Treasurers in May 2017. Where boroughs did not respond, the 2017-18 forecast figures were used.

Appendix C - Illustrative sub-regional groupings for the purposes of the "sub-regional veto" in respective of Strategic Investment Pot decisions



DRAFT 2018/19 BUDGET AND FINANCIAL FORECAST 2018/19 TO 2021/22

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Bromley's Budget Requirement in 2017/18 (before funding from Formula Grant) @	203,282	203,282	203,282	203,282	203,282
Income from investment properties	-12,745	-12,745	-12,745	-12,745	-12,745
Formula Grant and Business Rate Share	-47,360	-47,360	-47,360	-47,360	-47,360
	143,177	143,177	143,177	143,177	143,177
Increased costs (3.5% 2018/19 and 2019/20 then 2.7% per annum)		7,599	16,058	22,993	29,926
Reduction in Government Funding - core grant		5,400	9,000	12,580	16,400
Impact of New Living Wage		1,500	3,000	4,500	4,500
Welfare reforms and impact on homelessness		1,500	3,500	5,000	7,000
Additional income from business rate share to reflect new developments in borough		0	-600	-900	-900
Impact of London pilot of business rates (as approved by Council 25/9/17) - one year only		-2,900	0	0	0
General reductions in government funding		500	1,000	1,500	1,500
Reductions in Government Funding - Public Health		410	820	1,125	1,125
		1,010	7,720	11,225	13,225
Real Changes and other Variations (see Appendix 6)					
Environment		626	1,100	1,631	2,227
Public Protection and Safety		310	149	60	60
Renewal and Recreation		392	289	117	-1
Other (mainly council wide)		637	55	174	174
Sub total - real changes and variations		1,965	1,593	1,982	2,460
Savings from office accommodation review		0	-620	-620	-620
Acquisition of residential properties to accommodate the homeless (Mears)		-958	-1,940	-1,940	-1,940
Additional Income Opportunity (Amey)		-500	-700	-945	-945
		-1,458	-3,260	-3,505	-3,505
Interest on balances - additional income		-600	-200	-100	0
Impact of National Formula Funding resulting in funding reductions for SEN placements		1,000	2,000	2,000	2,000
Release general provision in contingency for significant uncertainty/variables		-2,000	-2,000	-2,000	-2,000
Universal credit roll out - consequential impact on claimant fault overpayment recoveries		500	750	750	750
New Homelessness Support Grant }		-2,360	-2,360	-2,360	-2,360
Reduction in Housing Benefit funding }		2,360	2,360	2,360	2,360
New Homes Bonus (funding towards revenue budget -£3.84m assumed in 2017/18 Budget)		-1,916	840	2,840	3,840
Assumed increase in council tax base number of properties		-1,650	-2,300	-2,950	-3,600
Discretionary rate relief scheme - government funding		-682	-281	-40	0
Discretionary rate relief scheme - support to businesses		682	281	40	0
Fall out of 2017/18 Adult Social Care Grant		1,196	1,196	1,196	1,196
Savings from recommissioning/ retendering of various contracts		-1,059	-1,127	-1,148	-1,172
Fall out of one off commissioning programme funding		-500	-500	-500	-500
		-5,029	-1,341	88	514
Improved Better Care Fund - recurring funding		-2,000	-4,600	-4,600	-4,600
Improved Better Care Fund - non recurring funding		-3,363	-1,677	0	0
Contribution towards cost of full year effect of Adult Social Care spend in 2017/18		2,000	1,000	1,000	1,000
Additional spend previously approved by Executive 10th October 2017		1,490	1,390	1,390	1,390
Contribution to growth/cost pressures on Adult Social Care		1,000	1,500	2,000	2,500
Uncommitted monies remaining		873	2,387	210	-290
		0	0	0	0
Potential additional costs following retendering of combined					
Environmental Services contract and other key contracts		0	2,000	4,000	4,000
Homelessness Reduction Act		750	750	750	750
Adults Social Care					
- Full year effect of Adult Social Care spend not funded by IBCF above		394	1,394	1,394	1,394
- Efficiency savings to be identified (retendering savings of £250k already identified)		-394	-394	-394	-394
Children's Social Care					
- High inflationary pressures relating to Pan London Agreement and other children services		400	400	400	400
- Full year effect to reflect existing budget monitoring position		718	718	718	718
- Savings from Children's Social Care linked to invest to save funding		0	-250	-750	-1,000
		1,868	4,618	6,118	5,868
		154,532	177,565	194,658	208,065
2017/18 Council Tax Income	-143,177	-143,177	-143,177	-143,177	-143,177
Increase in council tax (assume 1.99% per annum) *		-2,849	-5,812	-8,893	-12,096
Impact of Adult Social Care Precept (assume 2% per annum) *		-2,864	-5,827	-8,908	-12,111
Underlying Budget Gap		**5,642**	**22,749**	**33,680**	**40,681**
Use of Non Recurring Collection Fund Surplus to support revenue budget					
Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19		-4,912	0	0	0
Collection Fund Surplus 2015/16 (£6,401k carry forward to 2018/19 and 2019/20)		-730	-5,671	0	0
Collection Fund Surplus 2016/17		-7,852	0	0	0
Collection Fund Surplus 2016/17 - set aside to support 2019/20 Budget		7,852	-7,852	0	0
Projection of future year collection fund surplus		0	-4,000	-3,000	-2,000
		-5,642	**-17,523**	**-3,000**	**-2,000**
Revised Budget Gap		**0**	**5,226**	**30,680**	**38,681**

* 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.

DRAFT BUDGET 2018/19 AND FINANCIAL FORECAST 2018/19 TO 2021/22

SUMMARY OF REAL CHANGES AND OTHER VARIATIONS	Budget 2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Environment					
Report to Executive on 9th August 2017 re additional resources required		157	157	157	157
Balance of savings from street lighting				-175	-175
Absorption of inflation increases for PCNs	-3,568	96	195	297	401
		253	352	279	383
Other cost pressures/ growth					
Waste					
- Increase in landfill tax above inflation	3,676	76	213	358	511
- Increase in refuse/recycling collection to reflect additional units	7,907	52	104	156	208
- Increase in refuse/recycling disposal to reflect additional units	12,988	82	164	246	328
- Decrease in paper income from fall in projected tonnages	-861	23	47	72	97
- Growth in tonnage	12,988	140	220	520	700
Sub total (waste)		373	748	1,352	1,844
Total real changes (Environment)		**626**	**1,100**	**1,631**	**2,227**
Renewal and Recreation					
Impact of Libraries contract compared with 2017/18 Budget assumptions (Exec 19/7/17)		352	209	-5	-166
Absorption of inflation for statutory planning fees	-1,292	40	80	122	165
		392	289	117	-1
Public Protection and safety					
Report to Executive on 9 August re additional resources required		310	149	60	60
OTHER VARIATIONS (MAINLY COUNCIL WIDE)					
Other net cost pressures/ growth					
Cost of local elections in 2018/19	0	500	0	0	0
Freedom passes					
- extra cost of London Overground and National Rail based on actual usage and other changes	11,191	0	150	300	300
Additional income from investment properties		-150	-150	-150	-150
Full year savings from Mytime negotiations approved by Executive		0	-232	-263	-263
Potential additional costs from GDPR (Executive, December 2017)		287	287	287	287
Total real changes (mainly council wide)		**637**	**55**	**174**	**174**
TOTAL		**1,965**	**1,593**	**1,982**	**2,460**

Appendix 7A

SUMMARY OF DRAFT 2018/19 REVENUE BUDGET - PORTFOLIO

	2017/18 Final Budget £'000	Portfolio/Item		2018/19 Draft Budget £'000
	86,449	Education		86,122
Cr	80,458	Less costs funded through Dedicated Schools Grant	Cr	80,382
	5,991	Sub total		5,740
	31,368	Childrens Services		34,390
	68,272	Care and Services		71,758
	29,179	Environment		30,628
	1,963	Public Protection and Safety		2,290
	7,693	Renewal and Recreation		8,502
	31,579	Resources		32,431
	3,831	Non Distributed Costs & Corporate & Democratic Core		3,907
	179,876	Total Controllable Budgets		189,646
	11,244	Total Non Controllable Budgets		12,056
Cr	729	Total Excluded Recharges	Cr	729
	190,391	Portfolio Total		200,973
Cr	9,901	Reversal of Net Capital Charges	Cr	10,646
Cr	2,891	Interest on General Fund Balances	Cr	3,491
	2,256	New Homes Bonus - Support for Revenue Budget	Cr	2,256
	2,552	Contribution to Transition Fund		-
	6,401	Utilisation of Prior Year Collection Fund Surplus/Set Aside		2,210
	14,957	Central Contingency Sum		15,722
		Levies		
	461	- London Pension Fund Authority *		484
	281	- London Boroughs Grants Committee		248
	241	- Environment Agency *		253
	338	- Lee Valley Regional Park *		355
	205,086	Sub Total		203,852
Cr	47,360	Revenue Support Grant and Business Rate Retention	Cr	41,960
Cr	2,052	Transition Grant		-
Cr	6,401	Collection Fund Surplus	Cr	7,852
Cr	6,096	New Homes Bonus	Cr	3,500
	143,177	Bromley's Requirement (excluding GLA)		150,540

* Final allocations awaited

Appendix 7B

DRAFT REVENUE BUDGET 2018/19

	Education & Children Services	Care Services	Environment	Public Protection and Safety	Renewal and Recreation	Resources	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	27,753	15,882	6,367	2,445	4,520	14,415	**71,382**
Premises	927	302	6,220	43	181	3,919	**11,592**
Transport	5,046	187	245	55	52	32	**5,617**
Supplies and Services	43,430	5,129	7,205	201	416	5,748	**62,129**
Third Party Payments	53,473	110,811	31,168	937	5,974	15,579	**217,942**
Transfer Payments	3,765	135,863	-	-	-	11,475	**151,103**
Income	Cr 93,265	Cr 198,344	Cr 19,117	Cr 683	Cr 2,641	Cr 14,505	**Cr 328,555**
Controllable Recharges	Cr 999	1,928	Cr 1,460	Cr 708	-	Cr 498	**Cr 1,737**
Capital Charges/Financing	-	-	-	-	-	173	**173**
Total Controllable Budgets	**40,130**	**71,758**	**30,628**	**2,290**	**8,502**	**36,338**	**189,646**
Capital Charges/Financing	1,611	Cr 1,014	4,970	7	3,732	1,340	**10,646**
Repairs, Maintenance & Insurance	402	314	1,697	4	316	Cr 1,323	**1,410**
Property Rental Income	Cr 7	Cr 191	Cr 472	-	Cr 108	778	
Not Directly Controllable Budgets	**2,006**	**Cr 891**	**6,195**	**11**	**3,940**	**795**	**12,056**
Recharges In	10,263	19,666	6,622	1,651	3,845	16,008	**58,055**
Total Cost of Service	**52,399**	**90,533**	**43,445**	**3,952**	**16,287**	**53,141**	**259,757**
Recharges Out	Cr 2,569	Cr 13,444	Cr 4,297	Cr 1,243	Cr 2,158	Cr 35,073	**Cr 58,784**
Total Net Budget	**49,830**	**77,089**	**39,148**	**2,709**	**14,129**	**18,068**	**200,973**

Appendix 7C

2018/19 CENTRAL CONTINGENCY SUM		£'000
Renewal and Recreation		
Planning appeals - changes in legislation		60
Grants included within Central Contingency Sum		
Tackling Troubled Families Grant Expenditure		845
Tackling Troubled Families Grant Income	Cr	845
Adult Social Care Expenditure		873
Reduction in Housing Benefit Funding		2,360
Flexible Homeless Support Income	Cr	2,360
Homelssness Reduction Grant Expenditure		233
Homelssness Reduction Grant Income	Cr	233
General		
Provision for Unallocated Inflation		4,376
Possible additonal provision for local pay award		600
Increase in Cost of homelessness/impact of welfare reforms		4,240
General provision for risk/uncertainty		2,219
Provision for risk/uncertainty relating to volume and cost pressure		2,182
Impact of Chancellor's Summer Budget 2015 on future costs		1,215
Homelessness Reduction Act		750
Growth for waste services		587
Cost of Local Elections		500
Universal credit roll out - impact on claimant fault overpayment recoveries		500
Further reduction to government funding		500
Retained Welfare Fund		450
Deprivation of Liberty		118
Review of Childrens Services following Ofsted report	Cr	48
Additional income opportunity (Amey)	Cr	500
London Pilot Business Rate Pool	Cr	2,900
		15,722

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

Appendix 7D

EDUCATION AND CHILDREN SERVICES PORTFOLIO

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Education				
Cr 140,646	Adult Education Centres	Cr 505,890	Cr 26,400	4,740	Cr 527,550
5,702	Alternative Education and Welfare Service	0	0	0	0
432,414	Schools and Early Years Commissioning and QA	371,630	4,200	103,780	479,610
5,481,102	SEN and Inclusion	5,864,440	105,950	864,320	6,834,710
37,641	Strategic Place Planning	0	2,500	93,440	95,940
25,896	Workforce Development and Governor Services	4,270	1,350	0	5,620
11,787	School Improvement	0	0	0	0
Cr 1,273,917	Education Services Grant	Cr 181,390	0	181,390	0
Cr 1,134,800	Schools Budgets	Cr 1,281,510	790	10	Cr 1,280,710
233,539	Other Strategic Functions	Cr 79,460	Cr 1,840	37,060	Cr 44,240
425,230	Access and Inclusion	344,950	5,360	Cr 173,700	176,610
0	Early Years	0	0	0	0
Cr 34,431	Primary Schools	0	0	0	0
0	Secondary Schools	0	0	0	0
34,660	Special Schools and Alternative Provision	0	0	0	0
4,104,176		4,537,040	91,910	1,111,040	5,739,990
	Childre Social Care				
1,515,920	Bromley Youth Support Programme	1,453,950	19,120	4,190	1,477,260
1,147,086	Early Intervention and Family Support	1,041,490	38,430	1,340	1,081,260
4,040,930	CLA and Care Leavers	4,227,380	73,660	581,580	4,882,620
12,839,858	Fostering, Adoption and Resources	12,817,720	260,170	512,550	13,590,440
3,806,106	Referral and Assessment Services	2,889,360	45,650	80,930	3,015,940
3,056,071	Safeguarding and Care Planning East	2,404,510	49,370	11,580	2,465,460
4,105,217	Safeguarding and Care Planning West	3,737,330	72,700	8,470	3,818,500
2,825,207	Safeguarding and Quality Improvement	4,249,790	30,450	Cr 221,860	4,058,380
33,336,394		32,821,530	589,550	978,780	34,389,860
37,440,570	TOTAL CONTROLLABLE	37,358,570	681,460	2,089,820	40,129,850
Cr 8,262,756	TOTAL NON CONTROLLABLE	2,029,480	5,790	Cr 29,020	2,006,250
6,910,602	TOTAL EXCLUDED RECHARGES	6,428,240	0	1,265,490	7,693,730
36,088,416	PORTFOLIO TOTAL	45,816,290	687,250	3,326,290	49,829,830

EDUCATION AND CHILDREN'S SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref		£'000	VARIATION IN 2018/19 £'000	ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**		45,817	
2	**Increased Costs**		688	
	Full Year Effect of Allocation of Central Contingency			
3	Impact of NNDR Revaluation		12	
	Movement Between Portfolios / Departments / Divisions			
4	Increase in Ex-EFA Clients Costs	28		1,419
5	Funding transferred from Public Health for SPOC Safeguarding Children post	15		
	Funding from Public Health Grant	Cr 15		
6	Reduction in MOPAC expenditure	Cr 17		
	Reduction in MOPAC expenditure charged to MOPAC grant	17		
7	Funded from Education for PSIS	Cr 19		
	Primary & Secondary Intervention Services	19		
8	Funding transferred for Workforce Development Project Lead	Cr 19		
	Funding from Step Up to Social Work Grant	19		
9	Transfer of post to Programmes Division	Cr 23		
10	Funding transferred to Strategy for PA to the DCEX	Cr 38		
11	Funded from Children's Services Improvement Funding	Cr 49		
	Children's Service Improvement Officer	49		
12	Funding transferred to Strategy for Head of Policy, Projects and Programmes	Cr 60		
13	Funding transferred to Legal Services	Cr 60		
	Funded from Children's Services Improvement Funding	60		
14	Programmes Division restructure	Cr 233	Cr 326	
	Real Changes			
	Savings identified for 2018/19 as part of the 2017/18 Budget process			
15	Savings on mobile phone contract	Cr 6		
16	Travel Training Contract	Cr 15	Cr 21	
	Other Real Changes:			
17	Impact of National Funding Formula grant - High Needs Block growth	1,000		
18	Allocation of Full Year Effects pressures in Children's Social Care	718		
19	Increased costs of Children's Social Care Placements	400		11,616
20	Ceasing of Education Services Grant	181		Cr 181
21	Efficiency savings from in house nurseries not realised	125	2,424	
22	Variations in Capital Charges		Cr 114	
23	Variations in Recharges		1,265	
24	Variations in Building Maintenance		14	
25	Variations in Insurances		71	
26	**2018/19 DRAFT BUDGET**		**49,830**	

EDUCATION AND CHILDREN'S SERVICES PORTFOLIO

Notes on Budget Variations in 2018/19

Ref Comments

2 **Increased Costs (Dr £688k)**

Inflation of £688k has been allocated to budgets for 2018/19. An estimated rate of 1.2% has been applied to staffing budgets with 2% applied to all other budgets.

