

Decision Maker: **Executive**

Date: **16th January 2019**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2019/20 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2020/21 to 2022/23

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Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report seeks approval of the initial draft 2019/20 Budget including the full year effect of changes agreed as part of the 2018/19 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 2019/20 Council Tax and Adult Social Care precept levels.
 - 1.4 The report provides details of the final year of the four year Local Government Financial settlement (2016/17 to 2019/20), the impact of the Chancellor's Autumn Budget 2018 and the Provisional Local Government Financial Settlement 2019/20.
 - 1.5 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2019/20 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 2019/20 Budget detailed in Appendix 7;**
- 2.1.2 Refer the initial draft 2019/20 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 2.1.3 Note the financial projections for 2020/21 to 2022/23;**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2019/20 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 11);**
- 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 9;**
- 2.1.8 Agree the proposed contribution of £248,886 in 2019/20 to the London Boroughs Grant Committee (see section 10);**
- 2.1.9 Note the outcome of the Provisional Local Government Financial Settlement 2019/20 as detailed in the report;**
- 2.1.10 Note the significant budget gap remaining of an *estimated £32.2m* per annum by 2022/23 and that any decisions made for the 2019/20 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 proceed with the London Business Rate Pilot 2019/20 and delegate authority to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Portfolio Holder for Resources, Commissioning and Contracts Management, in relation to the operational details of the London Business Rate Pilot pooling arrangements with the participating authorities.**

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 £160.3m Draft 2019/20 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 2019/20 Financial Control Budget to be published in March 2019
 2. If from existing staff resources, number of staff hours – N/A
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Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in is applicable
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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

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

3. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1 In considering this report further background information was available through the Members' seminars as follows:
- (a) Members' Finance Seminar on 20th June 2018;
 - (b) Members' Welfare Reform Seminar on 2nd July 2018;
 - (c) Members' Pension Fund Seminar on 5th November 2018.
- 3.2 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 final year of the four year funding settlement period (2016/17 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 2022/23 as this represents the Government's next awaited Spending Review period.
- 3.3 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. The slowing down of the global economy and many sources of uncertainty has resulted in a downgrading of the level of economic growth in the UK economy. 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 with annual debt servicing costs of £43bn. It is expected that Public Sector Debt will decline from a peak of 85.2% of GDP in 2016/17 to a forecast 74.1% in 2023/24 and that public sector borrowing will be £19.8bn in 2023/24 (lowest level for 10 years). The Autumn Budget 2018 identified that public sector net borrowing is expected to be 1.4% of GDP in 2019/20 falling to 0.8% in 2023/24. Bank of England have referred to domestic inflation being partly driven by high wage growth and lower productivity levels per head which is expected to keep CPI above 2% until at least 2021. The Spring Statement due in March 2019 is expected to be upgraded to a full budget depending on the outcome of the Brexit negotiations.
- 3.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Despite the announcements by the Government that "austerity is over", local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results in a likely real term funding reductions remaining for local government.
- 3.5 The financial forecasts assumes ongoing funding reduction over the four year period, although at a lower rate, compared with previous years. Even with the planned Green Paper on social care which has now been delayed until later in 2019, no additional funding has been announced by the Government for adult social care from 2020/21, at this stage. For local government, the fiscal squeeze is expected to continue and with ongoing protection of health, education, police and other security services.
- 3.6 An update on the economic situation which can impact on public finances is provided in Appendix 1. Further details of the Autumn Budget 2018 and the Provisional Local Government 2019/20 Finance Settlement are provided in Appendix 2.
- 3.7 The Government remains committed with the aims of devolution which includes enabling local government to be more self-sufficient. The Government views the new flexibilities such as the future growth forecasts from business rates, to be mainly devolved (75% of total quantum) to local government by 2020 combined with scope for 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.

- 3.8 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions in real terms likely to continue 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 2019/20 Budget as well as the longer time frame where the Council has to ‘live within its means’.
- 3.9 Bromley has the second lowest settlement funding per head of population in 2018/19 for 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. Further details are provided in Appendix 3. Despite being a low cost authority, Bromley has achieved general savings of around £97m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.
- 3.10 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 2018/19 BUDGET THAT IMPACT ON THE FINANCIAL FORECAST

- 4.1 The 2018/19 Council Tax report reported to Executive in February 2018 identified a significant “budget gap” over the four year financial planning period. Some key changes are summarised below.
- 4.2 The draft budget and future years forecast reflect a continuing reduction in core grant funding to local government. After allowing for the Government’s concession on negative Revenue Support Grant (RSG), there is a core grant funding reduction of £3.6m in 2019/20 reflected in the draft 2019/20 Budget increasing to £12.6m per annum by 2022/23.
- 4.3 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 2019/20 Budget assumes contract price increases of 3.0%, reducing to 2.7% per annum from 2020/21, which compares with the existing RPIX of 3.1%. 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.
- 4.4 The real changes relate mainly to budget adjustments to reflect the impact of the 2017/18 final outturn, fall out of local election costs as well as various other changes shown in Appendix 7.

- 4.5 The forecast refers to an increase in Section 31 funding and the business rate base generating additional income of £1,450k per annum from 2019/20. This is mainly due to an estimated increase in the business rate base to reflect new developments in the borough and a higher level of Section 31 grant funding from central government to compensate for reduced rating income associated with various business rate measures and relief schemes announced in previous Autumn Statements and Budget events.
- 4.6 Executive agreed to join the London Business Rate Pool in 2018/19 which was a pilot scheme. The scheme provided the full (100%) devolution of business rates with the growth shared across London boroughs and the GLA. Net income of £2.9m was assumed for Bromley as part of the 2018/19 Budget. The Government has agreed to allow the continuation of the pilot for 2019/20 but reflecting a reduced share (75%) of business rates. A combination of the growth in the previous year but partly offset by the reduced share of business rate growth (100% reduced to 75%) is expected to generate income of £2.2m in 2019/20. The arrangements for future years are yet to be determined.
- 4.7 The 2018/19 Budget included in year new homes bonus funding of £3,534k and the use of previous years funding of £2,256k set aside to support the revenue budget, providing total income of £5,790k. A new baseline was previously introduced, resulting in the Council needing to achieve tax base growth of greater than 0.4% before they receive any new NHB funding. Payment will only be received for property numbers exceeding the baseline threshold. This change, combined with the rolling funding reduced from five to four years from 2018/19 will result in reductions in future funding available. As reported previously, the level of funding is expected to reduce in future years and the financial forecast assumes income of £2,530k in 2019/20 reducing to £250k by 2022/23. After allowing for total income of £5,790k in the 2018/19 Budget, this reflects a net fall out of new homes bonus funding of £3,260k and £5,540k respectively.
- 4.8 The Autumn Statement 2016 identified future funding for the Improved Better Care Fund (IBCF), utilising Section 31 grant funding which effectively results in direct funding to the Council rather than through Bromley CCG. Funding of £2m was available in 2018/19 increasing to £4.6m per annum from 2019/20. In addition, in March 2017, after the Council agreed it's 2018/19 Budget, the Government agreed further non-recurring funding of £4.463m in 2017/18, £3.363m in 2018/19 and £1.677m in 2019/20. The utilisation of these monies requires the joint agreement with Bromley CCG. The Council will receive a net increase in IBCF funding of £914k in 2019/20, compared with 2018/19 and a net reduction of £763k per annum in future years to reflect the fall out of non-recurring funding. Proposals for funding various schemes were approved by Executive on 10th October 2017 and remaining funding has been utilised towards the growth/cost pressures within adult social care.
- 4.9 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 131,428 "Band D" equivalent properties for 2019/20, which assumes an allowance of 2.35% for non-collection. Additional income of £1.65m has been assumed in 2019/20.
- 4.10 The Council has a non-recurring collection fund surplus of £8.5m reflected in the 2017/18 Provisional Final Accounts' report to Executive on 21st May 2018. 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 £1.7m will be allocated to the GLA and £6.8m to the Council. The financial forecast assumes that the surplus will be used towards reducing the Council's "budget gap" in 2019/20.

- 4.11 The Chancellor's Autumn Statement 2018 included an announcement of national funding of £650m for social care in 2019/20. What is significant is the Government shift which allows £2.0m (£410m) of the £3.2m (£650m) to be used towards children's social care as long as any diversion of this funding away from adult social care does not "create additional demand on the NHS". Funding for adult social care can cover all adult groups i.e. not just for older people but can include working age adults with learning difficulties and other adult social care client groups. The additional funding should be considered to partly offset the growth/cost pressures identified in Section 4.12. Although the funding was announced for 2019/20 only, the financial forecast assumes continuation of this funding in future years.
- 4.12 The Interim Chief Executive has identified cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs which have been reflected in the Draft 2019/20 Budget and financial forecast which are summarised below with more details in Appendix 5:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Growth/cost pressures	16,280	24,699	28,986	33,331
Mitigation	-8,269	-7,457	-10,452	-14,502
Net additional costs	8,011	17,242	18,534	18,829

- 4.13 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded at the present time, with options to help achieve a balanced budget, including any mitigation over the financial forecast period.
- 4.14 Despite the increase in the Bank of England base rate from 0.50% to 0.75%, 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 had been revised in 2017/18 to enable alternative investments of £100m which will generate additional income of around £2m compared with lending to banks. The internal lending for the Site G development will have an impact on investment income until the future capital receipts are realised and will result in a projected reduction in net income of £0.2m in 2019/20. The contribution of higher risk and longer term investments within Treasury Management has generated additional income and contributed towards the Council being in the top decile performance (top 10%) against the local authority benchmark group.
- 4.15 Details of the impact of changes in school funding and the associated implications for 2019/20 and future years are provided in Section 11 of this report.
- 4.16 The Government announced in-year funding reductions (2015/16) for Public Health services and the ongoing reductions have been reflected in the 2019/20 Draft Budget and financial forecast. The full details of the final grant settlement for 2019/20 relating to all the grants received by the Council are awaited. The Council's four year financial forecast includes a loss of £386k in public health funding in 2019/20 increasing to £715k per annum from 2020/21.
- 4.17 The additional funding for the Improved 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 illustrative purposes, the financial forecast assumes an overall council tax increase of 4.99% in 2019/20 (including adult social care precept), without the need for a referendum, and future year increases of 1.99% per annum (see also Section 15).

- 4.18 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, 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, 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 2019/20 totalling £15.4m 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.
- 4.19 The latest forecast indicates that despite having a balanced budget in 2019/20 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.

5.1.4 Even though the draft budget would be broadly balanced next year, the future years budget gap is projected to increase to £32.2m per annum by 2022/23. Without any action to address the budget gap in future years reserves will need to be used followed by a significant 'cliff edge' budget gap remaining thereafter.

5.1.5 The reasons for the budget gap by 2022/23 include, for example:

- (a) inflation pressures partly offset by assumed council tax increase (2.99% in 2019/20 and 1.99% thereafter) and social care precept (2019/20 only) of 2% leaving a balance required of £10.6m;

- (b) Loss of core grant funding of £12.6m;
- (c) Growth/cost pressures less mitigation of £18.8m relating to education, social care and housing ;
- (d) Additional income of £3.2m from Government social care funding assumed to continue beyond 2019/20 which partly offsets the social care cost/growth pressures;
- (e) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (saving of £8m per annum).
- (f) Other variations leading to an increase of £1.4m.

5.1.6 Even using a 'best case scenario' that there are no government grant reductions over the four year period, the final budget gap in future years will remain significant (£19.6m).