Full Year Effect of Allocation of Central Contingency

3 Impact of NNDR Revaluation (Dr £12k)

This reflects the financial impact of the business rate revaluation on Council run properties. Overall, a sum of £559k was released from Central Contingency, as approved by Executive on 6 December 2017.

Movement Between Portfolios / Departments / Divisions

4 Increase in Ex-EFA Clients Costs (Dr £28k)

There is an increase in the costs of the Ex-CFA clients of £28k in Care Services for 2018/19. This cost is funded from the DSG.

5 Funding transferred from Public Health (Dr £15k / Cr £15k)

Funding has been transferred from Public Health for a new safeguarding post within Children's Social Care.

6 MOPAC - Reduction in grant funding (Cr £17k / Dr £17k)

The allocation of MOPAC Grant has reduced in 2018/19, resulting in a reduction in expenditure.

7 Changes regarding Primary & Secondary Intervention Services (Cr £19k / Dr £19k)

On 19th July 2017 the Executive approved the contract award for primary and secondary intervention services. This is the net effect of the changes to that service.

8 Funding transferred for Workforce Development Project Lead (Cr £19k / Dr £19k))

The Workforce Development Project Lead is funded through Step up to Social Care Grant which is held within Children's Social Care. Funding has therefore been transferred to the Strategy Division within ECHS to fund this post.

9 Transfer of post to Programmes Division (Cr £23k)

A Business Support Assistant post was transferred from Children's Social Care to the Central Placements Team.

10 Funding transferred to Strategy for PA to the DCEX (Cr £38k)

A Personal Assistant to the Deputy Chief Executive/Executive Director of ECHS was created in October 2017 . Funding has been transferred from Children's Social Care for this purpose.

11 Children's Service Improvement Officer (Dr £49k / Cr £49k))

The post of Children's Services Improvement Officer was transferred in year 2017/18 to Children's Services as the activity and tasks undertaken by this post are best managed from within Children's Services.

12 Funding transferred to Strategy for Head of Policy, Projects and Programmes (Cr £60k)

The Head of Policy, Projects and Programmes was created in August 2017 within Strategic and Business Support Services. Funding has been transferred from Children's Social Care for this purpose.

13 Funding transferred to Legal Services (Cr £60k / Dr £60k)

Funding has been transferred to legal services for the creation of a lawyer's post for Children's Social Care.

14 Programmes Division restructure (Cr £233k)

In early 2017/18 the division was again restructured, with commissioning functions returning to form a separate Programmes Division within ECHS Department instead of being located in the relevant services, e.g. Adult Social Care, Education, Children's Social Care etc. The amount of budget transferred from Children's Social Care and Education was £233k for 2018/19 .

Real Changes

Savings identified for 2018/19 as part of the 2017/18 Budget process

15 Savings on mobile phone contract (Cr £6k)

Savings as a result of transferring the remaining ISD service to BT, as agreed by Executive on 9 August 2017.

16 Travel Training Contract (Cr £15k)

Saving identified from the re-commissioning of the Travel Training contract during 2017/18

Other Real Changes

17 Impact of National Funding Formula grant - High Needs Block growth (Dr £1,000k)

The changes brought about by the National Funding Formula has resulted in a pressure of on the High Needs Block of the DSG. This is to support the service due to the lack of grant funding.

18 Allocation of Full Year Effects pressures in Children's Social Care (Dr £718k)

The full year effect of the 2017/18 budget position has been allocated. This relates to increased cost's in children's placements budgets.

19 Increased costs of Children's Social Care Placements (Dr £400k)

Funding for likely high inflationary pressures relating to the Pan London Agreement and other children services has been included.

20 Ceasing of Education Services Grant (Dr £181k)

This is to remove the Education Services Grant from the budget as the grant ended part way through the 2017/18 Financial Year.

21 Efficiency savings from in house nurseries not realised (Dr £125k)

There is currently a re-organisation of the in-house nurseries following a review of the service. During this period there will be a number of changes to how the service is being run that will result in the planned efficiencies not being realised

Variations in Capital Charges, Recharges & Rent Income

17 Variations in Capital Charges (Cr £114k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2018/19 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 2018/19 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.

18 Variations in Recharges (Dr £1,265k)

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

19 Variations in Building Maintenance (Dr £14k)

Variations in building maintenance are due to the realignment of budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these are balanced out across the council with a net nil variation.

20 Variations in Insurances (Dr £71k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2017/18 budget was finalised has been factored in. The overall variation across the Council is Dr £41k, mainly as a result of the increase in Insurance Premium Tax from 10% to 12%, which took effect in June 2017.

EDUCATION AND CHILDREN SERVICES PORTFOLIO

DRAFT REVENUE BUDGET 2018/19 - 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																		
Adult Education Centres	1,151,430	151,930	1,340	321,360	0	1,080	Cr 2,147,020	Cr 7,670	0	**Cr 527,550**	189,000	57,280	0	**246,280**	215,890	**Cr 65,380**	Cr 2,970	**Cr 68,350**
Alternative Education and Welfare Service	0	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**	0	**0**	0	**0**
Schools and Early Years Commissioning and QA	1,424,250	73,260	6,070	295,600	17,952,350	0	Cr 605,020	Cr 18,666,900	0	**479,610**	0	26,040	0	**26,040**	385,930	**891,580**	Cr 90,460	**801,120**
SEN and Inclusion	4,839,280	218,540	4,816,610	344,000	18,720,850	0	Cr 573,570	Cr 21,531,000	0	**6,834,710**	0	11,030	0	**11,030**	1,276,880	**8,122,620**	Cr 605,320	**7,517,300**
Strategic Place Planning	224,580	0	0	0	0	0	0	Cr 128,640	0	**95,940**	0	250	0	**250**	61,830	**158,020**	Cr 48,450	**109,570**
Workforce Development and Governor Services	31,710	15,110	470	37,330	18,480	0	Cr 44,430	Cr 53,050	0	**5,620**	0	80	0	**80**	10,960	**16,660**	Cr 8,040	**8,620**
Education Services Grant	0	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**	0	**0**	0	**0**
Schools Budgets	0	0	0	Cr 64,850	0	0	Cr 82,432,480	81,216,620	0	**Cr 1,280,710**	0	0	0	**0**	1,241,770	**Cr 38,940**	0	**Cr 38,940**
Other Strategic Functions	269,990	0	820	70,350	0	0	Cr 125,800	Cr 259,600	0	**Cr 44,240**	0	3,070	0	**3,070**	221,640	**180,470**	Cr 253,180	**Cr 72,710**
Access and Inclusion	1,739,660	38,500	83,410	499,010	262,160	0	Cr 120,580	Cr 2,325,550	0	**176,610**	0	3,310	0	**3,310**	424,260	**604,180**	Cr 407,000	**197,180**
Early Years	0	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**	305,670	**305,670**	Cr 305,670	**0**
Primary Schools	0	0	0	20,448,720	0	0	Cr 463,250	Cr 19,985,470	0	**0**	785,000	117,160	0	**902,160**	344,290	**1,246,450**	Cr 412,700	**833,750**
Secondary Schools	0	0	0	5,451,400	0	0	Cr 2,342,190	Cr 3,109,210	0	**0**	1,000	3,940	0	**4,940**	226,170	**231,110**	Cr 230,040	**1,070**
Special Schools and Alternative Provision	0	0	0	13,356,230	0	0	Cr 48,110	Cr 13,308,120	0	**0**	498,000	9,340	0	**507,340**	58,750	**566,090**	Cr 67,240	**498,850**
	9,680,900	**497,340**	**4,908,720**	**40,759,150**	**36,953,840**	**1,080**	**Cr 88,902,450**	**1,841,410**	**0**	**5,739,990**	**1,473,000**	**231,500**	**0**	**1,704,500**	**4,774,040**	**12,218,530**	**Cr 2,431,070**	**9,787,460**
Childre Social Care																		
Bromley Youth Support Programme	1,820,180	134,800	31,710	147,640	64,570	0	Cr 610,710	Cr 110,930	0	**1,477,260**	114,000	95,220	Cr 350	**208,870**	429,390	**2,115,520**	Cr 65,760	**2,049,760**
Early Intervention and Family Support	2,217,360	294,840	25,700	140,700	246,870	25,820	Cr 78,970	Cr 1,791,060	0	**1,081,260**	24,000	16,860	0	**40,860**	335,700	**1,457,820**	Cr 15,440	**1,442,380**
CLA and Care Leavers	2,660,680	0	25,150	418,580	551,880	3,158,830	Cr 1,517,900	Cr 414,600	0	**4,882,620**	0	5,090	0	**5,090**	393,800	**5,281,510**	0	**5,281,510**
Fostering, Adoption and Resources	1,981,140	0	9,640	229,250	12,705,850	0	Cr 503,860	Cr 831,580	0	**13,590,440**	0	3,400	0	**3,400**	2,048,090	**15,641,930**	0	**15,641,930**
Referral and Assessment Services	2,966,540	0	13,490	627,440	7,670	43,040	Cr 76,080	Cr 566,160	0	**3,015,940**	0	5,280	0	**5,280**	476,760	**3,497,980**	Cr 56,460	**3,441,520**
Safeguarding and Care Planning East	2,048,480	0	9,770	66,500	1,163,030	33,260	0	Cr 855,580	0	**2,465,460**	0	3,480	0	**3,480**	371,950	**2,840,890**	0	**2,840,890**
Safeguarding and Care Planning West	2,441,690	0	16,340	15,550	1,693,980	502,570	0	Cr 851,630	0	**3,818,500**	0	38,690	Cr 6,560	**32,130**	505,530	**4,356,160**	0	**4,356,160**
Safeguarding and Quality Improvement	1,936,150	0	4,930	1,025,310	85,550	0	Cr 1,574,640	2,581,080	0	**4,058,380**	0	2,640	0	**2,640**	927,200	**4,988,220**	0	**4,988,220**
	18,072,220	**429,640**	**136,730**	**2,670,970**	**16,519,400**	**3,763,520**	**Cr 4,362,160**	**Cr 2,840,460**	**0**	**34,389,860**	**138,000**	**170,660**	**Cr 6,910**	**301,750**	**5,488,420**	**40,180,030**	**Cr 137,660**	**40,042,370**
	27,753,120	**926,980**	**5,045,450**	**43,430,120**	**53,473,240**	**3,764,600**	**Cr 93,264,610**	**Cr 999,050**	**0**	**40,129,850**	**1,611,000**	**402,160**	**Cr 6,910**	**2,006,250**	**10,262,460**	**52,398,560**	**Cr 2,568,730**	**49,829,830**

Appendix 7E

Care Services

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Adult Social Care				
21,537,172	Assessment and Care Management	21,477,240	2,146,480	136,830	23,760,550
1,258,253	Commissioning and Service Delivery	547,780	0	Cr 547,780	0
1,119,487	Direct Services	1,073,270	1,810	Cr 1,004,350	70,730
31,032,984	Learning Disabilities Services	30,874,910	650,610	1,927,980	33,453,500
5,588,355	Mental Health Services	6,062,930	119,830	89,650	6,272,410
60,536,251		60,036,130	2,918,730	602,330	63,557,190
	Environmental Services - Housing				
212,949	Housing Improvement	199,210	1,420	0	200,630
212,949		199,210	1,420	0	200,630
	Operational Housing				
Cr 323	Enabling Activities	Cr 900	0	0	Cr 900
Cr 2,018,476	Housing Benefits	Cr 1,945,410	Cr 38,910	0	Cr 1,984,320
7,128,270	Housing Needs	6,299,170	108,470	Cr 958,190	5,449,450
1,106,940	Supporting People	1,071,540	19,280	Cr 107,410	983,410
6,216,411		5,424,400	88,840	Cr 1,065,600	4,447,640
	Programmes Division				
Cr 143,833	Better Care Fund	Cr 160,970	Cr 271,000	273,610	Cr 158,360
0	Carers	0	7,360	Cr 7,360	0
0	Improved Better Care Fund	0	0	Cr 873,000	Cr 873,000
0	Information & Early Intervention	0	62,840	Cr 62,840	0
0	NHS Support for Social Care	0	0	0	0
206,197	Programmes Team	343,140	27,100	1,564,660	1,934,900
62,364		182,170	Cr 173,700	895,070	903,540
Cr 318,798	**Public Health**	7,340	0	64,000	71,340
	Strategic and Business Support Service				
260,947	Learning & Development	266,730	5,680	20,500	292,910
2,001,336	Strategic and Business Support Service	2,155,950	33,760	94,960	2,284,670
2,262,283		2,422,680	39,440	115,460	2,577,580
68,971,460		68,271,930	2,874,730	611,260	71,757,920
Cr 1,729,158	TOTAL NON CONTROLLABLE	Cr 467,430	2,830	Cr 426,120	Cr 890,720
6,572,793	TOTAL EXCLUDED RECHARGES	6,645,160	0	Cr 423,090	6,222,070
73,815,095	PORTFOLIO TOTAL	74,449,660	2,877,560	Cr 237,950	77,089,270