5.1.7 In the financial forecast, after allowing for inflation, council tax income and other changes we have an unfunded budget gap due to reductions in government funding and net service growth/cost pressures. Therefore service growth/cost pressures are effectively unfunded. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

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:

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Variations Compared with 2018/19 Budget				
Grant Loss	3.6	6.6	9.6	12.6
Cost Pressures				
Increased costs (3.0% 2019/20 then 2.7% per annum)	6.0	13.3	20.5	27.7
Reinstatement of highways maintenance (previously capitalised)	0.0	0.0	0.0	2.5
Total Additional Costs	6.0	13.3	20.5	30.2
Income / Savings				
Acquisition of Residential Properties to Accommodate Homeless (Mears)	-1.0	-1.0	-1.0	-1.0
Additional Income Opportunity (Amey)	-0.2	-0.4	-0.4	-0.4
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base	-1.5	-1.8	-1.8	-1.8
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only	2.9	2.9	2.9	2.9
Continuation of London Business Rate Pool 2019/20	-2.2	0.0	0.0	0.0
Business Rates Surplus levy	-0.6	0.0	0.0	0.0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G	0.2	0.1	0.3	0.4
Release general provision in contingency for significant uncertainty/variables	-0.7	-0.7	-0.7	-0.7
Savings from recommissioning/retendering of various contracts	-0.1	-0.1	-0.1	-0.1
Savings from Childrens Social Care linked to Invest to Save funding	-0.2	-0.7	-1.0	-1.0
Potential release of draft contingency in future years re provision for risk/uncertainty	0.0	-4.0	-8.0	-8.0
Extra Social Care Funding through Government grants	-3.2	-3.2	-3.2	-3.2
Leisure Service Lease approved by Executive on 28th November 2018	-1.5	-1.5	-1.5	-1.5
Review of staffing across organisation	-0.6	-1.5	-1.5	-1.5
Other savings (see Appendix 7)	-0.4	-1.1	-1.5	-1.5
Total Income / Savings	-9.1	-13.0	-17.5	-17.4
Other Changes (includes use of non-recurring funds)				
Fall out of New Homes Bonus funding	3.2	4.5	5.1	5.6
Real Changes and other Variations (see Appendix 7)	-0.9	-1.3	-1.2	-0.5
Total Other Changes	2.3	3.2	3.9	5.1
ECHS Growth and Mitigation (see Appendix 5)	8.0	17.2	18.5	18.8
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-1.6	-2.3	-2.9	-3.6
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19	4.9	4.9	4.9	4.9
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19	0.7	0.7	0.7	0.7
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter)	-4.5	-7.6	-10.9	-14.1
Impact of Adult Social Care Precept (assume 2% per annum)	-3.0	-3.0	-3.0	-3.0
Collection Fund Surplus 2017/18	-6.8	0.0	0.0	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Council Tax	-10.3	-11.3	-14.2	-17.1
Remaining "Budget Gap"	0.5	16.0	20.8	32.2

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2019/20 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.5m. The financial forecast assumes that any future increases in the Adult Social Care precept cease 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 6 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 fully 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 and continuing with prudent financial management, there remains a “budget gap” of £16m in 2020/21 rising to £32.2m per annum in 2022/23. 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 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 around £97m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on 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 and business rate income.

7. DETAILED DRAFT 2019/20 BUDGET

- 7.1 Detailed draft 2019/20 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 2019/20 budget for each Portfolio as follows:
- A summary of the Draft 2019/20 Revenue Budget per Portfolio
 - A high level subjective summary for each Portfolio showing expenditure on employees, premises etc.
 - 2019/20 Draft Contingency Sum
 - A summary sheet per Portfolio showing actual 2017/18 expenditure, 2018/19 budget, 2019/20 budget and overall variations in planned spending between 2018/19 and 2019/20
 - A summary of the main reasons for variations per Portfolio in planned spending between 2018/19 and 2019/20 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 funding reductions and there remains uncertainty around future funding from 2020/21 following the outcome of the Government’s ‘Fair Funding’ review. 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. The income estimate once the local CIL is adopted is up to £3m per annum, but the implementation is not likely to be until 2020/21 after the adoption of the Local Plan.

8.3 Localisation of Business rates

8.3.1 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 was changed in 2018/19 to reflect the 100% devolution to London as part of the London Business Rate Pilot Pool, which Members supported, and provides an estimated income of £2.9m. 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 part devolution (75%) in 2019/20 as part of a pilot scheme. Additional income of £2.2m in 2019/20 has been assumed and the Memorandum of Understanding is shown in Appendix 8. This report proposes that the Executive agree to delegate any final arrangements for the 2019/20 scheme to the Director of Finance in consultation with the Director of Corporate Services, Leader of the Council and the Portfolio Holder for Resources, Commissioning and Contract Management. Members are requested to agree to proceed with the London Business Rate pilot for 2019/20. The arrangements for pilots or devolution to individual local authorities from 2020/21 remains uncertain.

8.3.2 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 and the completion of the Bromley South site.

8.3.3 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 a future reset period (following the reset period in 2020) to avoid a potential “cliff edge” of losing the ongoing impact of all the business rate share growth achieved up to the reset year.

8.3.4 The impact of the incentives through Community Infrastructure Levy and the share in business rates generate additional income whilst enabling the promotion of economic growth and creating employment in the borough.

8.4 Asset Review

8.4.1 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.

8.4.2 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.

8.4.3 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:

- Rephrasing 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 had been included in 2018/19 Budget with an increase of a further £200k from 2019/20.

8.4.4 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. There is currently a review to determine whether there are specific council sites that can be prioritised for housing provision to help reduce cost pressures on the homelessness budget.

8.5 Growth Fund

8.5.1 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 potentially 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.

8.5.2 Funding of £39.15m was set aside with total uncommitted funding of £10.2m remaining. Spend to date includes the acquisition of two commercial buildings in Orpington and Bromley totalling £14.5m. These two acquisitions are forecast to generate income of £773k per annum as well as make a potential contribution towards the future economic development of the area in which they are located. This is lower than originally anticipated, as one site is currently vacant. Negotiations are underway with potential new tenants and the site is expected to be back to full income generation once this process has been completed. 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 2018/19" report to Executive on 28th November 2018.

8.6 Investment Fund

- 8.6.1 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 £104.83m was set aside, including a contribution of £20.3m from the Council's capital programme. Costs to date include the acquisition of 15 commercial properties totalling £82.9m, contribution to the Glades (£1.4m) and various other costs (£1.3m) leaving uncommitted monies for other potential schemes of £19.3m.
- 8.6.2 These purchases, including the purchases relating to the Growth Fund are on track to achieve an annual income of potentially £6.6m per annum, which is up to four times the income that was being earned from the equivalent investment in bank deposits.
- 8.6.3 Utilisation of the remaining uncommitted Growth and Investment Fund monies will be prioritised for housing investment, at this stage.

8.7 Investment Income

- 8.7.1 The 2019/20 Draft Budget for income from properties purchased to date from the Investment Fund and the Growth Fund is £6.6m per annum (the current yield provides a rate of return of between 5% and 6%) and there is further estimated income of £5.5m relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). Income from treasury management investments, combined with income from investment properties, potentially provides a total investment income of £15.4m. The strategy of continuing to generate additional investment income has helped reduce the budget gap by an equivalent amount.
- 8.7.2 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, and £60m in a Multi Asset Income Fund which represents a medium term (3 to 5 years) investment opportunity. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk. For example, the property fund to date has generated an average return of 4.7% per annum. The Council also undertook secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative.
- 8.7.3 The Council will explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 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.
- 8.7.4 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.

8.8 Review of Fees and Charges

- 8.8.1 There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. Chief Officers will continue to review fees and charges during 2019/20 to identify opportunities to reduce the future years 'budget gap'.

8.9 Invest to Save

8.9.1 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.

8.9.2 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 £16m (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 £1m have been achieved on the five schemes.

8.10 Procurement

8.10.1 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.

8.11 Commissioning Authority

8.11.1 In the last few years significant savings have been delivered through commissioning of services. 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”.

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

8.12 Managing Rising Demand

8.12.1 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.

8.13 Health and Social Care

8.13.1 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 local democratic accountability at its core.

- 8.13.2 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 pooling 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.
- 8.13.3 Advice from Chartered Institute of Public Finance and Accountancy (CIPFA) states that Councils have a duty to their own council taxpayers as well as their clients and need to ensure that their council taxpayers are not, in effect, being asked to underwrite a portion of NHS costs.
- 8.13.4 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.

8.14 Identifying Further Savings

- 8.14.1 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.
- 8.14.2 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.
- 8.14.3 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.
- 8.14.4 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.
- 8.14.5 Chief Officers are currently exploring further saving/income opportunities as part of finalising the 2019/20 Budget and any updates will be provided for the meeting of the Executive.

8.15 Core Statutory Minimum Requirements

- 8.15.1 The Director of Corporate Service is leading on a core statutory minimum review to determine what the Council can afford within its overall budget envelope. Every Council has to 'live within its means'. This work will be very challenging given the visibility and importance to residents of some discretionary services. Even after identifying the core statutory minimum there may be opportunities to reduce costs through ensuring VFM is realised and the best method of service delivery and outcomes are achieved – we may need to do things differently and more cost effectively to meet the required outcomes. The core statutory minimum review is now expected to be completed during 2019.

There is no guarantee that we will have sufficient resources to deliver even the core statutory minimum requirements in the medium to longer term unless the government addresses key funding issues (funding concerns are shared within much of local government). As part of the core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

8.16 Transformational Review

8.16.1 With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this 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 risk of a future recession. As pressures in statutory services such as adult social care, children's social care and homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of over £97m per annum over the last 8 years and as the ability to make savings in lower priority areas becomes more problematic the need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income but this alone will not be enough to meet the future years' budget gap. Even though the Council can balance the budget next year, a key consideration will be how the Council plans to address the future years' budget gap. Apart from the core statutory minimum review, Chief Officers will plan to undertake a significant transformational review across all services, focussing on higher spend services first to be completed by mid 2019/20 with options for members to consider significant transformation change for implementation by 2020/21. The outcome of the transformation review will be a key consideration within the Council Tax report in determining future arrangements for addressing the budget gap.

8.17 Balancing the Budget

8.17.1 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.

9. FUTURE LOCAL AUTHORITY LANDSCAPE

9.1 Although the devolution changes 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.

9.2 LGUI and MJ had a 'State of Local Government Finance' survey published in 2018. The outcome was as follows:

- 80% of Council's fear for their financial sustainability;
- Continued uncertainty about the source and level of funding post 2020;
- Two thirds of councils calling for a commitment to maintain 2017 funding levels for 3 years in order to aid medium term financial planning.

- 9.3 The first Section 114 notice for 20 years was issued on 2nd February 2018. This related to Northamptonshire County Council and the notice stated ‘this is a situation that cannot be simply left for officers to improvise solutions. The members of the Council must take responsibility’ and the purpose of the Section 114 notice was to ‘make it clear to Members of the county council that it faces a financial situation in the current year for 2019 of a serious nature’’continuation would represent a breach of the relevant legislation’.
- 9.4 The National Audit Office (NAO) report on ‘Financial Sustainability of Local Authorities 2018’ referred to ‘compared with the situation described in our 2014 report, the financial position of the sector has worsened markedly, particularly for local authorities with care responsibilities’. The report also identified that despite social care authorities having higher level of reserves in 2010/11, some 10.6% have reserve levels (earmarked and non-earmarked) that would be fully consumed in less than three years if the current rate of decline continued. They also reported that a fifth of top-tier councils will exhaust their reserves within five years if they continue to spend them at present rates, raising concerns more councils could follow Northamptonshire CC in issuing a section 114 notice. The report referred to a real term reduction of government funding of 49.1% between 2010/11 and 2017/18 among English local authorities.
- 9.5 Rob Whiteman, Chief Executive of CIPFA stated that Northamptonshire “went bust because of poor management, not austerity” and because “they were delusional” about how “unfairly treated” they were, which in turn “created a culture where they couldn’t balance the budget.” While he thought “in several years’ time we could see well-run councils going bust” he said if that happens now “it will be because of failure”
- 9.6 London Councils identified a funding shortfall for London boroughs of £1.6bn 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).
- 9.7 At the national level, the Local Government Association has identified a funding gap of over £3bn for local authorities in 2019/20.
- 9.8 The Chief Executive of CIPFA, Rob Whiteman, commented on the Autumn Statement 2018 and stated “unfortunately, these short-term spending decisions, however welcome, simply will not go far enough to put local authorities on a sustainable footing”. “These findings, along with other reports from the NAO and PAC (Public Accounts Committee) that were released this summer, put serious question marks over the capacity of local authorities to weather the challenges that are on horizon. And given the disconnect between diminishing resources and rising demand, the near impossible ambition of Business Rate Retention and the Fair Funding Review to being about the necessary reform, the pace of the devolution agenda and the economic fallout of Brexit, there can be no doubt that a cold snap is on its way”. He also stated “our hope now rests on the ability of the Spending Review to plug the widening holes! But, as the Budget’s red book shows that spending by 2023 will fall far short of 2010/11 levels, I am not holding my breath”.
- 9.9 Earlier in the year the National Audit Office warned more than a fifth of top-tier councils will exhaust their reserves within five years if they continue to spend them at present rates, raising concerns that more councils could follow Northamptonshire CC in issuing a section 114 notice.
- 9.10 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.

- 9.11 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.
- 9.12 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.
- 9.13 The Council is seeking fairer funding from Government and the response to a previous ‘Fair Funding’ consultation paper is attached in Appendix 4. The Leader, Portfolio Holder for Resources, Commissioning and Contracts, Chief Executive and Director of Finance met with Sajid Javid, the then 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.
- 9.14 It is also worth noting that the Government’s Fair Funding review plans to have a fairer method of distribution of funding to local government but the Government previously indicated that they are not planning to increase the total funding available. The Chief Executive of CIPFA advises as follows:
- “Given the deteriorating fiscal position and wafer thin control of parliament, our advice to Councils is that medium-term planning cannot be founded on any assumption of material government support“.
- 9.15 The Prime Minister announced at the Conservative Party conference the “end of austerity”. As part of the Budget 2018 the Chancellor referred to “austerity coming to an end but (fiscal) discipline will remain”. For the period of the next Spending Review it is projected that there will be an average real terms increase in annual Resource Departmental Expenditure Limits (RDEL) over the 5 years of 1.2% per annum. This compares to an average of -3.0% during the period of SR2010 and -1.3% during the period of SR15. The increase over the next spending review period will be required to fund the real increase of 3.4% on NHS funding as well as increased funding for Defence and other “protected” services. Latest indications are that a freeze in funding from Government would represent the “best case scenario” at present. The financial forecast assumes ongoing reductions in core Government funding of £3.6m in 2019/20 increasing to £12.6m per annum by 2022/23.
- 9.16 Social Care Green Paper
- 9.16.1 The LGA assessment is that there is a £3.6bn funding gap for adult social care by 2024/25 ‘and that is the bare minimum’. The Public Accounts Committee also reported that the adult social care sector is in a “precarious state because of long-term underfunding” and needs a long-term funding plan. They also indicated that the Department of Health and Social Care should provide a costed 10-year plan for social care to run alongside that for the NHS (the health service is due to produce a plan on how the extra funding of £20.5bn for NHS will be spent over a 10 year period).

- 9.16.2 The Government announced in the Spring Budget 2017 that it intended to produce a Green Paper to reach a long-term, sustainable solution for providing the care that older people need. In June, the Secretary of State for Health and Social Care announced that the paper would be published in the autumn so that it could be aligned with the new NHS spending plan. The Government also started parallel work to develop a sustainable funding solution of working age adults' social care.
- 9.16.3 The Green Paper was initially supposed to be published in the summer before being delayed until December 2018, to coincide with the NHS long-term plan. The Department of Health and Social Care recently announced that the Green Paper will be published at the "earliest opportunity" but this would not be until 2019. The NHS long-term plan has also been delayed.
- 9.17 Fair Funding Review /Devolution of Business Rates
- 9.17.1 Any future financial funding projections needs to be treated with caution from 2020/21 There continues to be uncertainty about the replacement funding mechanism for local government, timetabled for introduction in 2020/21. It is anticipated that baseline funding levels and transitional arrangements will be ready by autumn 2019 for implementation in the 2020/21 financial year.
- 9.17.2 The LGA in its submission called on the government to "close the £3.9bn funding gap in 2019/20 and commit to a full assessment of the overall funding needs of local government in the 2019 spending review and guarantee to fully fund them".
- 9.17.3 Local Governments funding arrangements are set to experience their most significant reform for over two decades. The outcome of the Fair Funding Review (a revised formula for Local Government funding allocation), the devolution of business rates and Comprehensive Spending Review (provides the plan on how Government money will be allocated across years determining financial quantum for local authorities) will not be known until the autumn 2019. In addition, there are likely to be transitional arrangements that will impact on any 'winners' or 'losers' amongst Councils.
- 9.17.4 Many commentators have referred to the Chancellor's Autumn Statement 2018 simply providing a short-term "lifeline" for local authorities and the government needs to ensure the long-term survival of councils with sustainable long-term funding.

10. LONDON BOROUGHS GRANT COMMITTEE

- 10.1 London Councils require formal notification of the Council's agreement to their contribution for 2019/20. The London Councils Grants Committee has proposed a Budget for 2019/20 comprising total expenditure of £6.909m that is met by contributions from Boroughs of £6.668m, European Social Fund grant (£0.058m) and a balance of £0.183m transferred from reserves to reduce the Boroughs' contribution.
- 10.2 Bromley's contribution to this Committee was £248,033 in 2018/19. The contribution for 2019/20 is £248,886 which represents an increase of £853 compared with 2018/19.
- 10.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2019/20 budget. If it is not agreed by the 25th January 2019, the overall level of expenditure is deemed to be the same as approved for 2018/19 – this would represent no change to the amount proposed.

11. THE SCHOOLS BUDGET

- 11.1 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).
- 11.2 The implementation of the National Funding Formula (NFF) began 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
2018/19	205,352	47,722	20,697	1,965	275,736
2019/20	208,637	48,821	20,691	1,938	280,087
Variation	3,285	1,099	-6	-27	4,351

- 11.3 The Schools Block has risen by £3m. This is due to an increase in the per pupil unit funding and increases in the secondary schools population
- 11.4 The High Needs Block is seeing pressures coming through the system. Although there are increases in funding, 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. On the 17th December 2018, the government announced additional funding in the High Needs block of £250m nationally (£125m in both 2018/19 and 2019/20). The increase for Bromley is £788k. This is reflected in the figures above. Even with this additional funding there continues to be pressures in this block. It is proposed to fund a further £106k from core LBB funding to support the High Needs Block in 2019/20.
- 11.5 Early Years funding has remained static. Funding will be adjusted in year based on take up of provision.
- 11.6 The Central Block has decreased as expected. However, this has been offset slightly by an increase in funding based on pupil number increases. There continues to be pressures in the Central Schools DSG due to funding shortfalls. In previous years this has been managed by using DSG carried forward from previous years. However this is now not a sustainable option and £250k of core LBB funding is being proposed to be used to underpin this.
- 11.7 In 2018/19 the Council contributed £1m of core funding to support the DSG. Current predictions suggest that there will be a further funding shortfall of between £0.4m and £2.0m p.a. for the next 3 years across the DSG expenditure areas, mainly in the High Needs Block.
- 11.8 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.
- 11.9 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. It is assumed in the budget that this will be successful. Last year in 2018/19 the same process was carried out. DfE approved the transfer of £1m to the High Needs Block.

- 11.10 In previous years the Portfolio Holder has agreed a package of funding to set the Schools budget following consultation with Schools Forum. The Executive is asked to agree that this process should take place again for 2019/20.

12. GENERAL AND EARMARKED RESERVES

- 12.1 Excluding monies set aside for schools, insurance fund, government grants (technical accounting requirement) and health, the Council has earmarked reserves remaining of £105.5m as at 31/3/2018 and general reserves of £20m. Appendix 4 of the 2018/19 Council Tax report highlighted the Council's approach to utilising reserves and the significant value in retaining reserves. The Council tax report refers to the level of reserves needs to be adequate to ensure the longer term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the ongoing 'structural' budget deficit facing the Council. Inflation, new burdens, growth/cost pressures and ongoing reductions in Government funding has created the structural budget deficit. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.
- 12.2 The Council has set aside previous years collection fund surpluses totalling £13.5m (which is normally credited to revenue budgets) as well as a financial management and risk reserve of £10m (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer term utilisation of one off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.
- 12.3. The Council also has a Central Contingency sum to cover risk/uncertainty in the future (sometimes referred as "member funds") included in the base budget. However there remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings not realised and, as in the past, enable funding of member initiatives and investment opportunities. Historically the contingency is reviewed later in the year as part of finalising the following year's budget and after departmental savings/growth and mitigation has been considered. The updated financial forecast assumes the release of £4m in 2020/21 and £8m per annum from 2021/22 to directly support the revenue budget.
- 12.4 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.
- 12.5 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.

13. ISSUES FOR FUTURE YEARS

- 13.1 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 2019/20 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2019/20 but to also deal with the medium term financial position as well. Even allowing for the options in this report a budget gap of £32.2m per annum remains from 2022/23. Some of the measures identified in section 8 of this report will enable flexibility to provide a more sustainable financial position for future years. The financial outcome will also depend on the final decisions made on council tax levels.
- 13.2 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.

14. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

- 14.1 Details of council tax, funding levels and cost comparisons between councils are shown in Appendix 3.
- 14.2 Bromley has had a clear strategy of setting its Council Tax amongst the lowest in outer London.
- 14.3 Using 2018/19 funding information, if Bromley received the average grant funding for London, its annual income would increase by £65m.
- 14.4 Despite being a low cost authority, Bromley has achieved savings of around £97m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.
- 14.5 The Council has achieved a low council tax level despite low levels of Government funding by keeping spending low.
- 14.6 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 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.

15. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

- 15.1 The GLA 2019/20 Draft Budget has been issued for consultation and includes proposals for an increase in existing GLA precept of 8.93% for 2019/20. The final GLA precept for 2019/20 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2019.

- 15.2 For 2019/20 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 £1.5m.
- 15.3 As part of the Localism Act, any council tax increase of 3% or above in 2019/20 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 £600k.
- 15.4 The Government has enabled Councils up to 2019/20 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 £3.0m additional income per annum). Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% 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 can be applied at 3% subject to a maximum of 6% across the period 2017/18 to 2019/20 – the Council can only apply an increase of up to 2% in 2019/20. The financial forecast assumes this precept could not continue beyond 2019/20. The Government recognises that the precept can also include, for example, funding the additional cost of the Living Wage. Members will be requested to consider applying the precept as part of the 2019/20 Council Tax report to the Executive on 13th February 2019.
- 15.5 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 8.93%, there would be an overall combined council tax increase of around 5.79%.
- 15.6 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 and a further 2% per annum increase to reflect the full Adult Social Care Precept.

16. CONSULTATION

- 16.1 Two separate resident association meetings were held on 27th November 2018 and 29th November 2018 relating to ‘Looking to the Future’. The outcome is summarised in Appendix 9.
- 16.2 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 13th February 2019 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 25th February 2019 where the 2019/20 Budget and Council Tax will be agreed.
- 16.3 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.
- 16.4 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.

17. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 17.1 There remain risks in meeting the ‘budget gap’ arising from budget savings, mitigation options to address cost pressures, as well as ongoing 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.
- 17.2 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 10. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

18. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 18.1 The draft 2019/20 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.

19. POLICY IMPLICATIONS

- 19.1 The Council’s key priorities include, for example:
- 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.
- 19.2 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

20. PERSONNEL IMPLICATIONS

- 20.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2019/20 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

21. LEGAL IMPLICATIONS

- 21.1 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.

- 21.2 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.
- 21.3 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.
- 21.4 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.
- 21.5 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 cease 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.
- 21.6 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 2019/20 Council Tax report to be reported to the February meeting of the Executive.