CARE SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref			VARIATION IN 2018/19 £'000		£'000	ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**				74,450	
2	**Increased Costs**				2,877	
	Full Year Effect of Allocation of Central Contingency					
3	National Living Wage		808			
4	ECH Pensions cost		16			
5	Additional Improved Better Care Fund (IBCF) - Spring Budget 2017					
	- Expenditure		1,490			
	- Income	Cr	1,490		824	
	Movement Between Portfolios / Departments / Divisions					
6	Transfer of Central Placements Team from Resources Portfolio		689			
7	Programmes Division restructure		233			
8	Creation of Head of Policy, Projects and Programmes within SSBS Funded from CSC		60			
9	Creation of PA to the DCEX within SSBS Funded from CSC		38			
10	Transfer of post from Children's Social Care		23			
11	Reduction in MOPAC expenditure	Cr	64			
	Reduction in MOPAC expenditure charged to MOPAC grant		64			
12	Children's Service Improvement Officer - Moved to CSC from SSBS	Cr	49			
	Funded from Children's Services Improvement Funding		49			
13	Legal Costs with Housing		40			
	Transfer of Legal Costs with Housing	Cr	40			
14	ECH Contract Monitoring Officer (as per Exec 22.03.17)	Cr	30			
15	Contract monitoring resources to Resources Portfolio - PSIS contract	Cr	22			
16	Funding transferred for Workforce Development Project Lead		19			
	Funding from Step Up to Social Work Grant	Cr	19			
17	Funding transferred from Public Health for SPOC Safeguarding Children post	Cr	15			
	Funding from Public Health Grant		15		991	
	Real Changes					
	Savings identified for 2018/19 as part of the 2017/18 Budget process					
18	Savings on mobile phone contract	Cr	2			
19	Mears Project Savings	Cr	958	Cr	960	
	Other Real Changes					
20	Allocation of Full Year Effect pressures		2,394			
21	Adult Social Care Support Grant		1,196			
22	Learning Disabilities growth (funded by IBCF)		1,000			
23	Reduction in Public Health Grant 18/19		410			Cr 15,096
24	LD ex-EFA recharge to DSG	Cr	28			
25	Primary & Secondary Intervention Services	Cr	50			
26	LD contract efficiencies	Cr	58			
27	LD Certitude contract savings	Cr	100			
28	Efficiency savings	Cr	144			

29	Reablement	Cr	150			4,148
30	TCES - Community Equipment	Cr	195			1,718
31	Intermediate Care	Cr	300			1,278
32	Health Visitor Saving	Cr	346			3,634
33	Additional Improved Better Care Fund (FYE of 2017/18 allocation)	Cr	1,873			
34	Additional Improved Better Care Fund (new for 2018/19)	Cr	2,000	Cr	244	
35	Variations in Capital Charges			Cr	401	
36	Variations in Recharges			Cr	423	
37	Variations in Building Maintenance				5	
38	Variations in Insurances			Cr	11	
39	Variations in Rent Income			Cr	19	
40	**2018/19 DRAFT BUDGET**				**77,089**	

CARE SERVICES PORTFOLIO

Notes on Budget Variations in 2018/19

Ref Comments

2 **Increased Costs (Dr £1,377k)**

Inflation of £1,377k has been allocated to budgets for 2018/19. An estimated rate of 1.2% has been applied to staffing budgets with 2% applied to all other budgets.

Full Year Effect of Allocation of Central Contingency

3 National Living Wage (Dr £808k)

On 6th June 2017 the Executive agreed to release funding from the central contingency for cost pressures on adult social care budgets arising from the increase in the National Living Wage from 1st April 2017.

4 ECH Pensions Cost (Dr £16k)

On 22nd March 2017 the Executive agreed the contract award of the previously in house extra care housing service to an external provider. This adjustment relates to the Pension costs in relation to the staff transferred which are payable to the new provider.

5 Additional Improved Better Care Fund (IBCF) - Spring Budget 2017 (Dr & Cr £1,490k)

The Improved Better Care Fund is a time limited grant to local authorities for spending on adult social care. This element was announced in the Spring Budget in March 2017. The grant may be used only for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready, and ensuring that the local social care provider market is supported. Bromley's allocation for 2018/19 is £3,363k, and £1,490k was approved for spending by the Executive on 10th October 2017.

Movement Between Portfolios / Departments / Divisions

6 Transfer of Central Placements Team from Resources Portfolio (Dr £689k)

Subsequent to the Programmes restructure discussed at ref 4 above, the Central Placements Team also returned to ECHS Programmes Division from the Resources Portfolio.

7 Programmes Division restructure (Dr £233k)

In early 2017/18 the division was restructured, with commissioning functions returning to form a separate Programmes Division within ECHS Department instead of being located in the relevant services, e.g. Adult Social Care, Education, Children's Social Care etc. The amount of budget transferred from the other divisions for 2018/19 was £782k. This, alongside the existing budget for the Health Integration Division, was combined to form the new Programmes Division budget. The amount of budget transferred from Adult Social Care Division was Cr £549k.

8 Creation of Head of Policy, Projects and Programmes within SSBS Funded from CSC (Dr£60k)

The Head of Policy, Projects and Programmes was created in August 2017 within Strategic and Business Support Services. Funding has been transferred from Children's Social Care for this purpose.

9 Creation of PA to the DCEX within SSBS Funded from CSC (Dr £38k)

Post 20025, Personal Assistant to the Deputy Chief Executive/Executive Director of ECHS was created in October 2017 . Funding has been transferred from Children's Social Care for this purpose.

10 Transfer of post from Children's Social Care (Dr £23k)

A Business Support Assistant post was transferred from Children's Social Care to the Central Placements Team.

11 Realignment of 2018/19 MOPAC Grant Funding Across Services (Cr £64K / Dr £64k))

The MOPAC grant funding for 2018/19 has been confirmed and this has been realigned across several service areas to reflect the various contracts currently in place and activity to be undertaken which will be funded by this grant income.

12 Children's Service Improvement Officer - Moved to CSC from SSBS (Cr £49k / Dr £49k)

Post 19933 - Children's Services Improvement Officer was transferred in year 2017/18 to Children's Services as the activity and tasks undertaken by this post are best managed from within Children's Services

13 Legal Costs with Housing (Cr £40k/Dr £40k)

With the increase in homelessness there is a need to support Legal with their caseload from Housing as there is more challenges that require legal input.

14 ECH Contract Monitoring Officer (Cr £30k)

The report to Executive on 22nd March relating to the contract award for Extra Care Housing included provision for monitoring of the contract. A sum of £30k has therefore been transferred to the Monitoring & Compliance Team within the Chief Executives Department.

15 Contract monitoring resources to Resources Portfolio - PSIS contract (Cr £22k)
On 19th July 2017 the Executive agreed a contract award for Primary and Secondary Intervention Services (PSIS). As part of the report, resources were agreed for contract monitoring and £22k has been transferred to Resources Portfolio in 2018/19 to support this.

16 Funding transferred for Workforce Development Project Lead (Dr £19k / Cr £19k)
Post 13833 - Workforce Development Project Lead is funded through Step up to Social Care Grant. In previous years the funding has been agreed in year. At that point the budget has been allocated to fund the post. For 2018/19 grant funding has already been confirmed and the budget for the post has therefore been set.

17 SPOC Safeguarding Children (Cr £15k / Dr £15k))
Funding has been transferred to Children's Social Care for a new safeguarding post.

Real Changes

Savings identified for 2018/19 as part of the 2017/18 Budget process

18 Savings on mobile phone contract (Cr£2k)

Savings as a result of transferring the remaining ISD service to BT, as agreed by Executive on 9 August 2017.

19 Mears Project Savings (Cr £958k)
This represents the second year phased saving expected to be achieved from the Mears Project.

Other Real Changes

20 Allocation of Full Year Effect (Dr £2,394k)

The full year effect of the 2017/18 budget position has been allocated. This relates to increased cost's for both placements and domiciliary care/direct payments of £438k and on Learning Disabilities and Mental Health of £1,956k. This has been funded in the 2018/19 budget, partly by additional Improved Better Care Funding (IBCF).

21 Adult Social Care Support Grant (Dr £1,196k)

The Adult Social Care Support Grant in 2017/18 was for one year only and has therefore fallen out in 2018/19.

22 Learning Disabilities growth (funded by IBCF) (Dr £1,000k)
There are demand-related pressures on the Learning Disabilities budget arising mainly from transition clients and increased client needs. £1m has been allocated to fund LD growth pressures in 2018/19. This is funded by Improved Better Care Fund (IBCF)

23 Reduction in Public Health Grant (Dr £410k)
The Public Health Grant is expected to reduce in 2018/19. The difference has been funded by an allocation from contingency.

24 LD ex-EFA recharge to DSG (£28k)

There is an increase in the costs of the Ex-CFA clients of £28k in Care Services for 2018/19. This cost is funded from the DSG.

25 Primary and secondary intervention services (Cr £50k)
On 19th July 2017 the Executive approved the contract award for primary and secondary intervention services. In 2018/19 the savings that accrue to LBB in relation to this contract total £50k.

26 LD contract efficiencies (Cr £58k)
Savings of £58k will be achieved in 2018/19 from contract efficiencies on LD supported living schemes.

27 LD Certitude contract savings (Cr £100k)
The contract for delivery of LD former direct care services was approved by the Executive on 15th July 2015. As part of the contract award, further savings of £100k should be delivered in 2018/19.

28 Efficiency savings (Cr £144k)

Efficiency savings of £144k have been allocated to the budget for Learning Disabilities.

29 Reablement (Cr £150k)

As part of the Reablement contract award to Bromley Healthcare via Bromley CCG, savings of £150k are expected in reduction's in ongoing packages of care as a result of an increase in the numbers of service users going through the new service.

30 Community Equipment Service (Cr £195k)

As part of the contract award with Medequip Assistive Technology Limited that was re-let wef July 2017, the Council has reduced the proportion of the service it jointly funds with Bromley CCG, resulting in a saving.

31 Intermediate Care (Cr £300k)

As a result of the retendering of the Intermediate Care contract with Bromley CCG, the overall cost to the Council of the service has reduced by £300k.

32 Health Visiting (Cr £346k)

The Health Visiting service has been retendered which has resulted in a saving on the previous contract sum.

33 Additional Improved Better Care Fund (FYE of 2017/18 allocation) (Cr £1,873k)

The 2018/19 Additional Improved Better Care Fund allocation, as announced in the Spring budget 2017, is £3,363k and is outlined at ref 3 above. The allocation of £1,490k was agreed at the Executive on 10th October 2017 and this is shown at ref 5 above. The balance of grant income of £1,873k is being allocated as part of the 2018/19 budget along with £1m expenditure to fund LD growth (included in variations in recharges below). The balance of £873k expenditure is currently held within the Council's central contingency.

34 Additional Improved Better Care Fund (new for 2018/19) (Cr £2,000k)

Provisional new, additional Improved Better Care Fund income of £2m is expected in 2018/19. This has been used to part fund the 2017/18 full year effect overspend on Adult Social Care and is offset in variations in recharges below.

Variations in Capital Charges, Recharges & Rent Income

35 Variations in Capital Charges (Cr £401k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2018/19 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 2018/19 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.

36 Variations in Recharges (Cr £423k)

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

37 Variations in Building Maintenance (Dr £5k)

Variations in building maintenance are due to the realignment of budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these are balanced out across the council with a net nil variation.

38 Variations in Insurances (Cr £11k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2017/18 budget was finalised has been factored in. The overall variation across the Council is Dr £41k, mainly as a result of the increase in Insurance Premium Tax from 10% to 12%, which took effect in June 2017.

39 Variations in Rent Income (Cr £19)

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

Care Services

DRAFT REVENUE BUDGET 2018/19 - 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																		
Assessment and Care Management	6,209,470	157,170	38,360	2,031,530	38,747,100	3,010,890	Cr 12,544,430	Cr 13,889,540	0	**23,760,550**	25,000	161,270	Cr 165,030	**21,240**	6,324,840	**30,106,630**	Cr 3,493,260	**26,613,370**
Commissioning and Service Delivery	0	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**	0	**0**	0	**0**
Direct Services	427,790	100	25,950	51,680	40,200	0	Cr 474,990	0	0	**70,730**	0	980	0	**980**	0	**71,710**	0	**71,710**
Learning Disabilities Services	900,230	12,240	92,090	810	36,574,950	2,504,860	Cr 4,117,440	Cr 2,514,240	0	**33,453,500**	95,000	89,390	0	**184,390**	3,903,280	**37,541,170**	Cr 4,719,310	**32,821,860**
Mental Health Services	0	0	0	0	6,739,580	158,760	Cr 618,260	Cr 7,670	0	**6,272,410**	6,000	26,410	Cr 26,040	**6,370**	73,480	**6,352,260**	Cr 1,400,240	**4,952,020**
	7,537,490	**169,510**	**156,400**	**2,084,020**	**82,101,830**	**5,674,510**	**Cr 17,755,120**	**Cr 16,411,450**	**0**	**63,557,190**	**126,000**	**278,050**	**Cr 191,070**	**212,980**	**10,301,600**	**74,071,770**	**Cr 9,612,810**	**64,458,960**
Environmental Services - Housing																		
Housing Improvement	326,890	36,760	3,980	3,630	0	0	Cr 170,630	0	0	**200,630**	Cr 1,400,000	2,310	0	**Cr 1,397,690**	360,300	**Cr 836,760**	0	**Cr 836,760**
	326,890	**36,760**	**3,980**	**3,630**	**0**	**0**	**Cr 170,630**	**0**	**0**	**200,630**	**Cr 1,400,000**	**2,310**	**0**	**Cr 1,397,690**	**360,300**	**Cr 836,760**	**0**	**Cr 836,760**
Programmes Division																		
Better Care Fund	0	0	0	47,970	6,144,580	0	Cr 20,975,000	14,624,090	0	**Cr 158,360**	0	0	0	**0**	158,360	**0**	0	**0**
Carers	0	0	0	0	376,160	0	0	Cr 376,160	0	**0**	0	0	0	**0**	0	**0**	0	**0**
Improved Better Care Fund	0	0	0	861,000	0	0	Cr 5,363,000	3,629,000	0	**Cr 873,000**	0	0	0	**0**	0	**Cr 873,000**	0	**Cr 873,000**
Information & Early Intervention	0	0	0	118,730	3,498,600	0	Cr 409,930	Cr 3,207,400	0	**0**	0	0	0	**0**	158,360	**158,360**	Cr 158,360	**0**
NHS Support for Social Care	0	0	0	0	0	0	0	0	0	**0**	0	0	0	**0**	0	**0**	0	**0**
Programmes Team	1,924,260	0	4,190	9,030	228,450	5,870	Cr 34,480	Cr 202,420	0	**1,934,900**	0	3,030	0	**3,030**	0	**1,937,930**	Cr 1,932,060	**5,870**
	1,924,260	**0**	**4,190**	**1,036,730**	**10,247,790**	**5,870**	**Cr 26,782,410**	**14,467,110**	**0**	**903,540**	**0**	**3,030**	**0**	**3,030**	**316,720**	**1,223,290**	**Cr 2,090,420**	**Cr 867,130**
Operational Housing																		
Enabling Activities	0	0	0	0	0	0	Cr 900	0	0	**Cr 900**	0	0	0	**0**	158,900	**158,000**	0	**158,000**
Housing Benefits	0	0	0	513,410	0	130,182,380	Cr 132,680,110	0	0	**Cr 1,984,320**	0	0	0	**0**	2,057,680	**73,360**	0	**73,360**
Housing Needs	2,300,470	95,780	13,870	816,210	8,182,140	0	Cr 5,922,690	Cr 36,330	0	**5,449,450**	260,000	25,870	0	**285,870**	1,154,320	**6,889,640**	Cr 148,830	**6,740,810**
Supporting People	0	0	0	0	983,410	0	0	0	0	**983,410**	0	0	0	**0**	0	**983,410**	0	**983,410**
	2,300,470	**95,780**	**13,870**	**1,329,620**	**9,165,550**	**130,182,380**	**Cr 138,603,700**	**Cr 36,330**	**0**	**4,447,640**	**260,000**	**25,870**	**0**	**285,870**	**3,370,900**	**8,104,410**	**Cr 148,830**	**7,955,580**
Public Health																		
Public Health	1,441,960	0	4,500	208,000	9,107,570	0	Cr 14,893,470	4,202,780	0	**71,340**	0	1,680	0	**1,680**	355,540	**428,560**	0	**428,560**
	1,441,960	**0**	**4,500**	**208,000**	**9,107,570**	**0**	**Cr 14,893,470**	**4,202,780**	**0**	**71,340**	**0**	**1,680**	**0**	**1,680**	**355,540**	**428,560**	**0**	**428,560**
Strategic and Business Support Service																		
Learning & Development	446,320	0	0	10,800	0	0	Cr 66,280	Cr 97,930	0	**292,910**	0	330	0	**330**	0	**293,240**	Cr 293,240	**0**
Strategic and Business Support Service	1,904,390	0	3,840	456,490	188,580	0	Cr 71,930	Cr 196,700	0	**2,284,670**	0	3,080	0	**3,080**	4,960,560	**7,248,310**	Cr 1,298,250	**5,950,060**
	2,350,710	**0**	**3,840**	**467,290**	**188,580**	**0**	**Cr 138,210**	**Cr 294,630**	**0**	**2,577,580**	**0**	**3,410**	**0**	**3,410**	**4,960,560**	**7,541,550**	**Cr 1,591,490**	**5,950,060**
	15,881,780	**302,050**	**186,780**	**5,129,290**	**110,811,320**	**135,862,760**	**Cr 198,343,540**	**1,927,480**	**0**	**71,757,920**	**Cr 1,014,000**	**314,350**	**Cr 191,070**	**Cr 890,720**	**19,665,620**	**90,532,820**	**Cr 13,443,550**	**77,089,270**