22. CONCLUSION

- 22.1 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 enabled the Council to provide a potential balanced budget for next year. 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".
- 22.2 There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government's 'Fair Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until

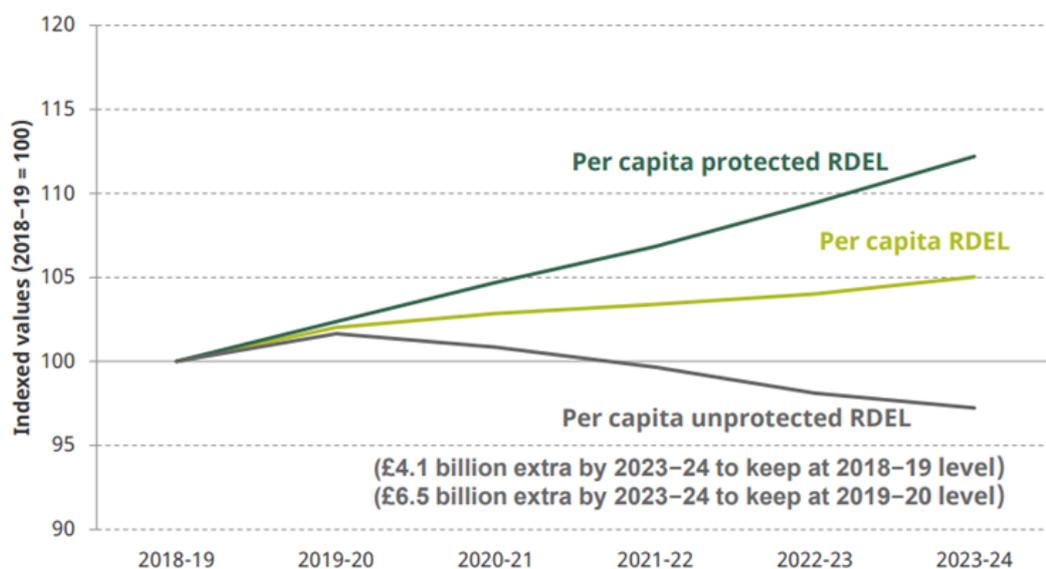
2020/21 whilst funding reductions for local government are expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any 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 continue to be increasing 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 public expenditure plans. 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 to enable the Council to ‘live within its means’.

<p>Background documents</p>	<p>Treasury Management – Quarter 2 Performance 2018/19 and Mid-year Review, Resources, Commissioning and Contracts Management Portfolio Holder and Council, 22nd November 2018 and 10th December 2018</p> <p>Capital Programme Monitoring – 2nd Quarter 2018/19, Executive, 28th November 2018</p> <p>Budget Monitoring 2018/19, Executive, 28th November 2018</p> <p>2017/18 Provisional Final Accounts. Executive, 21st May 2018</p> <p>2018/19 Council Tax, Executive 7th February 2018</p> <p>Improved Better Care Fund, Executive, 10th October 2017</p> <p>London Business Rate Pilot, Executive, 13th September 2017</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

Update on Economic Situation which can impact on Public Finances

1. The overall national debt stands at £1.8 trillion with annual debt servicing costs of £43bn. It is expected that Public Sector Debt will decline from a peak of 85.2% of GDP in 2016/17 to a forecast 74.1% in 2023/24 and that public sector borrowing will be £19.8bn in 2023/24 (lowest level for 10 years). The Autumn Budget 2018 identified that public sector net borrowing is expected to be 1.4% of GDP in 2019/20 falling to 0.8% in 2023/24. The Spring Statement due in March 2019 is expected to be upgraded to a full budget depending on the outcome of the Brexit negotiations.
2. Despite the announcements by the Government that “austerity is over”, local government funding remains ‘unprotected’ and the impact of additional funding for NHS and other ‘protected’ services results in a likely real term funding reductions remaining for local government. The Institute of Fiscal Studies (IFS) warned that any departmental increases next year are likely to be followed by cuts thereafter due to the NHS spending commitments. Also, the IFS have stated the amount spent generally on ‘unprotected departments’ is still set to fall in per capita terms and as a share of national income as shown below:



Note: RDEL refers to Public Sector Current Expenditure in Resource Departmental Expenditure Limits (PSCE in RDEL).
Source: Author's calculations using OBR Economic and Fiscal Outlook, October 2018

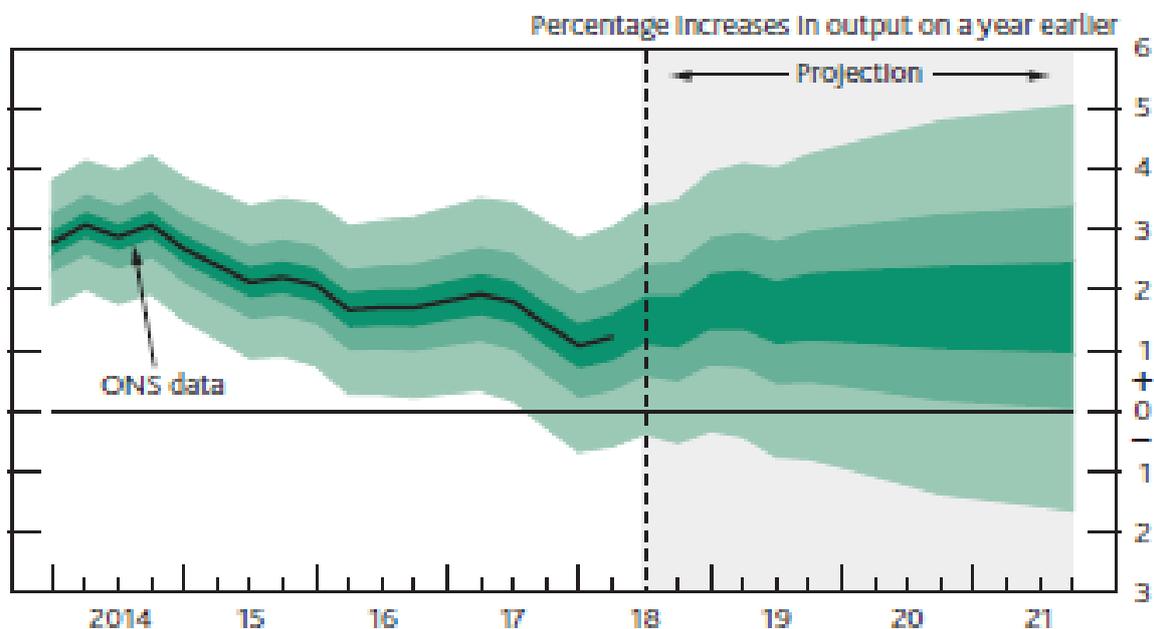
The end of austerity?

© Institute for Fiscal Studies

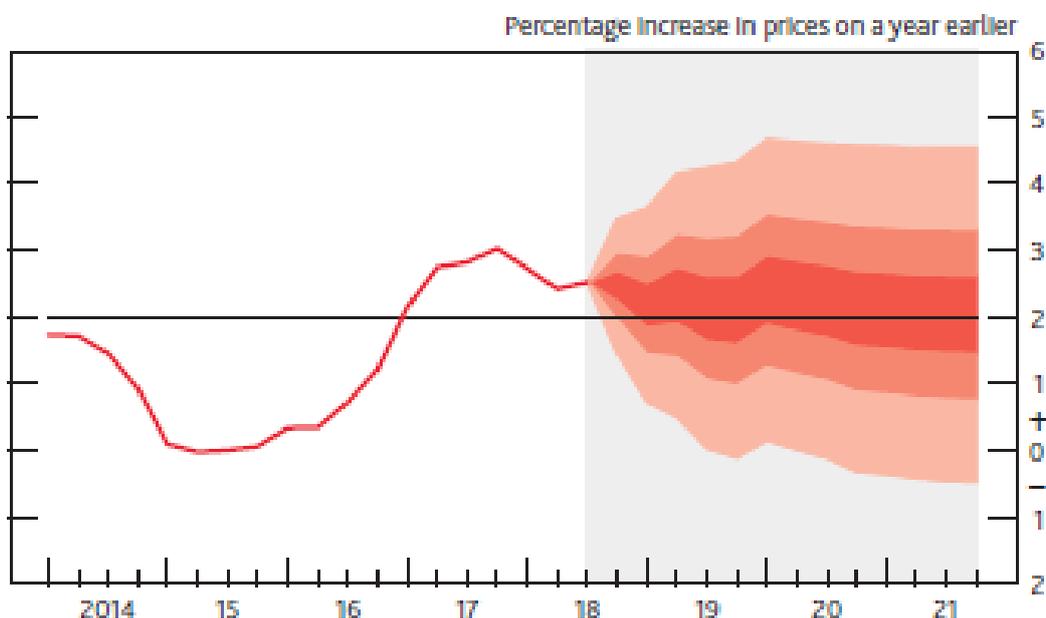
3. Between the period of 2017 and 2037 Bromley's overall population is expected to increase by 18.8% which includes an overall increase in 90s+ population of 124%.
4. The financial forecasts assumes ongoing funding reductions over the four year period, although at a lower rate, compared with previous years. Even with the planned Green Paper on social care which has now been delayed until later in 2019, no additional funding was identified in the Autumn Budget 2018 for social care beyond 2020/21. Therefore, the fiscal squeeze will continue with the ongoing protection of health, education police and other security services.
5. Bromley's core funding has been reduced in real terms by 75% compared with 63% (England) over the course of the decade. 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) and the ongoing ability to increase council tax as methods which can significantly mitigate the impact of grant reductions.

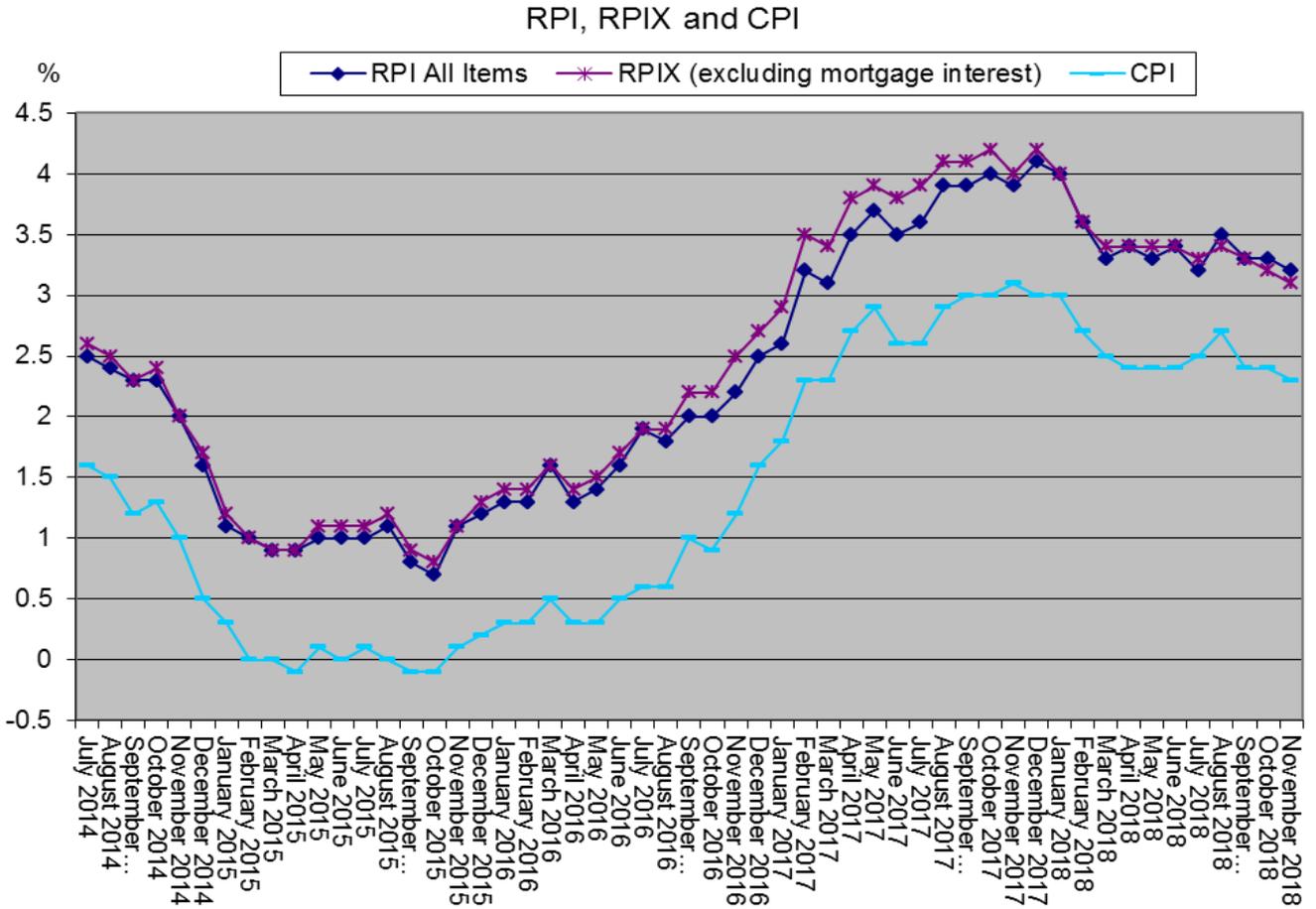
- The Office for Budget Responsibility predict that the UK economy is expected to grow between 1.4% and 1.6% between 2019/20 and 2023/24. The Bank of England's inflation report (November 2018) provides the following projections for GDP growth:



- Inflation (CPI) is predicted to be between 2% and 2.1% for 2019/20 to 2023/24. The usual measure for inflation for Council contracts is RPIX, which is the main measure of inflation for the Council's budget, and the OBR forecast that RPI (a similar measure) is expected to be between 3.1% and 3.2% during the period 2019/20 to 2023/24. The Bank of England's inflation report (November 2018) provides the following projections for CPI inflation:



8. 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 2019/20 Budget assumes contract price increases of 3.0%, reducing to 2.7% per annum from 2020/21, which compares with the existing RPIX of 3.1%. Details of inflation movements over the last 4 years are shown below:



PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20 (13th December 2019)

The outcome on grant funding including negative RSG is broadly as expected. Overall grant funding reductions continue.

The key headlines, so far, are shown below:

- Reduction in core funding of £3.6m in 2019/20 (as expected);
- The negative Revenue Support Grant (RSG) will no longer apply for 2019/20 i.e. the council will not need to repay the Government £2.3m in 2019/20;
- The Council Tax referendum threshold remains at 3% in 2019/20;
- There will be no change to the ASC precept principle of a maximum of 6% over the three years to 2019/20 – Bromley can continue to consider an increase of up to 2% in 2019/20
- Business rates surplus levy of £180 million will be distributed to local authorities based on relative need (2013/14 SFA). Bromley will receive one off income of £0.6m in 2019/20
- New Homes Bonus will be protected at the same level as 2018/19 as the threshold at which the bonus is triggered will remain at 0.4%. However, the Councils latest estimated income is £0.5m lower than previously assumed;
- The London 75% business rates retention pilot has been confirmed alongside 15 new 75% business rates retention pilots for 2019/20, and the 5 existing pilots continuing in devolution deal areas. Continuation of the London Pilot in 2019/20 will generate estimated additional income of £2.2m to Bromley;
- The government is proposing to distribute £650 million of ASC funding (see Chancellor's Budget below) using the ASC RNF in 2019/20 – this will equate to a total of £3.2m for Bromley;
- Public Health Grant allocations are yet to be published;
- The Government announced plans to consider interventions in the rules around borrowing for commercial properties. Bromley has not used borrowing for the purchase of such properties;
- The Government will publish a “continuous improvement toolkit” in the Spring.

In addition, Police authorities are allowed to increase their precept by up to £24. If the GLA chose the maximum increase of £24, and increased the precept by 2.99% for other services, their overall precept could increase by 8.93% and remain within the referendum limit.

Consultations were published on the Fair Funding Review and 75% business rates retention with deadlines of 21 February 2019.

AUTUMN BUDGET 2018 (29th October 2018)

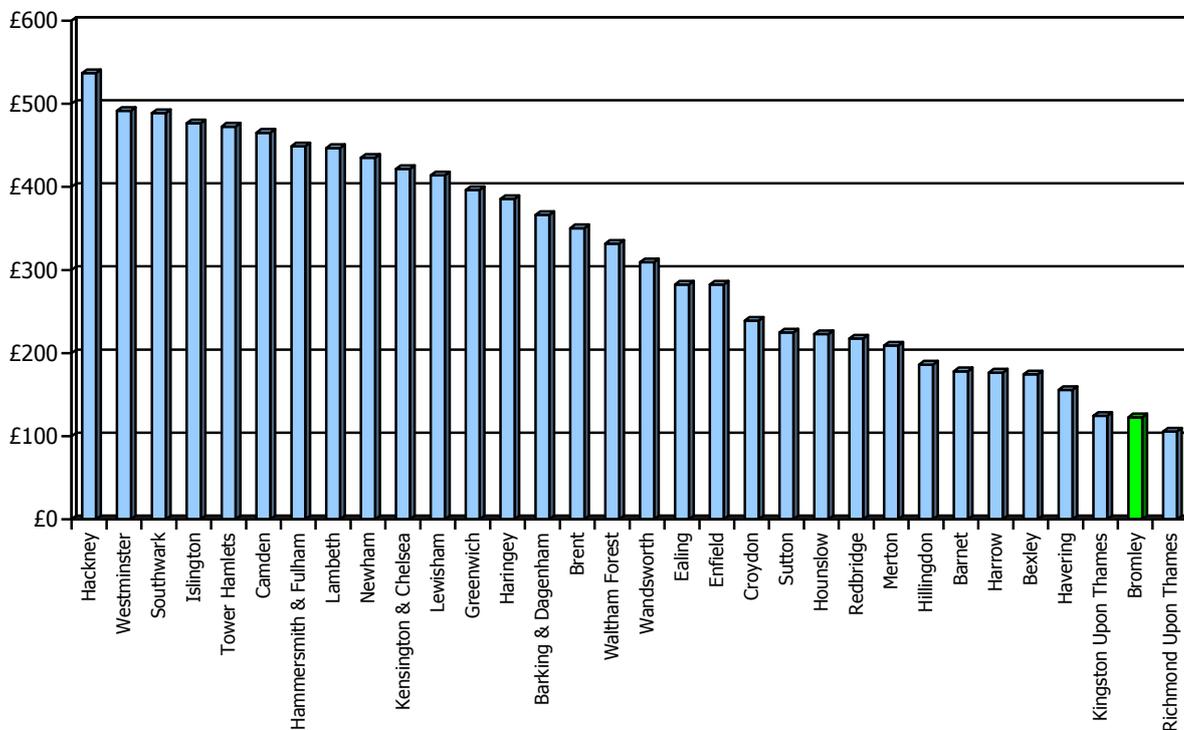
The main points from the Chancellor's Budget Statement that are relevant to Bromley are as follows:

- £55m of additional national funding for Disabilities Facilities Grant in 2018/19 – £233k for Bromley;
- £420m nationally in 2018/19 to tackle pot holes and other minor road highways works – £1,117k for Bromley;
- £400m of in-year capital funding allocations to schools in 2018/19 – one off funding direct to schools;
- £650m of extra social care funding for English Local Authorities in 2019/20 - equates to £3.2m. What is significant is the Government shift which allows £2.0m (£410m) of the £3.2m (£650m) to be used towards children's social care as long as any diversion of this funding away from adult social care does not "create additional demand on the NHS". Funding for adult social care to cover all adult groups i.e. not just for older people but can include working age adults with learning difficulties etc.;
- An additional £84m of children's services funding over 5 years, but across only 20 councils – around 150 councils provide children's social care and therefore not clear whether this would have an impact on Bromley;
- For two years up until the next Revaluation in 2021 all retail premises with an RV below £51,000 will have their bills reduced by one third. Local Authorities are expected to be compensated for this measure through Section 31 Grant – no cost to the Council but reduces income available from future devolution of business rates;
- £675m of national co-funding will be provided through a new "High Streets Fund" to assist with rejuvenation of High Streets and, in particular, changing unused business and commercial property into residential accommodation;
- Additional national funding for the Housing Infrastructure Fund of £500m will be provided;
- The government will abolish the future use of Private Finance Initiative schemes (PFI) , saying there is compelling evidence that it does not deliver value for taxpayers or genuinely transfer risk to the private sector – Bromley has not entered into PFI agreements;
- More support for universal credit – unlikely to have a direct impact on Bromley at this stage but no change in local housing allowances which will continue to increase cost pressures on homelessness in Bromley;
- CPI inflation predicted to be between 2% and 2.1% for 2019/20 to 2023/24. The usual measure of inflation for Council contracts is RPIX, which is the main inflation allowance for the Council's budget, and the OBR forecast that RPI (a similar measure) is expected to be between 3.1% and 3.2% during the period 2019/20 to 2023/24;
- From April 2019, National Living Wage will increase from £7.83 per hour to £8.21 per hour – an increase of 4.9% per annum. The increase will be reflected in the Council's 2019/20 Draft Budget;

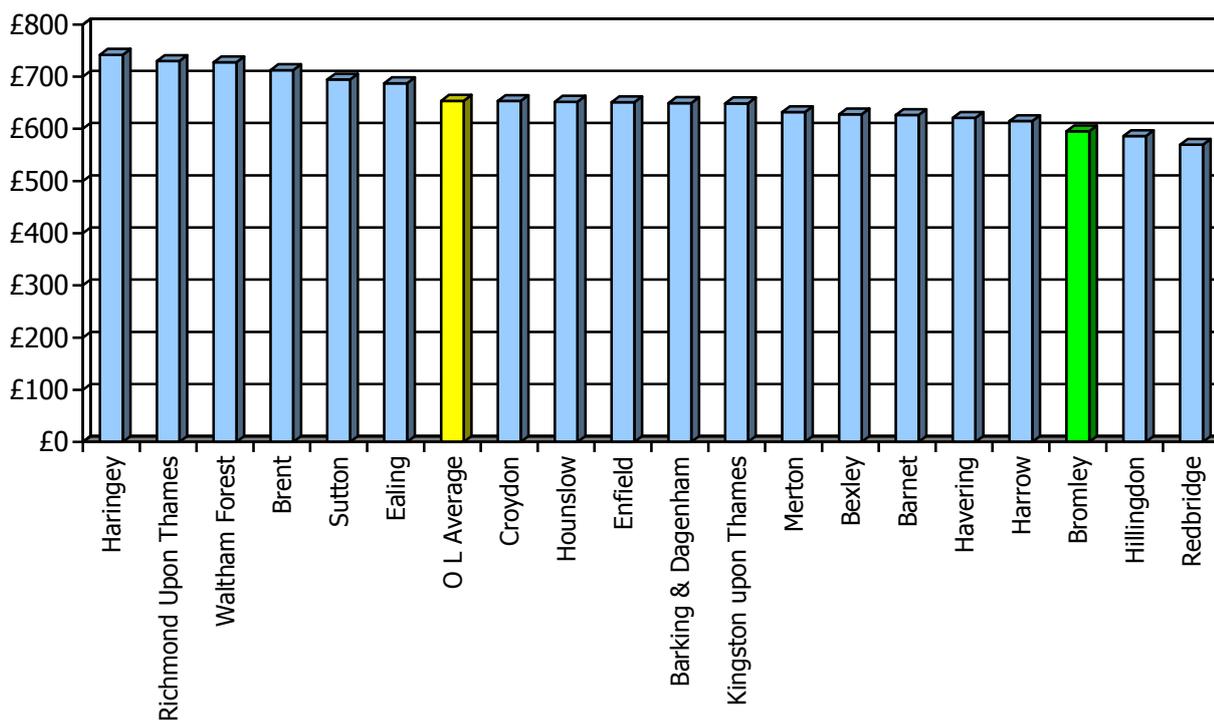
- Extra funding for NHS of £20.5 bn confirmed which includes extra funding of £2bn for mental health services. There is a real term increase in funding of 3.4% per annum for the NHS;
- The Chancellor referred to “austerity coming to an end but (fiscal) discipline will remain”. For the period of the next Spending Review it is projected that there will be an average real terms increase in annual Resource Departmental Expenditure Limits (RDEL) over the 5 years of 1.2%, per annum. This compares to an average of -3.0% during the period of SR2010 and -1.3% during the period of SR15. Not clear what share of the increase will go to local government but most may go to NHS. There has been a reduction in local government funding of nearly 50% since 2010;
- The Social Care Green Paper originally planned for late 2017 was delayed until Spring 2018 and subsequently delayed until late 2018 – this was originally intended to address sustainable funding for Adult Social Care. We will have to wait and see the outcome and any funding changes will not apply until at least 2020/21 – *Green Paper now delayed until 2019*;
- General Economic Data
 - GDP growth is between 1.4% and 1.6% between 2019/20 and 2023/24;
 - Annual borrowing is estimated to be 1.4% of GDP in 2019/20 falling to 0.8% in 2023/24;
 - It is expected that Public Sector Debt will decline from a peak of 85.2% of GDP in 2016/17 to a forecast of 74.1% in 2023/24 and that public sector borrowing will be £19.8bn in 2023/24 (lowest level for 10 years);
 - Total public debt is currently £1.8 trillion with annual debt servicing costs of £43bn;
 - The Spring Statement due in March 2019 could be upgraded to a full budget depending on the outcome of Brexit negotiations.