Appendix 7F

ENVIRONMENT PORTFOLIO

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Parking Services				
Cr 7,424,740	Parking	Cr 7,468,180	66,230	251,480	Cr 7,150,470
Cr 7,424,740		Cr 7,468,180	66,230	251,480	Cr 7,150,470
	Street Scene & Green Space				
803,998	Management and Contract Support	871,350	12,490	205,500	1,089,340
5,177,177	Parks and Green Space	5,193,760	108,730	Cr 15,910	5,286,580
4,205,733	Street Environment	4,261,350	83,610	71,840	4,416,800
290,402	Street Regulation and Enforcement incl markets	372,140	1,970	Cr 27,980	346,130
631,796	Transport Operations and Depot Management	679,760	10,720	8,250	698,730
876,646	Tree Maintenance	735,610	12,950	Cr 1,000	747,560
17,009,503	Waste Services	17,660,790	356,600	129,830	18,147,220
28,995,253		29,774,760	587,070	370,530	30,732,360
	Transport & Highways				
244,710	Traffic & Road Safety	237,990	15,330	0	253,320
8,970,855	Highways (Including London Permit Scheme)	6,634,390	131,480	26,580	6,792,450
9,215,565		6,872,380	146,810	26,580	7,045,770
30,786,078		29,178,960	800,110	648,590	30,627,660
8,164,872	TOTAL NON CONTROLLABLE	5,467,830	18,720	708,810	6,195,360
2,394,020	TOTAL EXCLUDED RECHARGES	2,244,090	0	81,230	2,325,320
41,344,970	PORTFOLIO TOTAL	36,890,880	818,830	1,438,630	39,148,340

ENVIRONMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref				VARIATION IN 2018/19 £'000	ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**			36,891	
2	**Increased Costs**			819	
	Full Year Effect of Allocation of Central Contingency				
3	Impact of NNDR revaluation		182		799
4	Additional resources for the Environment & Community Services Department		157	339	987
	Real Changes				
	Other Real Changes:				
5	Absorption of inflation increases for PCNs		96		Cr 3,574
6	Increase in landfill tax above inflation		76		3,711
7	Increase in refuse/recycling collection to reflect additional units		52		7,120
8	Increase in refuse/recycling disposal to reflect additional units		82		13,103
9	Award of Dog and Pest Contracts		8		4
10	Mobile Phone Savings	Cr	4	310	21
11	Variations in Capital Charges			447	
12	Variations in Recharges			81	
13	Variations in Building Maintenance			53	
14	Variations in Insurances			161	
15	Variations in Rent Income			47	
16	**2018/19 DRAFT BUDGET**			**39,148**	

ENVIRONMENT PORTFOLIO

Notes on Budget Variations in 2018/19

Ref Comments

Full Year Effect of Allocation of Central Contingency

3 Impact of NNDR revaluation (Dr £182k)
This reflects the financial impact of the business rate revaluation on Council run properties. Overall, a sum of £559k was released from Central Contingency, £182k of which relates to properties within this Portfolio, as approved by Executive on 6 December 2017.

4 Additional resources for the Environment & Community Services Department (Dr £157k)
Additional resources was allocated to fulfil the corporate requirements for contract monitoring and business support, as approved by Executive on 9 August 2017.

Real Changes

5 Absorption of Inflation increases for PCNs (Dr £96k)
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.

6 Increase in landfill tax above inflation (Dr £76k)
This represents the expected cost of the Government increasing the landfill tax above inflation built into the 2018/19 budget.

7 Increase in Refuse/Recycling Collection (Dr £52k)
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 2018/19.

8 Increase in Refuse/Recycling Disposal (Dr £82k)
The additional costs for the disposal contract reflect the anticipated increase in tonnage generated from new properties for 2018/19.

9 Award of Dog and Pest Contracts (Dr £8k)
This reflects the financial impact of the award of the new Dog and Pest Control contracts.

10 Mobile Phone Savings (Cr £4k)

Savings as a result of transferring the remaining ISD service to BT, as agreed by Executive on 9 August 2017.

11 Variations in Capital Charges (Dr £447k)
The variation in capital charges is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;
(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2018/19 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 2018/19 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

12 Variations in Recharges (Dr £81k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

13 Variations in Building Maintenance (Dr £53k)
Variations in building maintenance are due to the realignment of budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these are balanced out across the council with a net nil variation.

14 Variations in Insurance Recharges (Dr £161k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2017/18 budget was finalised has been factored in. The overall variation across the Council is Dr £41k, mainly as a result of the increase in Insurance Premium Tax from 10% to 12%, which took effect in June 2017.

15 Variations in Rent Income (Dr £47k)

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 2018/19 - 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
	£	£	£	£	£	£	£			£	£				£	£	£	£
Parking Services																		
Parking	609,960	1,113,000	2,090	568,790	1,979,390	0	Cr 11,467,740	44,040	0	**Cr 7,150,470**	241,000	32,040	Cr 49,400	**223,640**	367,730	**Cr 6,559,100**	426,690	**Cr 6,132,410**
Street Scene & Green Space																		
Management and Contract Support	1,073,770	0	5,070	10,500	0	0	0	0	0	**1,089,340**	0	960	0	**960**	153,970	**1,244,270**	Cr 948,170	**296,100**
Parks and Green Space	78,220	3,220,570	4,500	46,050	2,240,710	0	Cr 43,470	Cr 260,000	0	**5,286,580**	559,000	712,420	Cr 294,260	**977,160**	590,480	**6,854,220**	Cr 715,500	**6,138,720**
Street Environment	189,350	26,820	26,350	404,010	3,778,400	0	Cr 8,130	0	0	**4,416,800**	41,000	9,040	0	**50,040**	805,940	**5,272,780**	Cr 250,040	**5,022,740**
Street Regulation and Enforcement incl markets	653,220	5,220	21,020	154,860	0	0	Cr 488,190	0	0	**346,130**	0	1,470	0	**1,470**	204,630	**552,230**	Cr 558,950	**Cr 6,720**
Transport Operations and Depot Management	364,080	258,440	27,780	185,580	0	0	Cr 137,150	0	0	**698,730**	32,000	187,490	Cr 108,830	**110,660**	268,150	**1,077,540**	Cr 1,036,860	**40,680**
Tree Maintenance	216,440	100,190	4,880	426,050	0	0	0	0	0	**747,560**	0	274,660	0	**274,660**	72,830	**1,095,050**	Cr 595,800	**499,250**
Waste Services	219,160	37,000	18,550	435,470	23,117,510	0	Cr 5,670,370	Cr 10,100	0	**18,147,220**	85,000	490	0	**85,490**	1,086,700	**19,319,410**	Cr 153,350	**19,166,060**
	2,794,240	**3,648,240**	**108,150**	**1,662,520**	**29,136,620**	**0**	**Cr 6,347,310**	**Cr 270,100**	**0**	**30,732,360**	**717,000**	**1,186,530**	**Cr 403,090**	**1,500,440**	**3,182,700**	**35,415,500**	**Cr 4,258,670**	**31,156,830**
Transport & Highways																		
Traffic & Road Safety	1,398,850	0	14,830	31,890	0	0	Cr 102,000	Cr 1,090,250	0	**253,320**	0	2,960	0	**2,960**	507,710	**763,990**	0	**763,990**
Highways (Including London Permit Scheme)	1,563,490	1,458,130	119,930	4,942,130	52,270	0	Cr 1,199,810	Cr 143,690	0	**6,792,450**	4,012,000	475,160	Cr 18,840	**4,468,320**	2,563,640	**13,824,410**	Cr 464,480	**13,359,930**
	2,962,340	**1,458,130**	**134,760**	**4,974,020**	**52,270**	**0**	**Cr 1,301,810**	**Cr 1,233,940**	**0**	**7,045,770**	**4,012,000**	**478,120**	**Cr 18,840**	**4,471,280**	**3,071,350**	**14,588,400**	**Cr 464,480**	**14,123,920**
	6,366,540	**6,219,370**	**245,000**	**7,205,330**	**31,168,280**	**0**	**Cr 19,116,860**	**Cr 1,460,000**	**0**	**30,627,660**	**4,970,000**	**1,696,690**	**Cr 471,330**	**6,195,360**	**6,621,780**	**43,444,800**	**Cr 4,296,460**	**39,148,340**

Appendix 7G

PUBLIC PROTECTION & SAFETY PORTFOLIO

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Public Protection				
108,261	Community Safety	141,400	1,840	0	143,240
77,366	Emergency Planning	83,140	1,530	30,000	114,670
507,888	Mortuary & Coroners Service	402,970	8,050	0	411,020
1,186,564	Public Protection	1,335,340	33,690	251,000	1,620,030
1,880,078		1,962,850	45,110	281,000	2,288,960
1,880,078		1,962,850	45,110	281,000	2,288,960
270,368	TOTAL NON CONTROLLABLE	3,270	20	7,460	10,750
261,500	TOTAL EXCLUDED RECHARGES	374,310	0	34,460	408,770
2,411,946	PORTFOLIO TOTAL	2,340,430	45,130	322,920	2,708,480

PUBLIC PROTECTION AND SAFETY PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref					VARIATION IN 2018/19 £'000		ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**				2,340		
2	**Increased Costs**				45		
	Full Year Effect of Allocation of Central Contingency						
3	Additional resources for Public Protection and Safety Portfolio		310		310		1,418
	Movements Between Portfolios/Departments						
4	Reduction in MOPAC grant funding		109			Cr	402
5	Reduction in MOPAC expenditure recharged from ECHS	Cr	81				
6	Reduction in MOPAC expenditure within PPS	Cr	28		0		
	Real Changes						
7	Award of Dogs and Pest Contract	Cr	28	Cr	28		120
8	Variations in Capital Charges				7		
9	Variations in Recharges				35		
10	**2018/19 DRAFT BUDGET**				**2,709**		

PUBLIC PROTECTION AND SAFETY PORTFOLIO

Notes on Budget Variations in 2018/19

Ref Comments

Full Year Effect of Allocation of Central Contingency

3 Additional resources for Public Protection & Safety Portfolio (Dr £310k)
Executive on 9 Aug 2017, agreed net additional resources of £310k to fund five Food Safety officers, a Business Continuity officer and an Assistant Director post.

Movements Between Portfolios/Departments

4-6 Reduction in MOPAC grant funding and expenditure
This reflect the reduction on MOPAC grant funding and expenditure in 2018/19. This has no net financial impact on the overall position across the Council.

Real Changes

7 Award of Dog and Pest Contracts (Cr £28k)
This reflects the financial impact of the award of the new Dog and Pest Control contracts.

8 Variations in Capital Charges (Dr £7k)
The variation in capital charges is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;
(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2018/19 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 2018/19 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.

9 Variations in Recharges (Dr £35k)
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 2018/19 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Income	Controllable Recharges	Total Controllable	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£		£	£			£	£	£	£
Public Protection															
Community Safety	180,860	0	5,810	17,020	0	Cr 295,280	234,830	**143,240**	0	300	**300**	686,610	**830,150**	Cr 55,720	**774,430**
Emergency Planning	86,340	0	5,500	22,830	0	0	0	**114,670**	4,000	80	**4,080**	69,080	**187,830**	0	**187,830**
Mortuary & Coroners Service	0	0	0	0	411,020	0	0	**411,020**	0	0	**0**	34,990	**446,010**	0	**446,010**
Public Protection	2,178,010	42,570	43,030	161,200	525,910	Cr 388,170	Cr 942,520	**1,620,030**	3,000	3,370	**6,370**	860,780	**2,487,180**	Cr 1,186,970	**1,300,210**
	2,445,210	**42,570**	**54,340**	**201,050**	**936,930**	**Cr 683,450**	**Cr 707,690**	**2,288,960**	**7,000**	**3,750**	**10,750**	**1,651,460**	**3,951,170**	**Cr 1,242,690**	**2,708,480**

Appendix 7H

Renewal and Recreation

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Planning				
Cr 3,564	Building Control	76,560	2,980	0	79,540
Cr 144,644	Land Charges	Cr 129,360	390	0	Cr 128,970
812,615	Planning	702,920	Cr 1,140	40,000	741,780
1,564,117	Renewal	784,770	9,900	0	794,670
2,228,524		1,434,890	12,130	40,000	1,487,020
	Recreation				
1,732,903	Culture	1,674,570	44,080	Cr 10,600	1,708,050
4,737,408	Libraries	4,403,150	199,220	517,170	5,119,540
263,031	Town Centre Management & Business Support	180,350	2,750	4,510	187,610
6,733,343		6,258,070	246,050	511,080	7,015,200
8,961,867		7,692,960	258,180	551,080	8,502,220
5,854,714	TOTAL NON CONTROLLABLE	4,195,110	9,680	Cr 265,060	3,939,730
2,088,263	TOTAL EXCLUDED RECHARGES	2,086,260	0	Cr 399,420	1,686,840
16,904,843	PORTFOLIO TOTAL	13,974,330	267,860	Cr 113,400	14,128,790

RENEWAL & RECREATION PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref				VARIATION IN 2018/19 £'000	ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**			13,974	
2	**Increased Costs**			268	
	Full Year Effect of Allocation of Central Contingency				
3	Impact of NNDR revaluation	59		59	483
	Movements Between Portfolios/Departments				
4	Transfer of R&M budget for Libraries	100		100	100
	Real Changes				
	Other Real Changes:				
5	Budget adjustment relating to award of contract for Library Services	352			4,403
6	Absorption of inflation for statutory planning fees	40		392	1,244
7	Variations in Capital Charges			133	
8	Variations in Recharges		Cr	399	
9	Variations in Building Maintenance		Cr	183	
10	Variations in Insurances		Cr	187	
11	Variations in Rent Income		Cr	28	
12	**2018/19 DRAFT BUDGET**			**14,129**	

RENEWAL & RECREATION PORTFOLIO

Notes on Budget Variations in 2018/19

Ref Comments

Full Year Effect of Allocation of Central Contingency

3 Impact of NNDR Revaluation (Dr £59k)

This reflects the financial impact of the business rate revaluation on Council run properties. Overall, a sum of £559k was released from Central Contingency, £59k of which relates to properties within the R & R Portfolio, as approved by Executive on 6 December 2017.

4 Transfer of R&M budget from TFM (Dr £100k)

Transfer of part of the R&M budget for Libraries, from Total Facilties Management to the Renewal & Recreation Portfolio, as a result of outsourcing the Library services agreed by the Executive on 19th July 2017.

Real Changes

5 Budget adjustment relating to award of contract for Library Services(Dr £352k)

Potential savings of £446k were built into the 2017/18 budget in advance of the tendering exercise to outsource the library service. This adjustment reflects the net savings in 2018/19, as detailed in the award report approved by Executive on 19 July 2017.

6 Statutory Planning Fees Inflation (Dr £40k)

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.

7 Variations in Capital Charges (Dr £133k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2018/19 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 2018/19 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.

8 Variations in Recharges (Cr £399k)

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

9 Variations in Building Maintenance (Cr £183k)

Variations in building maintenance are due to the realignment of budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these are balanced out across the council with a net nil variation.

10 Variations in Insurance (Cr £187k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2017/18 budget was finalised has been factored in. The overall variation across the Council is Dr £41k, mainly as a result of the increase in Insurance Premium Tax from 10% to 12%, which took effect in June 2017.

11 Variations in Rent Income (Cr £28k)

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

RENEWAL AND RECREATION PORTFOLIO
DRAFT REVENUE BUDGET 2018/19 - 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
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Planning																		
Building Control	788,940	0	22,150	79,770	0	0	Cr 811,320	0	0	**79,540**	0	1,330	0	**1,330**	200,520	**281,390**	Cr 109,320	**172,070**
Land Charges	187,870	0	100	16,910	0	0	Cr 333,850	0	0	**Cr 128,970**	0	420	0	**420**	248,820	**120,270**	Cr 45,140	**75,130**
Planning	2,011,940	0	21,270	151,300	11,600	0	Cr 1,454,330	0	0	**741,780**	0	4,080	0	**4,080**	2,003,730	**2,749,590**	Cr 1,152,170	**1,597,420**
Renewal	731,450	8,880	1,490	53,280	0	0	Cr 430	0	0	**794,670**	1,000,000	1,410	0	**1,001,410**	389,540	**2,185,620**	Cr 340,860	**1,844,760**
	3,720,200	**8,880**	**45,010**	**301,260**	**11,600**	**0**	**Cr 2,599,930**	**0**	**0**	**1,487,020**	**1,000,000**	**7,240**	**0**	**1,007,240**	**2,842,610**	**5,336,870**	**Cr 1,647,490**	**3,689,380**
Recreation																		
Culture	539,370	60,050	6,410	58,570	1,061,440	0	Cr 17,790	0	0	**1,708,050**	2,439,000	122,810	Cr 98,290	**2,463,520**	330,380	**4,501,950**	Cr 448,910	**4,053,040**
Libraries	144,880	92,020	0	4,920	4,877,720	0	0	0	0	**5,119,540**	293,000	186,000	Cr 10,200	**468,800**	540,920	**6,129,260**	Cr 61,680	**6,067,580**
Town Centre Management & Business Support	115,780	19,850	920	51,060	22,820	0	Cr 22,820	0	0	**187,610**	0	170	0	**170**	131,010	**318,790**	0	**318,790**
	800,030	**171,920**	**7,330**	**114,550**	**5,961,980**	**0**	**Cr 40,610**	**0**	**0**	**7,015,200**	**2,732,000**	**308,980**	**Cr 108,490**	**2,932,490**	**1,002,310**	**10,950,000**	**Cr 510,590**	**10,439,410**
	4,520,230	**180,800**	**52,340**	**415,810**	**5,973,580**	**0**	**Cr 2,640,540**	**0**	**0**	**8,502,220**	**3,732,000**	**316,220**	**Cr 108,490**	**3,939,730**	**3,844,920**	**16,286,870**	**Cr 2,158,080**	**14,128,790**

Appendix 7I

RESOURCES PORTFOLIO

DRAFT REVENUE BUDGET 2018/19 - SUMMARY

2016/17 Actual	Service Area	2017/18 Budget	Increased costs	Other Changes	2018/19 Draft Budget
£		£	£	£	£
	Financial Services				
632,067	Audit	678,740	11,280	0	690,020
456,064	Director of Finance and Other	211,530	2,840	Cr 100	214,270
1,545,409	Exchequer - Payments & Income	1,599,790	42,870	Cr 31,140	1,611,520
6,640,901	Exchequer - Revenue & Benefits	6,645,410	459,200	Cr 298,110	6,806,500
606,184	Financial Accounting	620,010	117,610	Cr 20,000	717,620
1,422,824	Management Accounting & Systems	1,521,290	20,080	700	1,542,070
11,303,449		11,276,770	653,880	Cr 348,650	11,582,000
	Corporate Services				
1,078,350	Contact Centre	1,100,940	30,890	Cr 113,940	1,017,890
1,368,632	Democratic Services	1,412,260	25,570	Cr 900	1,436,930
320,001	Electoral	345,420	5,440	0	350,860
4,374,779	Information Systems and Telephony	4,481,980	96,380	158,140	4,736,500
1,775,917	Legal Services	1,641,710	23,120	0	1,664,830
168,905	Management and Other (Corporate Services)	174,870	2,140	Cr 100	176,910
Cr 123,131	Registration of Birth Death and Marriage	Cr 94,360	Cr 5,660	0	Cr 100,020
8,963,453		9,062,820	177,880	43,200	9,283,900
	Human Resources				
1,522,676	HR	1,929,150	20,880	89,800	2,039,830
1,522,676		1,929,150	20,880	89,800	2,039,830
	Commissioning and Procurement				0
1,244,482	Commissioning	1,427,930	10,060	Cr 637,570	800,420
939,336	Procurement and Data Management	665,840	9,240	0	675,080
2,183,818		2,093,770	19,300	Cr 637,570	1,475,500
	Chief Executive				
124,401	Comms	125,330	1,490	0	126,820
652,297	Management and Other (C.Exec)	711,560	10,190	Cr 300	721,450
168,274	Mayoral	149,450	2,260	0	151,710
944,972		986,340	13,940	Cr 300	999,980
	ENVIRONMENT & COMMUNITY SERVICES DEPT				
	Total Facilities Management				
1,938,738	Admin Buildings & Facilities Support	2,216,630	49,260	410,210	2,676,100
194,235	Investment and Non-Operational Property	186,830	4,520	107,500	298,850
1,114,645	Strategic & Operational Property	979,010	135,200	0	1,114,210
163,523	TFM Client Monitoring Team	310,630	3,900	0	314,530
Cr 9,301,725	Investment Income	Cr 9,854,000	Cr 200,030	80,610	Cr 9,973,420
Cr 866,058	Other Rental Income - Other Portfolios	Cr 762,620	Cr 15,180	0	Cr 777,800
2,116,824	Repairs & Maintenance (All LBB)	1,943,550	38,940	25,240	2,007,730
Cr 4,639,819		Cr 4,979,970	16,610	623,560	Cr 4,339,800
	CENTRAL ITEMS				
7,500,182	CDC & Non Distributed Costs	3,830,900	76,570	0	3,907,470
11,600,377	Concessionary Fares	11,209,880	224,180	Cr 44,500	11,389,560
19,100,559		15,040,780	300,750	Cr 44,500	15,297,030
39,379,107	TOTAL CONTROLLABLE	35,409,660	1,203,240	Cr 274,460	36,338,440
Cr 6,414,327	TOTAL NON CONTROLLABLE	725,320	930	900,500	1,626,750
Cr 19,017,024	TOTAL EXCLUDED RECHARGES	Cr 18,506,580	0	Cr 558,670	Cr 19,065,250
Cr 1,411,114	Less R & M allocated across other Portfolios	Cr 1,471,730	Cr 27,110	Cr 110,780	Cr 1,609,620
866,058	Less Rent allocated across other Portfolios	762,620	15,180	0	777,800
13,402,701	PORTFOLIO TOTAL	16,919,290	1,192,240	Cr 43,410	18,068,120

RESOURCES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2018/19

Ref					VARIATION IN 2018/19 £'000	ORIGINAL BUDGET 2017/18 £'000
1	**2017/18 BUDGET**				16,919	
2	**Increased Costs**				1,192	
	Full Year Effect of Allocation of Central Contingency					
3	R&M operational building maintenance (Water treatment)		126			212
4	Impact of NNDR revaluation		306		432	827
	Movements Between Portfolios/Departments					
5	Staffing resources - PSIS contract		22			0
6	Central Placements Team	Cr	689			689
7	ECH Contract monitoring officer		30			0
8	Libraries R&M	Cr	100			100
9	Increase in expenditure relating to Children's Legal services.		60			0
10	Transfer of budget from Children's Service Improvement Funding	Cr	60			0
11	Increase in expenditure relating to Housing Legal services.		40			0
12	Transfer of budget from Housing Homelessness and Welfare Reform Funding	Cr	40	Cr	737	0
	Real Changes					
	Other Real Changes:					
13	Mobile Phone Savings	Cr	2			25
14	IT Savings	Cr	39			1,058
15	Additional income from investment properties	Cr	150			Cr 5,375
16	General Data Protection Regulation		287			95
17	Concessionary Fares	Cr	45		51	11,191
18	Banking (outcome of retendering)			Cr	20	72
19	Variations in Capital Charges				672	
20	Variations in Recharges			Cr	559	
21	Variations in Building Maintenance				111	
22	Variations in Insurance				7	
23	**2018/19 DRAFT BUDGET**				**18,068**	

RESOURCES PORTFOLIO

Notes on Budget Variations in 2018/19

Ref	Comments

Full Year Effect of Allocation of Central Contingency

3 R&M operational building maintenance (Water treatment) (Dr £126k)

This increased cost, approved by the Executive on 22nd March 2017, that is required to ensure that industry standards are applied for the statutory tasks and cyclical water treatment routines to be robust enough to eliminate risk.

4 Impact of NNDR revaluation (Dr £306k)

This reflects the financial impact of the business rate revaluation on Council run properties. Overall, a sum of £559k was released from Central Contingency, £306k of which relates to properties within the Resources Portfolio, as approved by Executive on 6th December 2017.

Movements Between Portfolios/Departments

5 Staffing resources from ECHS Portfolio - PSIS contract (Dr £22k)

On 19th July 2017 the Executive agreed a contract award for Primary and Secondary Intervention Services (PSIS). As part of the report, resources were agreed for contract monitoring and £22k has been transferred from ECHS portfolio in 2018/19 to support this.

6 Transfer of Central Placements Team to ECHS Portfolio (Cr £689k)

Subsequent to a further ECHS Programmes restructure in early 2017/18, the Central Placements Team returned to ECHS Programmes Division.

7 ECH Contract Monitoring Officer (Dr £30k)

The report to Executive on 22nd March 2017 relating to the contract award for Extra Care Housing included provision for monitoring of the contract. A sum of £30k has therefore been transferred to the Monitoring & Compliance Team within the Chief Executives Department from ECHS.

8 Libraries R&M (Cr £100k)

Transfer of part of the R&M budget for Libraries, from Total Facilities Management to the Renewal & Recreation Portfolio, as a result of outsourcing the Library services agreed by the Executive on 19th July 2017.

9-10 Transfer of budget from Children's Service Improvement Funding

Funding has been transferred to legal services from ECHS for the creation of a lawyer's post for Children's Social Care. This has no net financial impact on the overall position across the Council.

11-12 Transfer of budget from Housing Homelessness and Welfare Reform Funding

Transfer of budget from Housing to the Legal team to fund the service following an increase in caseload from the homelessness service. This has no net financial impact on the overall position across the Council.

Real Changes

13 Mobile Phone Savings (Cr 2k)

Savings as a result of awarding the remaining ISD service contract to BT, as agreed by the Executive on 9th August 2017

14 IT Savings (Cr £39k).

Full year effect of efficiency savings from the outsourcing of ISD to BT in November 2017 as agreed by the Executive on 9th August 2017.

15 Additional income from investment properties (Cr £150k)

The additional income is due to the recent purchase of commercial properties using the Investment Fund.

16 General data Protection Regulation (Dr £287k)

As outlined in the GDPR report to the Executive on 6th December 2017 funding of £287k is required in 2018/19 to ensure compliance with the new Data Protection Act 2018. This Act sets standards of protection of general data and non- compliance will lead to significant fines and reputational damage. It is therefore necessary to put in place the appropriate measures to ensure compliance.

17 Concessionary Fares (Cr £45k)

Concessionary Fares are administered by London Councils on behalf of the London Boroughs. Due to a change in the apportionment of Concessionary Fares between Boroughs as a result of updated data becoming available, there is a slight reduction in the Bromley contribution for 2018/19 and therefore this sum is being returned to the Central Contingency.

18 Banking (outcome of retendering) (Cr £20k)

This reflects savings from the retendering of the banking contract.

19 Variations in Capital Charges (Dr £672k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2016/17 (after the 2017/18 budget was agreed) and in the first half of 2017/18;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in our 2018/19 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 2018/19 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.

20 Variations in Recharges (Cr £559k)

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

21 Variations in Building Maintenance (Dr £111k)

Variations in building maintenance are due to the realignment of budgets to reflect business priorities. There are corresponding adjustments in other portfolios and these are balanced out across the council with a net nil variation.

22 Variations in Insurance (Dr £7k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2017/18 budget was finalised has been factored in. The overall variation across the Council is Dr £41k, mainly as a result of the increase in Insurance Premium Tax from 10% to 12%, which took effect in June 2017.