Council Tax Levels, Government Funding and Spend Levels

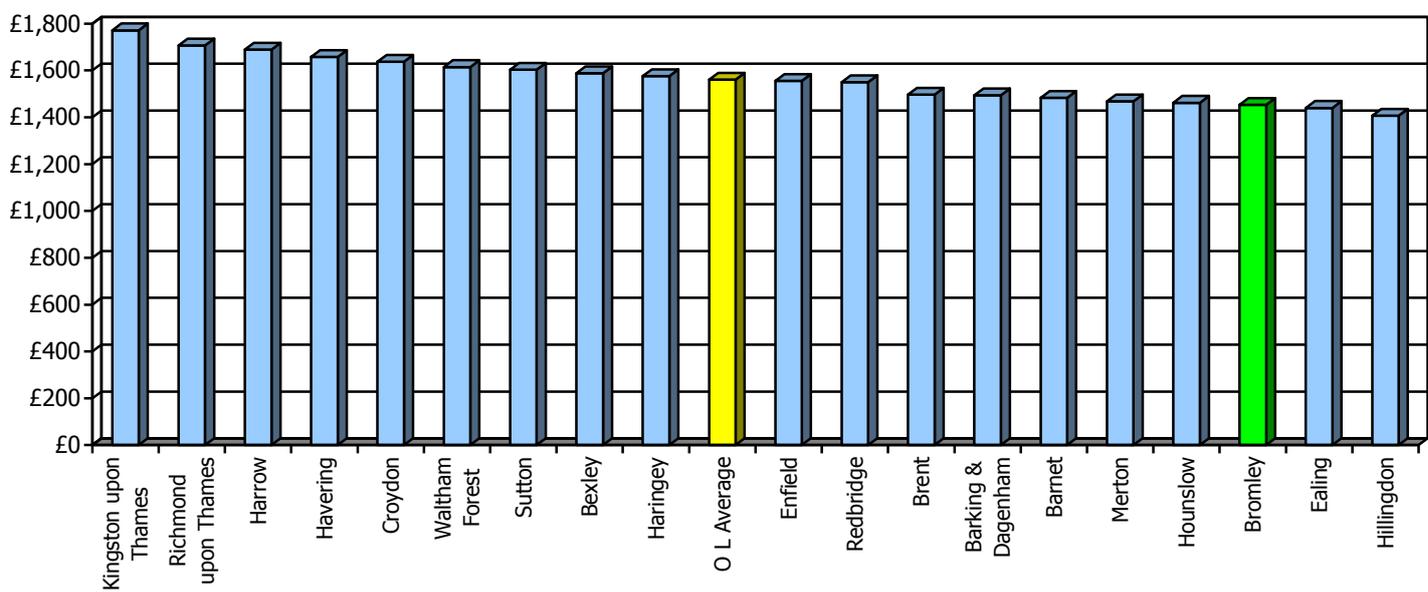
Whole of London Funding per Head 2018/19



Outer London Spend per Head 2018/19



**Outer London Council Tax Band 'D' Levels 2018/19
(based on ONS Categories)**



1. The above graphs illustrate that the Council has achieved a low council tax level despite low levels of Government funding. This has been achieved by keeping spending low.
2. Using 2018/19 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £65m.



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Local Government Finance Settlement Team
Ministry of Housing, Communities & Local Government
2nd Floor, Fry Building
2 Marsham Street
London SW1P 4DF

12th March 2018

NeedsandResources@communities.gsi.gov.uk

Dear Sir/Madam

**RESPONSE TO THE FAIR FUNDING REVIEW: A REVIEW OF
RELATIVE NEED AND RESOURCES- TECHNICAL CONSULTATION
ON RELATIVE NEED**

This response provides some context on London Borough of Bromley, and the key asks that we have identified previously. We welcome the guiding principles detailed in the consultation document. The future funding system needs to be less complex, transparent, provide certainty and be responsive to changes in demand. The key outcome needs to be adequate funding for the future sustainability of local government to meet the key services that matter to our residents and taxpayers. As the National Audit Office reported, as part of its Financial Sustainability of Local Authorities 2018 report, the Government 'must set out at the earliest opportunity a long-term financial plan for the (local government) sector that includes sufficient funding to address specific service pressures and secure the sector's future financial sustainability'.

The responses to the specific questions are attached.

Bromley has supported Government policy towards meeting austerity, seeking to generate economic growth through investing (contribution to UK PLC) and keeping public sector costs low whilst driving out more efficiency. We also have the highest proportion of schools converted to academies.

We have concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is absolutely critical that these points are addressed as part of the Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements and appreciate that there will be further opportunities for consultation in the future.

Peter Turner, Director of Finance

As a low grant funded borough, the current formula does not reflect the required assessment of need for our borough. There are some local authorities with high spend but this reflects a high level of historic government funding rather than the correct needs assessment. The outcome can result in high costs and inefficiency rather than spend levels matching true need – the opposite applies to Bromley. Apart from a fairer level of funding the Council is seeking that future funding arrangements reward/incentivise more efficient boroughs such as Bromley.

A combination of core grant reductions combined with new burdens not fully funded and increasing demand for services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures and meeting inflation costs means it is becoming increasingly difficult to sustain the scale of funding reductions imposed on us. During the period 2010/11 to 2017/18 we have faced government core grant reductions of nearly £69m per annum. There are further grant reductions of around £8m in 2018/19 increasing to a further £22m by 2021/22.

Bromley faces a "budget gap" of around £39m by 2021/22. London Councils estimate that in London alone, funding cuts and rising demand for services mean that around £2.2 billion of savings will be required between 2017/18 and 2020/21. At the national level, the Local Government Association has identified a funding gap of £7.1bn for local authorities by 2020.

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite significant funding reductions. This provides a greater challenge for a low cost authority like Bromley.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high cost authorities. We have identified savings of over £90m per annum since 2010/11 and all the "low and middle hanging fruit" has gone.

In 2018/19 Bromley has the 4th lowest level of settlement funding in the whole of London despite having one of the highest populations (excluding City of London). We are the largest London Borough in terms of geographical size, have one of the highest proportions of older people and the largest road network. The associated cost implications are not reflected in our settlement funding which is the 2nd lowest per head of population in the whole of London. Bromley's core funding has been cut higher than the London and England average since 2010/11. It will have reduced by 75% compared with 63% (London and England) in real terms over the course of the decade. If the Council received the average level of grant funding for London boroughs, our income would increase by £65m.

We acknowledge that the reform of business rates and fair funding review will provide opportunities to fundamentally review how local government is funded in the long term but it is clear that the current system for funding local government is unsustainable. The Fair Funding review needs to consider the funding requirements for local government to meet key services that matter to our residents and taxpayers rather than simply a redistribution of existing government funding without considering the impact of costs pressures and new burdens and the limitations in generating alternative income. While the Fair Funding Review is a welcome opportunity to address the best method to distribute resources, there is no escaping the inadequacy of the resources it distributes when compared with the totality of demand. Local government has received a disproportionate share of funding reductions when compared with total public and departmental spending.

Apart from the need for a fairer level of funding, the Council requests the removal of the referendum limit for council tax increases and the continuation of the Adult Social Care precept beyond 2019/20 to provide greater recognition of local accountability. There should be further flexibility to extend the precept to fund other key pressure areas such as Children's Social Care. It is essential that we are given local flexibility to determine how services are funded particularly as we need to balance service priorities and council tax levels.

If central government is not prepared to increase the total of centrally allocated resources available, then it needs to give local government greater control over its own resources, enhance its range and mixture of revenue raising capabilities and remove ringfencing of remaining grant funding.

We are seeking a fair level of funding for Bromley which provides recognition that we keep our costs low, reflects fairly the impact of a high proportion of elderly population and recognises the true financial impact of essential highways maintenance and repair in a borough with a large road network.

Key asks for a Fair Funding deal are:

- Fair Funding should have a mechanism to reward more efficient authorities e.g. financial incentive in system;
- Fair Funding needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London.
- Resource element of any funding baseline should not reflect a notional council tax which may be higher than current council tax level for Bromley;
- Some form of 'damping' protection would be needed to assist in forward planning;
- Authorities with a low cost baseline should not face a higher proportion of cuts to funding as part of ongoing austerity;

- Need to avoid situation where low council tax authorities do not need to increase council tax as they have more generous settlement than other comparable authorities;
- Social Care responsibilities (Improved Better Care Fund) should be determined by adult social care formula e.g. Bromley stands to lose up to £3m of additional funding from 2019/20;
- 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. Fair Funding should recognise London cost pressures relating to homelessness (for Bromley a further £7m per annum by 2021/22) – pressures mainly relating to London and a few other areas;
- Bromley's population is expected to increase by more than the national average by 2030 – funding is currently not reallocated based on population growth and also Bromley has a higher increase in over 65 years (18.9%) compared with rest of London (12.1%). Using GLA central estimates, between 2017 and 2037 over 65's are expected to increase by 44.4% and over 90's by 123.8% with an overall population increase of 18.8% during that period;
- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income;
- The relative size of the Needs and Resource amounts are ultimately set by MDCLG on the basis of judgement – can some of the unique factors for Bromley be reflected in this to ensure low cost efficient authorities are not penalised?

We request that the ring fencing of grant funding is changed in the interim to enable greater flexibility to ensure resources are allocated to reflect local needs and still meet national requirements. This includes education funding and various other grant funding. The national formula funding for education will reduce flexibility of funding for special educational need placements and results in potential education costs being met by the council taxpayer rather than through schools funding. The Council stands to lose up to £2m per annum funding within three years. This is coupled with the anomaly where the council tax payer is required to fund special educational need transport costs of £4.6m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.

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. 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.

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, automatic enrolment, lifting of the public sector pay cap, indexation and equalisation of guaranteed minimum pensions, 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. MHCLG 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).

Efficient and effective delivery of public services must be underpinned by a stable and sufficient system for providing the necessary resources. As we have seen with adult social care, failure to provide adequate resource in a timely manner only leads to a more chaotic series of crisis responses later on. This benefits no one. Increasing the overall quantum of resources is key.

We recognise the need to undertake detailed work with further consultation on, for example, resource equalisation and transitional funding to be completed for the Local Government Finance Settlement 2020/21 by December 2019, which provides very limited time for future financial planning. Any early indications of the impact on individual authorities would be welcomed and would assist in financial planning and reducing uncertainty.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet the necessary austerity measures and future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to respond to the consultation on relative need as part of the Fair Funding Review.

Yours faithfully



Peter Turner
Director of Finance
London Borough of Bromley

ECHS growth and mitigation

Appendix 5

Summary (ECHS)

Growth	16,280	24,699	28,986	33,331
Mitigation	-8,269	-7,457	-10,452	-14,502
Net	8,011	17,242	18,534	18,829

EducationGrowth

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Full year effect re Adult Education - budget monitoring	130	130	130	130
Placements, etc	2,217	3,594	4,971	6,348
DSG contribution loss	0	1,000	1,000	1,000
Alternative provision	250	250	0	0
Access inclusion	120	120	120	120
Sen transport retender cost pressures	205	320	378	405
Central services block shortfall (dsg)	250	250	250	250
	3,172	5,664	6,849	8,253

Mitigation

Reduction in placements	0	-51	-476	-1,075
Reduction in ehcp growth	-731	-1,462	-2,193	-2,924
Additional in borough SEN provision	0	0	0	-500
Additional hnb funding from DfE (2019/20 confirmed)	-1,000	-1,000	-1,000	-1,000
SEN (Growth offset by additional funding)	-750	-750	-750	-750
SEN (Growth offset by additional funding returned to contingency)	750	750	750	750
	-1,731	-2,513	-3,669	-5,499

Net growth

	1,441	3,151	3,180	2,754
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Children's social careGrowth

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Placements full year effect	3,000	3,000	3,000	3,000
Placement growth	1,049	1,836	1,400	1,010
	4,049	4,836	4,400	4,010

Mitigation

CCG funding for chc placements	-500	-500	-500	-500
Specialist fostering provision	-400	-400	-400	-400
	-900	-900	-900	-900

Net growth

	3,149	3,936	3,500	3,110
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Memorandum regarding csc growth and savings

Savings linked to post ofsted investment	250	750	1,000	1,000
£750k staff funding fallout	750	750	750	750
Mitigation linked to post ofsted investment from staffing reductions	-250	-750	-1,000	-1,000
Mitigation linked to £750k staff funding fallout (from agency set aside)	-750	-750	-750	-750
	0	0	0	0

Children's social care - recruitmentGrowth

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Costs of recruitment and retention package	420	420	420	420
	420	420	420	420

Mitigation

Reduction of eight social workers or equivalent	-420	-420	-420	-420
	-420	-420	-420	-420

Net growth

	0	0	0	0
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Adults social care

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Growth</u>				
Increase in placements (costs and numbers) - placements fye	925	925	925	925
Community DOLS	758	758	758	758
Increase in memory and cognition packages	210	420	630	840
Mental health fye	323	323	323	323
Learning disabilities fye	1,275	1,275	1,275	1,275
National living wage	1,500	3,000	3,000	3,000
Learning disabilities growth	847	2,608	4,488	6,161
Recruitment and retention - adult social care	750	750	750	750
	6,588	10,059	12,149	14,032
<u>Mitigation</u>				
Reablement	-400	-400	-400	-400
Discharge to assess	-419	-419	-419	-419
Controlling memory and cognition	-210	-420	-630	-840
LD - invest to save savings	-268	-268	-268	-268
LD - attrition	-230	-700	-1,170	-1,640
Increase uptake in shared lives	0	-360	-600	-840
IBCF funding available	-1,387	0	0	0
IBCF carry forward	-1,566	0	0	0
	-4,480	-2,567	-3,487	-4,407
Net growth	2,108	7,492	8,662	9,625

Public health - health support to schools

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Growth</u>				
Health support to schools	603	603	603	603
	603	603	603	603
<u>Mitigation</u>				
Funding from ph reserve until sept 2020	-603	-302	0	0
	-603	-302	0	0
Net growth	0	301	603	603

Housing

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Growth</u>				
Placements	2,988	4,432	5,876	7,320
Increase in rents	204	208	212	216
Visiting and fraud protection	310	310	310	310
Additional cost of homelessness reduction act	971	971	971	971
Homelessness Reduction Act grant	-221	0	0	0
Universal credit spike	93	93	93	93
Legal costs	108	108	108	108
Finance costs	50	50	50	50
Additional posts	110	110	110	110
	4,613	6,282	7,730	9,178
<u>Mitigation</u>				
Modular units	-90	-216	-216	-216
Additional private rented sector lettings	-45	-75	-90	-90
400 new builds	0	-93	-557	-1,485
Property purchase phase 2	0	-371	-1,113	-1,485
	-135	-755	-1,976	-3,276
Net growth	4,478	5,527	5,754	5,902
Total ECHS	11,176	20,407	21,699	21,994
Less housing funding in contingency	-3,165	-3,165	-3,165	-3,165
Total ECHS growth after mitigation	8,011	17,242	18,534	18,829

In view of the uncertainty of various projected costs and assumptions about future growth, some of the costs identified above will be retained in the Council's 2019/20 Central Contingency Sum. This relates to SEN provision and Housing costs.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2018/19 (before funding from Formula Grant)	192,567	192,567	192,567	192,567	192,567
Formula Grant and Business Rate Share	-41,960	-41,960	-41,960	-41,960	-41,960
	150,607	150,607	150,607	150,607	150,607
Reduction in Government Core Funding		3,600	6,600	9,600	12,600
Cost pressures					
Increased costs (3.0% 2019/20 then 2.7% per annum)		5,771	13,043	20,241	27,448
Universal credit roll out - consequential impact on claimant fault overpayment recoveries		250	250	250	250
		6,021	13,293	20,491	27,698
Reinstatement of highways maintenance (previously capitalised)					2,500
Total additional costs		6,021	13,293	20,491	30,198
Income/Savings					
Savings from office accommodation review (after allowing for savings from Bromley Town Hall)		0	-510	-510	-510
Acquisition of residential properties to accommodate the homeless (Mears)		-982	-982	-982	-982
Additional Income Opportunity (Amey)		-200	-445	-445	-445
Additional income from business rate share to reflect new developments in borough and Section 31 funding and increase in business rate base		-1,450	-1,750	-1,750	-1,750
Fall out of London pilot of business rates (as approved by Council 25/9/17) - one year only		2,900	2,900	2,900	2,900
Continuation of London Business Rate Pool 2019/20		-2,200	0	0	0
Business Rates Surplus levy		-600	0	0	0
Interest on balances - reduction in income to reflect use of balances and temp. funding for Site G		200	100	300	400
Release general provision in contingency for significant uncertainty/variables		-700	-700	-700	-700
Savings from recommissioning/ retendering of various contracts		-68	-89	-113	-113
Savings from children's social care linked to invest to save funding		-250	-750	-1,000	-1,000
Potential release of draft contingency in future years re provision for risk/uncertainty		0	-4,000	-8,000	-8,000
Extra Social Care Funding through Government grants		-3,224	-3,224	-3,224	-3,224
Leisure Service Lease approved by Executive on 28th November 2018		-1,515	-1,484	-1,484	-1,484
Review of staffing across organisation		-600	-1,500	-1,500	-1,500
Other savings (see Appendix 7)		-433	-533	-983	-983
		-9,122	-12,967	-17,491	-17,391
Other changes					
Fall out of New Homes Bonus funding		3,260	4,440	5,120	5,540
Real Changes and other Variations (see Appendix 7)		-928	-1,270	-1,252	-457
		2,332	3,170	3,868	5,083
Council Tax					
Assumed increase in council tax base number of properties		-1,650	-2,300	-2,950	-3,600
Fall out of Collection Fund surplus 2014/15 set aside as one off support towards meeting the funding shortfall in 2018/19		4,912	4,912	4,912	4,912
Fall out of Collection Fund surplus 2015/16 set aside as one off support towards meeting the funding shortfall in 2018/19		730	730	730	730
		157,430	164,045	169,767	183,139
Education, Care and Health Services Growth and Mitigation Summary					
Education		1441	3151	3180	2754
Children's Social Care		3,149	3,936	3,500	3,110
Adults Social Care		2,108	7,492	8,662	9,625
Health support to schools		0	301	603	603
Housing		1,313	2,362	2,589	2,737
Total growth/cost pressures		8,011	17,242	18,534	18,829
Budget Requirement		165,441	181,287	188,301	201,968
2018/19 Council Tax Income		-150,607	-150,607	-150,607	-150,607
Increase in council tax (assume 2.99% per annum in 2019/20 and 1.99% thereafter) *		-4,503	-7,650	-10,859	-14,132
Impact of Adult Social Care Precept (assume 2% per annum) *		-3,012	-3,012	-3,012	-3,012
Budget Gap before use of Estimated collection fund surplus		7,319	20,018	23,823	34,217
Projection of future years collection fund surplus			-4,000	-3,000	-2,000
Council tax Collection Fund Surplus 2017/18		-6,800	0	0	0
Future estimated collection fund surplus		-6,800	-4,000	-3,000	-2,000
Revised Budget Gap after allowing for growth/cost pressures and draft savings identified		519	16,018	20,823	32,217

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

The 2019/20 Budget includes income from investment properties and treasury management of £15.4m per annum

SUMMARY OF DRAFT 2018/19 REVENUE BUDGET - PORTFOLIO

2018/19 Final Budget £'000	Portfolio/Item	2019/20 Draft Budget £'000
82,550	Education	81,090
Cr 76,771	Less costs funded through Dedicated Schools Grant	Cr 74,458
5,779	Sub total	6,632
34,489	Childrens Social Care	37,037
72,739	Adult Care and Health	69,423
30,546	Environment & Community Services Portfolio	31,598
2,424	Public Protection and Enforcement	2,414
8,499	Renewal, Recreation and Housing	15,761
32,916	Resources, Commissioning & Contracts Management	31,517
3,907	Non Distributed Costs & Corporate & Democratic Core	3,986
191,299	Total Controllable Budgets	198,368
12,056	Total Non Controllable Budgets	11,768
Cr 759	Total Excluded Recharges	Cr 759
202,596	Portfolio Total	209,377
Cr 10,646	Reversal of Net Capital Charges	Cr 10,265
Cr 3,491	Interest on General Fund Balances	Cr 3,291
Cr 2,256	New Homes Bonus - Support for Revenue Budget	-
2,210	Utilisation of Prior Year Collection Fund Surplus/Set Aside	-
14,278	Central Contingency Sum	12,904
	Levies	
455	- London Pension Fund Authority *	474
248	- London Boroughs Grants Committee	249
245	- Environment Agency *	256
314	- Lee Valley Regional Park *	327
203,953	Sub Total	210,031
Cr 41,960	Business Rate Retention	Cr 39,810
-	Business Rate Levy	Cr 600
Cr 7,852	Collection Fund Surplus	Cr 6,800
Cr 3,534	New Homes Bonus	Cr 2,530
150,607	Bromley's Requirement (excluding GLA)	160,291

* Final allocations awaited

DRAFT REVENUE BUDGET 2019/20

	Education, Children & Families	Adult Care & Health	Environment & Community Services	Public Protection and Safety	Renewal, Recreation & Housing	Resources, Commissioning & Contracts Management	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	28,856	16,371	6,630	2,427	8,476	14,691	77,451
Premises	863	293	6,302	44	493	3,743	11,738
Transport	5,340	219	237	49	60	27	5,932
Supplies and Services	34,403	2,829	7,083	201	1,864	6,443	52,823
Third Party Payments	59,284	105,565	32,410	1,102	24,660	15,765	238,786
Transfer Payments	4,546	6,312	-	-	105,965	11,495	128,318
Income	Cr 87,862	Cr 65,000	Cr 19,475	Cr 713	Cr 125,572	Cr 16,150	Cr 314,772
Controllable Recharges	Cr 1,761	2,834	Cr 1,589	Cr 696	Cr 185	Cr 687	Cr 2,084
Capital	-	-	-	-	-	176	176
Total Controllable Budgets	43,669	69,423	31,598	2,414	15,761	35,503	198,368
Charges/Financing	1,359	905	4,786	8	217	2,990	10,265
Repairs, Maintenance & Insurance	423	297	1,835	5	365	Cr 1,422	1,503
Property Rental Income	Cr 27	Cr 174	Cr 376	-	Cr 861	1,438	0
Not Directly Controllable Budgets	1,755	1,028	6,245	13	Cr 279	3,006	11,768
Recharges In	11,559	17,358	7,351	1,866	7,748	17,886	63,768
Total Cost of Service	56,983	87,809	45,194	4,293	23,230	56,395	273,904
Recharges Out	Cr 2,730	Cr 14,271	Cr 4,435	Cr 1,266	Cr 1,878	Cr 39,947	Cr 64,527
Total Net Budget	54,253	73,538	40,759	3,027	21,352	16,448	209,377