Resources

DRAFT REVENUE BUDGET 2018/19 - 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																		
Audit	333,710	0	1,060	174,150	198,200	0	Cr 17,100	0	0	**690,020**	0	470	0	**470**	136,910	**827,400**	Cr 805,530	**21,870**
Director of Finance and Other	183,340	0	280	35,560	0	0	Cr 4,910	0	0	**214,270**	0	80	0	**80**	147,840	**362,190**	Cr 363,860	**Cr 1,670**
Exchequer - Payments & Income	238,230	0	630	18,170	1,490,180	0	Cr 135,690	0	0	**1,611,520**	0	340	0	**340**	317,940	**1,929,800**	Cr 1,845,400	**84,400**
Exchequer - Revenue & Benefits	421,150	0	1,860	454,640	7,171,230	104,560	Cr 1,346,940	0	0	**6,806,500**	0	850	0	**850**	4,471,110	**11,278,460**	Cr 7,719,540	**3,558,920**
Financial Accounting	433,880	0	200	567,170	87,820	0	Cr 299,610	Cr 244,350	172,510	**717,620**	0	500	0	**500**	148,540	**866,660**	Cr 800,810	**65,850**
Management Accounting & Systems	1,303,770	0	1,900	372,480	86,230	0	Cr 222,310	0	0	**1,542,070**	0	1,920	0	**1,920**	623,210	**2,167,200**	Cr 2,120,950	**46,250**
	2,914,080	**0**	**5,930**	**1,622,170**	**9,033,660**	**104,560**	**Cr 2,026,560**	**Cr 244,350**	**172,510**	**11,582,000**	**0**	**4,160**	**0**	**4,160**	**5,845,550**	**17,431,710**	**Cr 13,656,090**	**3,775,620**
Corporate Services																		
Contact Centre	89,880	0	0	182,010	949,760	0	Cr 171,930	Cr 31,830	0	**1,017,890**	0	80	0	**80**	98,630	**1,116,600**	Cr 1,136,570	**Cr 19,970**
Democratic Services	327,830	0	0	1,109,100	0	0	0	0	0	**1,436,930**	0	880	0	**880**	524,210	**1,962,020**	Cr 1,827,880	**134,140**
Electoral	323,220	0	500	87,680	0	0	Cr 60,540	0	0	**350,860**	0	720	0	**720**	688,600	**1,040,180**	Cr 372,890	**667,290**
Information Systems and Telephony	504,040	0	1,510	1,264,380	2,966,570	0	0	0	0	**4,736,500**	1,000,000	0	0	**1,000,000**	309,820	**6,046,320**	Cr 5,568,990	**477,330**
Legal Services	1,515,400	0	1,410	410,910	0	0	Cr 142,890	Cr 120,000	0	**1,664,830**	0	2,260	0	**2,260**	330,210	**1,997,300**	Cr 1,942,120	**55,180**
Management and Other (Corporate Ser	175,390	0	570	950	0	0	0	0	0	**176,910**	0	80	0	**80**	153,920	**330,910**	Cr 309,580	**21,330**
Registration of Birth Death and Marriag	474,290	0	250	35,990	0	0	Cr 610,550	0	0	**Cr 100,020**	0	1,120	0	**1,120**	263,960	**165,060**	0	**165,060**
	3,410,050	**0**	**4,240**	**3,091,020**	**3,916,330**	**0**	**Cr 985,910**	**Cr 151,830**	**0**	**9,283,900**	**1,000,000**	**5,140**	**0**	**1,005,140**	**2,369,350**	**12,658,390**	**Cr 11,158,030**	**1,500,360**
Human Resources																		
HR	1,696,450	0	470	264,090	359,390	0	Cr 280,570	0	0	**2,039,830**	0	2,550	0	**2,550**	433,220	**2,475,600**	Cr 1,959,750	**515,850**
	1,696,450	**0**	**470**	**264,090**	**359,390**	**0**	**Cr 280,570**	**0**	**0**	**2,039,830**	**0**	**2,550**	**0**	**2,550**	**433,220**	**2,475,600**	**Cr 1,959,750**	**515,850**
Commissioning and Procurement																		
Commissioning	833,430	0	1,960	5,030	0	0	0	Cr 40,000	0	**800,420**	0	1,310	0	**1,310**	348,680	**1,150,410**	Cr 1,311,190	**Cr 160,780**
Procurement and Data Management	621,060	0	2,310	61,860	32,790	0	0	Cr 42,940	0	**675,080**	0	1,080	0	**1,080**	201,030	**877,190**	Cr 783,850	**93,340**
	1,454,490	**0**	**4,270**	**66,890**	**32,790**	**0**	**0**	**Cr 82,940**	**0**	**1,475,500**	**0**	**2,390**	**0**	**2,390**	**549,710**	**2,027,600**	**Cr 2,095,040**	**Cr 67,440**
Chief Executive																		
Comms	124,620	0	150	2,050	0	0	0	0	0	**126,820**	0	170	0	**170**	50,470	**177,460**	Cr 174,350	**3,110**
Management and Other (C.Exec)	502,190	0	790	218,470	0	0	0	0	0	**721,450**	0	630	0	**630**	263,030	**985,110**	Cr 931,880	**53,230**
Mayoral	83,730	1,180	15,700	51,100	0	0	0	0	0	**151,710**	0	220	0	**220**	34,320	**186,250**	Cr 171,040	**15,210**
	710,540	**1,180**	**16,640**	**271,620**	**0**	**0**	**0**	**0**	**0**	**999,980**	**0**	**1,020**	**0**	**1,020**	**347,820**	**1,348,820**	**Cr 1,277,270**	**71,550**
Total Facilities Management																		
Admin Buildings & Facilities Support	35,720	1,537,550	0	42,730	1,121,060	0	Cr 60,960	0	0	**2,676,100**	278,000	412,800	Cr 3,710	**687,090**	464,540	**3,827,730**	Cr 3,283,600	**544,130**
Investment and Non-Operational Prope	0	204,840	0	250,710	0	0	Cr 156,700	0	0	**298,850**	62,000	229,530	Cr 9,969,710	**Cr 9,678,180**	771,190	**Cr 8,608,140**	0	**Cr 8,608,140**
Strategic & Operational Property	0	167,580	0	102,000	1,106,050	0	Cr 243,020	Cr 18,400	0	**1,114,210**	0	26,940	0	**26,940**	259,860	**1,401,010**	Cr 1,287,560	**113,450**
TFM Client Monitoring Team	286,460	0	580	27,490	0	0	0	0	0	**314,530**	0	330	0	**330**	203,320	**518,180**	Cr 356,020	**162,160**
Investment & Non-Operational Propert	0	0	0	0	0	0	Cr 9,973,420	0	0	**Cr 9,973,420**	0	0	9,973,420	**9,973,420**	0	**0**	0	**0**
Other Rental Income - Other Portfolios	0	0	0	0	0	0	Cr 777,800	0	0	**Cr 777,800**	0	0	777,800	**777,800**	0	**0**	0	**0**
Repairs & Maintenance (All LBB)	0	2,007,730	0	0	0	0	0	0	0	**2,007,730**	0	Cr 2,007,730	0	**Cr 2,007,730**	0	**0**	0	**0**
	322,180	**3,917,700**	**580**	**422,930**	**2,227,110**	**0**	**Cr 11,211,900**	**Cr 18,400**	**0**	**Cr 4,339,800**	**340,000**	**Cr 1,338,130**	**777,800**	**Cr 220,330**	**1,698,910**	**Cr 2,861,220**	**Cr 4,927,180**	**Cr 7,788,400**
CDC & Non Distributed Costs																		
CDC & Non Distributed Costs	3,907,470	0	0	0	0	0	0	0	0	**3,907,470**	0	0	0	**0**	4,763,550	**8,671,020**	0	**8,671,020**
Concessionary Fares	0	0	0	9,500	9,580	11,370,480	0	0	0	**11,389,560**	0	0	0	**0**	0	**11,389,560**	0	**11,389,560**
	3,907,470	**0**	**0**	**9,500**	**9,580**	**11,370,480**	**0**	**0**	**0**	**15,297,030**	**0**	**0**	**0**	**0**	**4,763,550**	**20,060,580**	**0**	**20,060,580**
	14,415,260	**3,918,880**	**32,130**	**5,748,220**	**15,578,860**	**11,475,040**	**Cr 14,504,940**	**Cr 497,520**	**172,510**	**36,338,440**	**1,340,000**	**Cr 1,322,870**	**777,800**	**794,930**	**16,008,110**	**53,141,480**	**Cr 35,073,360**	**18,068,120**

Appendix 8

London Borough of Bromley – Contribution to National Audit Office Study on Financial Sustainability of Local Authorities

Q1 What financial challenges have your members faced since 2010-11 and how have they responded?

The Council has faced one of the highest proportionate grant reductions, whilst being a low cost authority which made the challenge more problematic. Savings of over £90m have been realised since 2011/12 and all the low and medium hanging fruit has gone! The latest financial forecast indicates a budget gap of around £40m per annum by 2021/22.

Q2. What have been the implications of funding reductions for financial and service sustainability of your members?

The current financial prospects for Bromley and many in local government is not sustainable as we have to deal with significant reductions in core grant funding and service growth pressures. You cannot keep finding efficiencies and we face our most difficult period which includes considering service reductions and choices to no longer fund discretionary services to meet our legal obligations of achieving a balanced budget. With the scale of funding reductions facing local government the statutory duties should have been reduced to a more sustainable level – that simply has not happened. Local Government "doth protest too much" too early – the pain is only starting to show itself.

Q3. Does DCLG have a clear understanding of councils' funding requirements, and does it understand the effectiveness of its accountability system for managing risks to financial and service sustainability?

There is no clear evidence of this. For example the new burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, deprivation of liberty, changes to national insurance costs, national living wage and more recently the Homelessness Reduction Act which have only been part funded. The new burdens have not been adequately funded, if at all. DCLG have recognised some of the pressures on adult social care but has not recognised cost pressures on children's social care and homelessness (consequence of welfare reform, limiting local housing allowances and potential implications of universal credit).

The recent Autumn Budget 2017 identifies no significant new funding for local government despite the serious concerns raised through the LGA, London Councils and individual local authorities. The delay in the "Fair Funding Review" provides further evidence that the financial sustainability is not being considered as a medium term issue despite authorities now drawing on reserves to balance their budget which is not sustainable.

It is also important for DCLG to recognise that the view of local authorities becoming self-sufficient is unrealistic. I accept the principal that we could become more self-sufficient

Appendix 9

020 8313 4338
peter.turner@bromley.gov.uk

The Correspondence and Enquiry Unit,
HM Treasury,
1 Horse Guards Road,
London, SW1A 2HQ.

22nd September 2017

budget.representations@hmtreasury.gsi.gov.uk

Dear Sir.

Autumn Budget 2017
Representation by the London Borough of Bromley

The London Borough of Bromley welcomes the opportunity to make a representation ahead of the Autumn Budget.

We note that London Councils, representing the 32 London Boroughs and the City of London, have provided a detailed and comprehensive submission. We would ask that this response be considered alongside that submission and set out below some factors particularly relevant to Bromley**.**

We acknowledge that the reform of business rates and fair funding review are already underway and this provides an opportunity to fundamentally review how local government is funded in the long term. It is clear that the current system for funding local government is unsustainable.

Local government has received a disproportionate share of funding reductions. Bromley received a cut in settlement funding of over 50% in real terms over the four-year funding period. This is one of the highest reductions in London and significantly above the England average.

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

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

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

Whilst we welcome the introduction of the Adult Social Care Precept and the additional funding announced as part of the 2017/18 budget, this does not go far enough to meeting the ongoing and increasing demand for these services. The additional £240m provided from the reallocation of NHB provides one-off funding in 2017/18 and the additional £2bn announced in March 2017 for adult social care provides funding for a period of 3 years. This funding is substantially less than the amount needed to meet rising demand and cost pressures and does not address how pressures in adult social care will be funded on a sustainable and ongoing basis.

We appreciate that we are not alone and the pressure on adult social care budgets is significant. The high cost of providing care, including the impact of the new living wage, combined with increasing population adds yet further pressure.

We are already working with health partners towards improved integration and utilising the Better Care Fund. However, the progress of some form of integration by 2020 is not helped by the financial pressures and challenges on both health and social care budgets.

It is critical that the Autumn Budget addresses the short and long term funding pressures on adult social care budgets. The current system is not sustainable and a more stable, long term solution is required. We welcome the Government's commitment to publish a Green Paper on this matter aimed at addressing some of the challenges. It is important to also recognise the cost pressures in children's social care.

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

We are experiencing increased pressures on our temporary accommodation budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels being frozen means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. It is also critical that the financial implications of the Homelessness Reduction Act 2017 are fully costed and fully funded.

We welcome the announcement by the Secretary of State for Education that the core schools budget will increase by £1.3bn in 2018/19 and 2019/20 and the commitment to ensuring that no school will lose out in cash terms as a result of the introduction of the National Funding Formula. SEN funding via the high needs block of the DSG is insufficient to meet current demand as SEN pupil numbers are expected to increase further. This will only add to these ongoing cost pressures.

It is important to ensure that any new burdens are fully assessed and funded on an ongoing basis. Some examples include the impact of the national living wage, no recourse to public funds, automatic enrolment, lifting of the public sector pay cap, the ending of contracting out and the indexation and equalisation of guaranteed minimum pensions.

The financial impact of the national living wage and the increase in employer's national insurance contributions following the ending of contracting out from April 2016 has placed a

significant financial pressure on authorities. No new funding was made available for either of these policy changes despite these decisions being taken at a national level.

We have also seen an increase in numbers of those with no recourse to public funds. It is critical that Government ensures the new burdens doctrine is put into practice to identify fair funding to meet these costs.

We still await the Government's response to the consultation on the indexation and equalisation of guaranteed minimum pensions (GMPs) for public service pension schemes. Under the consultation options, it appears that the burden of providing indexation on GMPs will now fall on the schemes themselves and associated employers within those schemes. The proposals are administratively complex and costly resulting in an increase in LGPS liabilities and material operational costs. There does not appear to be any expectation that funding will be made available to LGPS funds to meet these costs which will ultimately fall on council tax payers.

Whilst we welcome the transition grant awarded following our response to the 2016/17 provisional settlement, this represents non-recurring income for two years only. This funding recognised some of the issues that Bromley is facing. Given the fact that we will face further significant cuts in government funding over the next two years, despite the pressures set out in this letter, we are seeking a commitment that this grant will be extended in the 2018/19 and 2019/20 settlements.

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

The Autumn Budget provides an opportunity to review the way that local government is funded in both the short and longer term. We need to address the growing demand for services and increased costs of providing services whilst working with reduced resources. Devolution alone cannot address these very real funding issues. We welcome Government's commitment to devolution but it is unlikely that retained business rate growth will meet ongoing increases in cost and demand pressures.

Local authorities must also be given greater control over council tax levels without central government intervention. Expenditure priorities, income generation and council tax levels are a matter for local decision making, not central control. In setting our annual budget, we face increasingly difficult decisions on service priorities and council tax levels and the balance between the two is a key consideration every year. It is important that we are given local flexibility to determine how our services are funded. This view extends to the ASC Precept which, again, should be determined locally and should not be ring-fenced to fund adult social care. There are a number of services that are not sufficiently funded and this flexibility should be extended to fund other key pressure areas, for example children's social care. The current council tax system means that there is no flexibility for local authorities to ensure that the services important to our residents are adequately funded.
To move towards becoming more self-sufficient, which is the right approach, we need to have complete flexibility in the use of our resources. This includes the removal of ring-fencing of government grants as well as freedom to generate income which can range from greater control of fees and charges to generating investment income to support key services.

We have previously responded to the Fair Funding Review: Call for evidence on Needs and Redistribution and look forward to contributing further towards the fair funding review which is a critical part of ensuring a long term and sustainable solution for local government funding.

Whilst the Council supports the London Business rate pilot, it highlights the inequity that many of the high grant funded authorities will also receive the higher share of business rate growth income without the funding inequalities being addressed. If Bromley Council received the average level of grant funding for the whole of London, income would increase by £65.2m in 2017/18. Bromley has the second lowest grant funding per head of population and is an efficient council which needs a fair funding settlement. It is therefore essential that "Fair Funding" should not be delayed and should recognise the issues impacting on the Council. The Council appreciated the opportunity to meet with representatives from the Treasury on 29th July 2016 and provided more background information on the key issues for the Council.

It is critical that Government recognise the underfunding of existing services, provide additional resources and remove restrictions that prevent local authorities from raising or spending their own resources. It is clear that the current system of funding for local government is unsustainable. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the fair funding review and 100% business rate retention to fundamentally review the long term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents. This would help reduce the 'public spend' burden and enable greater value for money across local government.

Yours faithfully,

Peter Turner
Director of Finance

Appendix 10

Talking about our borough 2017 - Bromley Council 2018-19 and beyond

Introduction

This year's meetings sought to collect views from residents as the Council sets the budget for 2018-19 and beyond.

Two round table meetings for representatives of the Borough's residents' associations were held at the Civic Centre. These meetings were attended by 50 people from 38 organisations, out of the 142 associations invited from across the Borough.

The public meeting was widely publicised through advertisements which featured in local newspapers: the News Shopper, Bromley Times, and Biggin Hill News. Other methods by which the consultation was promoted included posters in Council buildings and libraries, flyers and online advertising. Posters and flyers were sent out to a wide range of community organisations in the Borough and in addition, the meeting was promoted online via social media: Twitter and Facebook. The publicity also highlighted other ways residents could give their views about what is important to them. These methods included talking to a local councillor and emailing directly to the Leader of the Council. Comments to the Leader's mailbox are also captured in the report and these included a joint response from Bromley Youth Council.

The bullet points below are a factual representation of the observations made by residents at the various meetings which will be used to help the Council prioritise key issues. Councillors will take these points into consideration as they make decisions on the Council's services into the future.

Residents' Association Meetings 2017

The **first Residents' Association** meeting was held on Monday 20 November 2017. Below is a summary of the topics covered by 18 representatives who attended:

Resources

- Lobby Central Government to improve the funding allocation to the Local Authority.
- Lobby Central Government to allow Council Tax to be increased by more than 2% if necessary without the need for a referendum.
- Lobby Central Government to allow the 2% social care precept to continue for a further year.
- Circulate a quarterly bulletin to the representatives of residents' associations for dissemination to their local residents.

Sustainability and environment

- Evaluation of the Cray Avenue / Sevenoaks Way road improvements (A224), and continue to make the existing road capacity work as well as it can be.
- Concerns regarding the traffic congestion caused around Tesco in Orpington, and request for this to be reviewed.
- Resurfacing of the main roads between the railway bridge at Crofton and Locksbottom.
- Monitor the performance of road and pavement maintenance contractors, and ensure that they are fulfilling their obligations.

- Discussion as to whether there is the need for a cycle route between Locksbottom and Orpington Station.
- Promote the use of 'Fix my Street'.
- Report produced by traffic engineers to prioritise roads for repair to include level of treatment suggested for residents to comment on.
- Reduce the number of road works taking place on the route into Biggin Hill.
- Steps being taken by the Council with regards to hybrid and electric cars, and the installation of charging points.
- Continue to monitor road safety plans.
- Continue to provide maintenance of green areas, e.g. bush cutting.
- Stricter policing and enforcement of yellow lines in the outer suburbs of the Borough.
- Street sweeping schedules to be adhered to.
- Avoid sending out street sweepers at a time when cars are parked on the roads.
- Discussion on plans for the former Waste4Fuel site, and the suggestion of a nature/educational resources centre.
- Repair and maintenance of the Gentlemen's toilets in the Walnuts, Orpington.
- Speed limits on country lanes reduced to 30mph.

Social Care

- Ensure appropriate and affordable care is available for Bromley's older residents, to allow them to stay in their homes for longer.

Planning

- To fight to continue the Borough's Green Belt Policy, despite the pressure to meet Government housing targets.
- Broke Hill Golf Club (out of Borough) on green belt land but approved for residential building – to prevent this from happening in the Borough.
- To ensure the provision for green space is retained and safeguarded in the Local Plan.
- Query as to whether developers land-bank sites in the Borough.

Education

- The need to find suitable sites, in the right areas of the Borough, for building schools.
- The need for a Catholic faith school to be situated in the Borough.

Community, Leisure, Culture and Sport

- Permission for dropped kerb for disabled facilities at the Green Street Green Village Hall.
- Reinstate the bus route via Pratts Bottom.

The **second Residents' Association** meeting was held on Tuesday 28 November 2017. Below is a summary of the topics covered by 32 representatives who attended:

Resources

- Lobby Central Government to improve the funding allocation to the Local Authority.
- Lobby Central Government to allow Council Tax to be increased by more than 2% if necessary without the need for a referendum.
- Lobby Central Government to allow the 2% social care precept to continue.
- Consider how services could be transformed across the Local Authority and key partners to deliver more efficient and effective provision.
- Develop 'invest to save' projects to reduce public health costs through improvements to leisure and green space facilities.
- Continue to realise the opportunities of new technology, such as ongoing channel shift to e-forms.

- Support Bromley residents to access online services, including ongoing work to improve broadband connectivity across the Borough.
- Continue to work to improve mobile phone coverage across the Borough.
- Continue to support the provision of Freedom Passes.

Sustainability and Environment

- Invest in improving the street environment across the Borough, including high quality road surfaces and road markings.
- Ensure value for money is provided by contractors delivering maintenance services for parks and green spaces.
- Increase investment in the upkeep of parks and green spaces, as well as park equipment.
- Work to increase the number of sponsors of public green spaces (such as roundabouts) and ensure income is sufficient to maintain these amenities.
- Continue to develop the Friend's Groups to support ongoing environmental improvements.
- Publicise the Purple Sack Scheme, in which environmental volunteers can collect and dispose of litter and leaves via a free collection scheme.
- Introduce more 'Park Gyms' across the Borough.
- Improve the efficiency of the process to register a community asset.
- Continue to deliver savings through the upgrading of street lights with LED bulbs.

Social Care

- Ensure appropriate and affordable care is available for Bromley's older residents.
- Promote healthy lifestyles to support Bromley's older residents to stay independent for longer.
- Provide sufficient investment to children's services to deliver a 'Good' service for future years.
- Ensure robust reporting mechanisms for child safeguarding are in place across all key partners.
- Develop a recruitment and retention strategy that supports the delivery of high quality children's services and increases the proportion of permanent staff.
- Make online information tools to recognise vulnerable adults and children available to the wider public, such as via apps.

Planning

- Ensure efficient processes are in place to apply and collect Community Infrastructure Levy funds.
- Work with developers, housing associations and registered social landlords to address the shortage of housing within the Borough, including affordable housing.
- Protect the Local Authority's Green Belt Policy.

Economic Development and Town centres

- Continue to develop the town centre offer across the Borough through a mix of landmark and independent retailers.
- Attract more businesses and investment into the Borough.
- Continue to build on business rates receipts.
- Provide small, flexible business space for start-up projects as part of planned developments across the Borough, including the Churchill Quarter.
- Publicise where external funds (such as from the Mayor of London) have been successfully applied for to deliver a range of town centre development projects, including improvements to the public realm.

- Work with developers to regenerate prime town centre locations, including the vacant BHS and Old Town Hall sites in Bromley town centre.
- Ensure a robust competitive bid process is in place for all major development schemes across the Borough.
- Ensure that planned developments are completed in a timely manner, including the St Mark's Square project.
- Deliver sufficient car parking spaces for town centres across the Borough, including areas with significant retail or residential development.
- Reconsider street lighting design schemes for town centres.
- Maximise the use of community spaces including libraries as potential service hubs.

Community, Leisure, Culture and Sport

- Lobby Transport for London to ensure transport links support the changing needs of the Borough, including the growing night time economy and expanded school provision.
- Lobby Transport for London to provide extended evening bus services between Orpington Town Centre and Cray Valley.
- Improve the safeguarding of children using parks and green spaces, such as by increasing police visibility.
- Lobby the Metropolitan Police against future plans to move to a tri-borough model of policing.
- Ensure that new police hubs are located close to or within their local communities.
- Work with Probation Services to provide Community Payback opportunities for offenders and young offenders that enhance local communities, including environmental schemes in Crystal Palace Park.
- Develop 'invest to save' programmes to increase the value derived from Community Payback.

Public Meeting

This open meeting took place on Friday 1 December 2017 at Bromley Civic Centre and was attended by just over 60 people. Below is a summary of the topics discussed.

Resources

- Consider how services could be transformed across the Local Authority and key partners to deliver more efficient and effective provision.
- Can LBB use extra money raised from increased levels of council tax to ease homelessness, possibly by utilising properties in the Borough that appeared to be abandoned for social housing.
- Was the public consultation just a rubber stamp exercise to say that LBB had embarked on a consulting process?
- Concern over re-locating homeless people far away to places like Maidstone.
- Do we have a resilience plan in case we have an incident like Grenfell?

Sustainability and environment

- Make sure that litter bins are not constantly overflowing.
- Concern over the removal of 300 litter bins.
- Making sure that leaves do not block drains.
- Claims that the street cleaning website was not accurate and up to date.
- Help required at the junction of Hayes Road and Westmoreland Road to free up traffic flow.
- 20 mile an hour speed limit on certain roads.
- Speed humps or a pedestrian crossing for Queen Anne Avenue.
- Revisit the issue of public toilet provision in parks.

- The issue of office staff using parking permits to park all day in private roads.
- What can we do about the problem of discarded litter?

.**Social Care**
- Ensure appropriate and affordable care is available for Bromley's older residents.
- Provide sufficient investment to children's services to deliver a 'Good' service for future years.
- Develop a recruitment and retention strategy that supports the delivery of high quality children's services and increases the proportion of permanent staff.
- How had the Social Care Precept been used to ease pressures on adult social care.

Planning
- Work with developers, housing associations and registered social landlords to address the shortage of housing within the Borough, including affordable housing.
- Protect the Local Authority's Green Belt Policy.
- Be careful about the architecture of future planning applications, particularly with respect to tall buildings.
- Have the plans for the developments in the Westmoreland Road area taken into account extra traffic volumes?
- Build or encourage the building by housing associations of social housing.
- In view of the Grenfell fire, can LBB guarantee that they will not grant planning permission for a tall building with a single staircase?
- No pro-active ideas for any new housing in the Local Plan.
- Safety concerns around the new school planning to be built near the junction of Masons Hill and Westmoreland Road—lots of children coming in and out of the school on busy roads.

Economic Development and Town centres
- Continue to develop the town centre offer across the Borough through a mix of landmark and independent retailers.
- More support required for small businesses.
- Deliver sufficient car parking spaces for town centres across the Borough, including areas with significant retail or residential development.

Community, Leisure, Culture and Sport
- Lobby Transport for London to ensure transport links support the changing needs of the Borough, including the growing night time economy and expanded school provision.
- Space for the Trussel Trust Food Bank to store and sort food.
- Can LBB bid for community funding to improve the public realm?
- A member of the public expressed the view that LBB's treatment of cyclists was poor.
- Concern over a lack of food safety inspections.
- Concern over a perceived lack of creative activities for young people in the Borough.
- Develop a volunteering App for young people.
- Work with Bromley Arts Council to sign post to activities.
- Restore free books for the elderly.

Education
- Problems with schools making emergency contact with social workers.
- Has LBB made representations to central Government with respect to cutbacks in school funding?

Bromley Youth Council's response

Bromley Youth Council is a representative forum organised and supported by Bromley Council to enable young residents of the Borough to have a voice in local decision making and encourage young people to take part in campaigns and projects to address the issues that affect them. The young people are aged between 11 – 19 years of age and up to 25 years of age for young people with Special Educational Needs, Learning Difficulties or Disabilities. There are currently 28 members of the Bromley Youth Council.

Background information was supplied to the young people around the challenges the Council has had to face and the pressure for the future. The Youth Council used the questions posed on the publicity material to guide the discussion and put together a joint response from their perspective.

Summary

Bromley Youth Council feels that overall the Council's services are all right, however, there needs to be investment in children and young people's services in all departments. The Council needs to look at alternative ways to increase income and revenue to avoid cutting frontline services affecting children, young people and vulnerable adults.

Question One – What are we doing well?

- It is important the Library service is still running and is available to members of the community.
- The Council and its Members should demonstrate they care about what happens to children and young people in general and when making decisions around vulnerable young people.
- The existence of Bromley Youth Council is positive.
- It is a positive step that the Council is still working with the Bromley Youth Council.
- Rubbish and recycling collection is of a good standard and adequate for the Borough.
- There is good communication from the Council through social media and publications around things that are happening and any changes and why these are taking place.

Question two – Where do you want a greater focus?

- There should be a focus on young carers in the Borough and financial support should continue to be available.
- There needs to be better mental health provision and this should be promoted locally.
- Improve working relationships between the Council and schools, academies and educational establishments to ensure young people are not marginalised.
- Invest more in front line staff working with children and young people and invest in staff employees to encourage them to stay within the council.
- More strategic and joined up approach when working with children and young people's services with the voluntary services to avoid duplication and save time and money.

Question three – How do we build an even better Bromley?

- More investment into youth services across the board.
- More investment in children and young people to provide excellent services, front line staff and more places to go and things to do to reduce potential problems in the future.
- Don't reinvent the wheel - 'If it's working, don't try and fix it or start again'.
- It is not necessary to 'rebrand' services.
- Consult more with the Youth Council, especially when the Council is commissioning services that are important to young people.
- Stability in front line staffing: social workers, Youth Offending Team workers, health workers and youth workers.

- Ensure schools' finances and budgets meet basic needs and standards.
- Don't cut key services for vulnerable young people who rely on them.
- The Council should engage more with the community and stakeholders around key decisions.

Leader's mailbox

The Leader's email box received messages covering the following topics:

- air quality;
- children's play area;
- location of schools;
- street and highway cleaning;
- parking;
- Fix my Street;
- contract management;
- council tax arrears
- the future of a residential home.

Susie Clark
December 2017

Appendix 11

RISK AREAS WITHIN EDUCATION, CHILDREN AND FAMILIES PORTFOLIO FOR 2018/19 ONWARDS

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.

The Bromley Children Project has extended much of its reach to support families who are on the cusp of universal and targeted support. With the Threshold document being published by the Bromley Children Safeguarding Board and the Partnership events taking place with the Head of Service of EIS being the lead this has impacted on a better understanding of multi-agency partnership working and more appropriate referrals to the statutory services. We are evidencing appropriate referrals coming into the MASH which ensures that families are receiving the help they need at the right time by the right professional

Key challenges remain in reducing caseloads and improving practice to ensure that children and young people are safeguarded. A range of actions are being undertaken to address:

- Recruitment of experienced qualified social workers – at the beginning of the year there was 42% permanent staff resulting in a large spend on agency staff. By the end of the year this will have increased to around 78% with continued attention to recruitment drives as well as 'converting' agency workers – the impact of the roadmap to excellence and to some extend the IR35 change has had impact in Bromley. In addition the visibility of managers, support, small team pods and the vision has added to the change

- Recruitment of experienced managers and heads of service – all Heads of Service are now permanent and are experienced senior managers – this has been highlighted throughout the monitoring visits by our regulators

- Setting clear caseload levels – which are monitored (Caseload Promise and Challenge) our caseload promise was between 12 – 15 and we are now around this target with continued drive to recruit this will be on target going into the 2018. This area continues to be a feature at every Governance Board on a monthly basis.

- Focussed training plan January – March 2017 covering key areas that will improve practice – We have concentrated on a quarterly plan of training to ensure that we capture themes from our audits and practice weeks and other quality assurance activity and can establish 'live and bespoke' training to meet the needs and improve practice and outcomes. We are launching a front line manager course in January which will support training and also the retention of our managers. Our social workers are able to access good quality defined training which has improved practice.

- Continued implementation of the quality assurance framework –We are now entering phase 2 of our quality assurance improvement with new focus around quality rather than quantity and this will further drive us from the current position of requires improvement to Good for the impending full inspection in 2018.

- New arrangements for authorising placements – all placements are authorised by the Director of Children Social Care who chairs the placement panel with our partners to ensure that we share good practice but also financial contribution from our CCG partners.

Pace across all actions needs to be increased and this is being addressed through the refocussed “Children’s Services Improvement Team” meetings and CS Governance Board. Pace has been at the heart of our improvement journey and this has been widely recognised by our regulators who have been impressed with the pace and change that has occurred in children’s social care. The Children’s commissioner recommended to the Minister that Bromley should continue to run its children’s services and that the leadership and improvement made is recognisable but sustainable for the future. In addition the Independent Chair of the Governance Board is a challenge and support to the Local Authority and is now in the position of reporting directly the DfE on a quarterly basis in relation to progress and impact for children.

The ongoing risk to the Children’s service area is the complexity of children requiring a statutory service, the increase and identification of children subject to CSE, Missing and Gangs; some late entrants to care with very complex histories that require specialist placements. In addition whilst the cohort of Looked After children and care leavers remains relatively stable the need for specialist placements outside the area continues to rise. These providers are not within the Pan London agreement and therefore costs have risen over the last year to near 6.9% and likely to increase further with limited placements. In addition the capacity for secure beds across the country is very limited and this has caused the LA to use standalone placements for very complex and risky young people with a high level of support staff which results in further financial burden.

The Social Work Act will have a financial and resource impact in two specific areas – the first being that Care Leavers will be supported by the Local Authority up to the age of 25 years. The second is that any child living within Bromley who has been adopted can expect/apply to be supported by the Virtual School. Children who are adopted from outside this authority are not obliged to ‘register’ and understandably do not always divulge this to their school and therefore the numbers are unknown as is the burden to the LA in delivering these services.

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 the DSG high needs block. 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.

The introduction of the National Funding Formula (NFF) in 2018/19 holds risks for Education. The high needs block funding is insufficient to meet the demands that are currently manifesting themselves.

A disapplication request has been lodged with DfE to transfer £1m of funding from the Schools Block to the High Needs Block to support the increased demand. This is currently being reviewed by DfE and a decision is expected shortly.

A strategic review of the High Needs Block is currently underway and recommendations are expected early in 2018. However efficiencies and savings are expected to be more medium to long term rather than quick wins.

RISK AREAS WITHIN CARE SERVICES PORTFOLIO FOR 2018/19 ONWARDS

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.

The National Living Wage continues to 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 £7.50 per hour, rising to £7.83 from the 1st April 2018.

The Council will consider the contractual position with providers and would expect them 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 live roll out of universal credit commences in Bromley during summer 2018 and in light of the increased duties imposed by the Homelessness reduction Act 2017 when it comes into force in April 2018.

Whilst the Department will endeavour to meet its budgetary commitments there is a risk that increasing demands and pressures on budgets, particularly in Adults and Children's Social Care. This will mean that additional in year pressures may occur leading to overspends in those areas. The Department will try to mitigate these as far as possible.

RISK AREAS WITHIN RESOURCES PORTFOLIO FOR 2018/19 ONWARDS

GDPR

The General Data protection Regulations will come into force in May 2018. These fundamentally change the way personal data is dealt with. Penalties for noncompliance are set at a maximum of 20 million Euros for organisations like Bromley. The Executive has made provision for resources to implement the change and support compliance going forward.

Legal

The legal team provides legal advice and guidance and conducts cases on behalf of the Council in the Magistrates Court, County Court and High court. Whilst there are marginal increases in caseload across all areas, the main area of concern is around statutory childcare cases. The cases are usually complex due to the nature of the harm suffered by the children, the need for expert assessments (including consultant, paediatrician, psychiatrist, and psychologist), the number of parties, the volume of evidence and the length of the final hearing.

In line with national trends the Council had seem an increase in the workloads in this area of work. Following the Ofsted inspection and the implementation of the Children's Service improvements, there has been a significant increase in workloads.

Historically childcare proceedings had been fairly constant at around 48 cases per annum. For 2016/17 this increased to 98 cases. For 2017/18, it is projected that 80 sets of proceedings will be issued. A court fee of £2k is payable on each case. Other additional costs includes fees for instructions of experts (£150 per application), and placement orders where the care plan is adoption (£455 per family).

There has also been a growth of cases where translation services are required (currently representing c20% of cases) and costs are being incurred for translation of documents, and additional hearings.

The quality of work is now overall of a good standard as identified from client feedback, informal judicial comments and recognition through the Ofsted feedback process.

Delivering advocacy through using employed lawyers costs considerably less than using Counsel and ideally in-house lawyers would be used on most 1-3 day hearings. However it will not be appropriate for longer and more complex cases where Queen's counsel or very experience counsel will often be needed to adequately represent the council`s interests.

Reverting to the use of in-house staff for advocacy will gradually reduce spend on Counsel costs, however work required to issue the additional proceedings does impact on capacity in this area. Historic spend on counsel fees is around £90k and is structured around c50 case per annum. For 2016/17 the counsel fees cost was £250k and whilst it is likely this will reduce to £200k for 2017/18, given the significant and ongoing increase in case load it is unrealistic to expect the service to be delivered within budget in the short term.

Admin Subsidy

The Authority has not been advised the amount of HB Admin subsidy to be received for 2018/19. However, the DWP has stated that there will be an overall reduction of 4.89% in Admin subsidy payable to LA's. The level of Admin Subsidy to be received in respect of Council Tax Support has not yet been announced.

Benefit Changes

Universal Credit (UC) for new single claimants was introduced in January 2016, with claimants receiving UC towards their housing costs rather than Housing Benefit (HB). Funding has yet to be advised for 2018/19. The DWP have advised that all working-age new claims will receive UC rather than HB from July 2018. Movement of the current working-age HB claimants to UC is due to be completed by 2022. The rental market is 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) have been required to pay a minimum of 25% towards their Council Tax liability. 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.

From November 2016 the Benefit Cap has reduced in Bromley to £23,000pa for couples (with or without children) and £15,410pa for single claimants. For those placed outside of London the amounts are £20,000pa and £14,000pa respectively.

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

An average rate of 1.0% has been assumed for interest on new investments in the financial forecast from 2018/19. Following the Bank of England's decision in November to increase the Base Rate to 0.50% from 0.25%, reversing the emergency cut in August 2016 following the EU referendum, and in line with the MPC's forward guidance, it is now anticipated by many "experts" that rates will increase slowly, with only two more increases by 2020, to 1.0%, 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 downgrading of a number of UK banks in 2012/13, which resulted in reductions to counterparty limits, both financial and duration, in the Council's Investment Strategy, have generally still not been reversed. As a result, in recent years larger deposit balances have been held in money market funds, which pay considerably lower rates in exchange for instant access to cash. Following Member approval to changes to the strategy, a total of £80m has been placed in pooled investment funds; a local authority property fund, two diversified growth funds, and a multi-asset income fund. These investments are expected to generate higher overall returns, although it should be noted that returns can fluctuate and they should therefore be seen as medium-term investments (3 to 5 years). As a result of the higher returns expected on the pooled funds, as well as some other investments made during 2017/18 at relatively high rates, an increase of £600k income has been included in the 2018/19 draft budget.

Insurances

The Council's casualty/liability insurance is on a long-term agreement expiring on 30th April 2019, and, following a tender exercise, the Resources Portfolio Holder agreed in June 2016 to award contracts for the Council's other insurance policies (mainly property and motor) from 1st August 2016 to 30th April 2018 with an optional extension (now approved) so that all policies expire on 30th April 2019. As a result of the increase in Insurance Premium Tax from 10% to 12% which took effect from June 2017, the overall budget variation across the Council for 2018/19 is Dr £41k. However the actual figure could vary in-year following the annual renewals as a result of claims history, as well as changes within the insurance market in general, such as the impact of the Lord Chancellor's significant change to the Ogden discount rate used for injury compensation calculations in February 2017 (from 2.5% to -0.75%).

Rental Income

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.

Surplus Property

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

RISK AREAS WITHIN RENEWAL AND RECREATION PORTFOLIO FOR 2018/19 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.

Action is ongoing to avoid the risk of Government Designation for Special Measures due to performance, in spite of high volumes of work and this has significantly reduced the risk of Designation.

A recent Audit of Community Infrastructure Levy processes showed a risk in the full collection of CIL contributions. Agreed remedial action is underway.

RISK AREAS WITHIN ENVIRONMENT PORTFOLIO FOR 2018/19 ONWARDS

Waste Services

Landfill Tax

Landfill Tax continues to increase annually by RPI and currently stands at £86.10 per tonne. The Government has confirmed that in 2018/19 Landfill Tax will be £88.95. But to date there has been no confirmation of the basis upon which rates after April 2019 will be based. As such there is a level of uncertainty for the future, which may be priced into bids for our Waste Disposal Contract (Lot 2).

The Government has not published any plans for introducing an Incineration Tax, but remains unwilling to rule it out.

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 £133 per year for collection (refuse, recycling and food waste), and waste disposal. On average, the number of properties in the borough has increased by about 883 each year, although the increase in the last year was 947 properties.

At an average increase of 883 properties per year, this represents an additional annual cost of £117k to the Waste budget. This year's increase of 947 properties added a cost of £126k.

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
2015/16 145,866
2016/17 149,118

In the first 6 months of 2017/18 tonnages have decreased by 238 tonnes (0.3%). However, the local and national trend for the last few years is that waste arisings are increasing. Therefore, it is possible that the 2016 DEFRA figures suggest the average annual increase in total municipal waste arisings since 2010 is 2.9%. 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 2017/18 will be £82 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £122k per annum. However, elements of the increased tonnage are due to commercial waste for which a charge is made, which would mitigate this slightly.

Recycling Income

Recycling prices remain relatively depressed with no significant recovery expected. This currently has little impact on our recycling income since we receive a fixed rate through Veolia. However, it may have an impact on the rate and income share offered by bidders for the new waste collection contract.

The negotiated Brexit package, once finalised, may influence future trade patterns for recyclate and the regulatory framework for waste. Proposals emerging during the course of the next 12 months are could potentially have an impact on the value of recyclate. Again this is unlikely to have an impact on our income for 2018/19 but may impact on the risk share mechanism proposals for recyclable materials for our new waste collection contract.

China will stop importing 24 types of wastes from March 2018, including unsorted paper, various plastics and steel slag. China is also introducing tighter contamination standards on waste that it will continue to import. This could result in an increase of our recyclate being considered as contaminated, which would impact on our recycling income in 2018/19.

A fall in the quantity of recycling materials available for collection will reduce our recycling income.

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 have explored additional incineration capacity, both through Veolia and independently, but this has not yet proved successful. However, Veolia are now delivering 12.4% of our residual waste to the Veolia MBT plant at Southwark, which has the benefit of diverting an element of our waste

from landfill. Conversations continue with Viridor (Croydon), Lewisham Council and Kent County Council to establish whether further tonnage can be diverted.

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.

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 £180k in 2017/18, and £120k in 2018/19 as SUs 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 £1,021k, reducing to £814k in subsequent years, and is estimated to drop to £700k in 2018/19 in line with the reduced defects, each of which requires a permit.

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 Contracts

The Highways 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 recently approved highway investment budget will provide £12.4m during the next two years, which will allow a protective maintenance programme which was envisaged to be completed prior to the new Environment Contracts being let in 2019. With the revised timescale for tendering, which requires the new Contract to be let by July 2018, it is unlikely that the investment project will be completed. From recent benchmarking it is likely that costs will increase by 25% from July 2018, which will impact on the volume of maintenance works completed within cash-limited budgets.

TfL Funding

The recent announcement from TfL regarding future funding will impact directly on maintenance of the principal road network. In 2017/18 TfL provided £0.9m for maintenance and this funding is to be withdrawn from April 2018. Although this is capital funding, reduced expenditure in planned maintenance will result in increased revenue costs for reactive and emergency repairs as the condition of the assets deteriorates.

Street Lighting Contract

The street lighting invest to save programme in 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.

During the last 12 months the performance of the street lighting contractor has been very poor, and despite intervention from senior officers and Members the contract was ended by mutual agreement and the service transferred to the major highways contractor as an interim arrangement. As the highways contracts are about to be retendered the cost of street lighting maintenance is likely increase.

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 agreed a proposal to extend pay & display parking around shopping centre and railway stations which is being rolled out and is improving management of parking in these areas, with associated income. However, Bromley's LIP funded programme for the development of parking schemes is threatened by the planned 15% funding reduction announced by TfL for 2018/19 and possible further cuts in the future.

The Shared Service is continuing to perform well and lead on a joint Tender exercise with Bexley for the provision of all parking functions, with a go live date of April 2017. The results of the Tender process have been reported to the Executive. The tender process has resulted in a change of primary contractor. The evaluation process included close scrutiny of the Method Statement returns to ensure all risks were minimised including matters such as CEO deployment and ICT systems.

In April 2015 Government banned the use of CCTV for the majority of Parking Contraventions. Proposals for management action with mitigation measures were agreed by Executive in December 2015 and have been implemented.

Traffic Congestion and Road Safety

The Council's ongoing work to reduce traffic congestion and improve road safety is currently funded by the TfL LIP capital programme. From 2018/19 the LIP funding is to be cut by 15%, despite previous assurances from TfL that this would not be the case. There can be no guarantees that further cuts will not follow.

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 PUBLIC PROTECTION & SAFETY PORTFOLIO FOR 2018/19 ONWARDS

Housing - Mandatory HMO Licensing

It is likely that the Government will be introducing a new Houses in Multiple Occupation (HMO) licensing regime next year to enforce mandatory licensing for Houses in Multiple Occupation. This was intended to be introduced in April 2016 but has deferred since then, and it is likely to be implemented sometime after April 2018.

It is proposed that mandatory licensing will apply to all shared homes with five or more occupants. This would include any flats above or below shops and other business premises meeting this criteria. The current licensing regime only includes three storey properties in the legislation, whereas this new mandatory licensing will also include all single and two storey properties, which was previously a discretionary scheme where some other Boroughs have already adopted.

It is estimated that there will be at least three times as many properties that will fall into this new category than in the present HMO licensed ones. It is anticipated that Bromley will have additional 250 to 300 HMO Licenses.

The Council will be required to provide the necessary resources to enforce the legislation and the cost of managing the increased number of properties. The Government had initially anticipated that the HMO licensing scheme would be self-financing, funded from the proposed £1,000 5 year license fee per property. If the new regime is implemented post April 2018, given the extra work required to enforce this legislation, it is highly unlikely that the potential income generated will be sufficient to meet the additional cost of administering the scheme unless the proposed fees are significantly increased.

Coroners Service

Officers are currently in discussions with LB Croydon regarding the expected additional on-going costs of the Coroners service. Currently the estimated additional costs that Bromley has to contribute are £100k and this mainly relates to extra premises costs due to the move to Davis House and administration costs. Any high profile inquests or significant increase in volume of cases could further increase the cost of the Coroners service.