Appendix 7C

2019/20 CENTRAL CONTINGENCY SUM

£'000

Renewal and Recreation

Planning appeals - changes in legislation 60

Grants included within Central Contingency Sum

Tackling Troubled Families Grant Expenditure 235

Tackling Troubled Families Grant Income Cr 235

Adult Social Care Expenditure 500

General

Provision for Unallocated Inflation 4,496

General provision for risk/uncertainty 2,219

Provision for risk/uncertainty relating to volume and cost pressure 2,182

Increase in Cost of homelessness/impact of welfare reforms 1,825

Impact of Chancellor's Summer Budget 2015 on future costs 1,158

Universal credit roll out - impact on claimant fault overpayment recoveries 750

Additional SEN funding 750

Growth for waste services 587

Further reduction to government funding 500

Retained Welfare Fund 450

Deprivation of Liberty 118

Other Variations 109

Savings to be allocated - review of staffing Cr 600

Continuation of London Business Rate Pool Cr 2,200

12,904

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

Education, Children and Families**DRAFT REVENUE BUDGET 2019/20 - SUMMARY**

2017/18 Actual	Service Area	2018/19 Budget	Increased costs	Other Changes	2019/20 Draft Budget
£		£	£	£	£
	Childrens Social Care				
1,248,022	Bromley Youth Support Programme	1,478,940	31,550	0	1,510,490
5,106,577	CLA and Care Leavers	5,066,310	106,060	207,800	5,380,170
660,128	Early Intervention and Family Support	1,092,830	60,380	Cr 25,820	1,127,390
13,036,503	Fostering, Adoption and Resources	13,637,820	293,450	2,774,660	16,705,930
3,163,184	Referral and Assessment Service	2,909,180	70,230	5,270	2,984,680
2,228,279	Safeguarding and Care Planning East	2,159,130	61,560	8,680	2,229,370
3,878,515	Safeguarding and Care Planning West	3,809,620	94,420	Cr 17,680	3,886,360
4,290,231	Safeguarding and Quality Improvement	4,338,760	50,450	Cr 1,177,060	3,212,150
33,611,439		34,492,590	768,100	1,775,850	37,036,540
	Education Division				
184,659	Access and Inclusion	165,000	6,170	319,690	490,860
Cr 360,241	Adult Education Centres	Cr 525,000	Cr 22,620	130,000	Cr 417,620
102,042	Other Strategic Functions	1,038,380	20,620	506,660	1,565,660
417,578	Schools & Early Years Commissioning and QA	523,840	12,210	122,660	658,710
5,583,057	SEN and Inclusion	5,819,540	121,140	318,590	6,259,270
95,395	Strategic Place Planning	96,160	3,720	0	99,880
6,054	Workforce Development & Governor Services	5,460	1,350	0	6,810
Cr 166,519	Education Services Grant	0	0	0	0
0	Early Years	0	0	0	0
Cr 1,316,676	Schools Budgets	Cr 1,308,990	0	Cr 722,420	Cr 2,031,410
5,121	Primary Schools	Cr 11,660	330	11,330	0
0	Secondary Schools	0	0	0	0
0	Special Schools & Alternative Provision	Cr 27,280	410	26,870	0
4,550,471		5,775,450	143,330	713,380	6,632,160
38,161,910		40,268,040	911,430	2,489,230	43,668,700
3,256,536	TOTAL NON CONTROLLABLE	2,006,250	7,080	Cr 257,680	1,755,650
7,308,448	TOTAL EXCLUDED RECHARGES	8,047,370	0	781,340	8,828,710
48,726,895	PORTFOLIO TOTAL	50,321,660	918,510	3,012,890	54,253,060

EDUCATION CHILDREN AND FAMILIES PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		£'000	VARIATION IN 2019/20 £'000	ORIGINAL BUDGET 2018/19 £'000
1	2018/19 BUDGET		50,322	
2	Increased Costs		919	
	Movement Between Portfolios / Departments / Divisions			
3	MOPAC Domestic Abuse Project - Transferred to CSC from Strategy	194		194
	MOPAC expenditure recharged to MOPAC grant	Cr 194		Cr 194
4	Increase in Ex-CFA Clients Costs	29		1,448
5	Step Up to Social Work	20		Cr 20
	Step up to Social Work - recharge	Cr 20		20
6	MOPAC Domestic Abuse Project - Increased Funding	12		194
	MOPAC expenditure recharged to MOPAC grant	Cr 12		Cr 194
	Contribution to a Customer Relations Officer post in ECHS Strategy			
7	Division	Cr 14		0
			15	
	Real Changes			
8	SEN Placements	2,217		13,296
	Funding for 2018/19 Childrens Social Care full year effect (net of			
9	savings)	2,100		16,186
10	Childrens Social Care Staffing - Investment fall out	750		750
	Childrens Social Care Staffing - Investment fall out - offsetting			
	funding	Cr 750		Cr 750
11	Childrens Social Care Placements Growth	649		12,129
12	Childrens Social Care Recruitment & Retention	420		0
	Childrens Social Care Recruitment & Retention - offsetting funding	Cr 420		0
13	UASC Growth	400		544
14	Central Services School Block Shortfall	250		0
15	Alternative Provision	250		0
16	SEN Transport	205		4,673
17	Adult Education	130		Cr 525
18	Access & Inclusion	120		0
19	Childrens Social Care Post OFSTED investment reduction	Cr 250		250
20	Reduction in EHCP Growth	Cr 731		13,296
21	Additional High Needs Block Funding from the DSG	Cr 1,750		0
22	CSC Support Grant	Cr 1,116		0
			2,474	
23	Variations in Capital Charges	Cr	252	
24	Variations in Excluded Recharges		781	
25	Variations in Building Maintenance		6	
26	Variations in Insurances		8	
27	Variations in Rent Income	Cr	20	
	2019/20 DRAFT BUDGET		<u>54,253</u>	

EDUCATION CHILDREN AND FAMILIES PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

2 Increased Costs (Dr £919k)

Inflation of £919k has been allocated to budgets for 2019/20. An estimated rate of 2% has been applied to staffing budgets with 2% applied to all other budgets.

Movement Between Portfolios / Departments / Divisions

3 MOPAC Domestic Abuse Project - Transferred to CSC from Strategy (Cr £194k / Dr £194k)

As part of the evaluation and restructure process the MOPAC funded Domestic Abuse Project Team was transferred from Strategy to Childrens Social Care. This project is funded through MOPAC grant allocation.

4 Increase in Ex-ESFA Clients Costs (Dr £29k)

There is an increase in the costs of the Ex-ESFA clients of £29k in Adult Social Care for 2019/20.

5 Step Up to Social Work (Dr £20k / Cr £20k)

The Step up to Social Work Grant which funds the Workforce Development Projects Lead within the Strategy Division has ceased. The grant for 2019/20 has been applied for. The post and budget will be reinstated in year when the grant allocation is approved.

6 MOPAC Domestic Abuse Project (Dr £12k / Cr £12k)

Funding from MOPAC has increased for 2019/20, with the amount allocated to Childrens increasing by £12k.

7 Contribution to new strategy post (Cr £14k)

As part of an evaluation and restructure of the ECHS Strategy, Performance and Engagement Division during 2018/19 a virement was actioned to top-slice the budgets of the other divisions within ECHS to fund the creation of a Customer Relations Officer post. The full year contribution is £7k.

Real Changes

8 SEN Placements (Dr £2,217k)

Extra funding is needed to support the increase of costs and numbers of children with Special Education Needs needing to be placed in Bromley Schools and Academies, Out of Borough and Independent settings.

9 Funding for 2018/19 full year effect (net of savings) (Dr £2,100k)

The full year effect of 2018/19 pressures on Childrens Social Care is £3,000k. This has been reduced by offsetting savings of £400k from various areas within the division, as well as additional funding from Bromley CCG towards placements.

10 Staffing - Investment fall out (Dr £750k / Cr £750k)

As part of the investment in the service post Ofsted, a two year allocation for additional staffing was made in 2017/18. This funding ceases in the current financial year, therefore offsetting savings need to be made, mainly around the provision of agency/temporary staff.

11 Placements Growth (Dr £649k)

In addition to the funding of the full year effect (note 9 above), additional growth pressures identified within the placements budget over the next few years has been included in the budget.

12 Childrens Social Care Recruitment & Retention (Dr £420k / Cr £420k)

In order to recruit and retain experienced children's social workers and avoid reliance on expensive agency staff, the Council implemented a Recruitment & Retention scheme within the service. This was previously funded from reserves, however for 2019/20 onwards this funding needs to come from within the Division.

13 UASC Growth (Dr £400k)

As part of the London Rota, Bromley's share of UASC is expected to increase in the coming year, leading to an increase in costs.

14 Central Services School Block Shortfall (Dr £250k)

Funding is required to support the Central School Services Block budget as the costs for this block are more than the allocation provided in the Dedicated Schools Grant (DSG). The Central DSG is predicted to decrease year on year. This has previously been funded by DSG carried forward into the following financial year .

15 Alternative Provision (Dr £250k)

The service has identified the need for additional funding to help prevent children at risk of exclusion from school from being excluded and to provide these children with other services that better meet their needs.

- 16 SEN Transport (Dr £205k)
Additional funding is required to support the increase in numbers pupils requiring and the costs of the SEN Transport Service.
- 17 Adult Education (Dr £130k)
The grant that funds the service has changed some of its conditions, resulting in a loss of grant and fee income. There is also the need to support the leaders of the service in maintaining the quality of mentoring of teachers and learning in the classroom.
- 18 Access & Inclusion (Dr £120k)
Additional funding is required to support the creation of two new managers posts. This will provide better leadership and support in the service. This will result in the service being better able to provide a service that meets the children's needs.
- 19 Post Ofsted investment reduction (Cr £250k)
The staffing structure is to be reorganised to reflect ongoing needs now that the additional work that has been undertaken as a result of the Ofsted inspection is completed.
- 20 Reduction in EHCP Growth (Cr £731k)
The service has a number of different offers that are planned to be introduced that will help mitigate the ongoing increase in the number of EHCP's being requested and agreed. This will avoid more expensive independent placements and encourage in borough provision within existing schools. This will help mitigate the growth of the SEN Placements costs.
- 21 Additional High Needs Block Funding from the DSG (Cr £1,750k)
Extra grant funding in the High Needs Block element of the DSG that is being used to support the growing cost of children with EHCP's and services to support them.
- 22 CSC Support Grant (Cr £1,116k)
As part of the governments Budget 2018, an additional £2,033k was allocated to Bromley for both Adults and Children's Social Care. Of this amount £1,116k was allocated to Children's Social Care to offset growth included in the 2019/20 budget.

Variations in Capital Charges, Recharges & Rent Income

- 23 Variations in Capital Charges (Cr £252k)
The variation in capital charges is due to a combination of the following:
 - (i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19;
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 24 Variations in Recharges (Dr £781k)
Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position.
- 25 Variations in Building Maintenance (Dr £6k)
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.
- 26 Variations in Insurances (Dr £8k)
Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.
- 27 Variations in Rent Income (Cr £20k)
This relates to the reallocation of rental income budgets across departments / portfolios. There are corresponding adjustments in other portfolios in order to ensure that there is no material net variance.

Education, Children and Families
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£			£
Childrens Social Care										
Bromley Youth Support Programme	1,830,950	137,440	32,310	150,450	65,850	0	Cr 595,580	Cr 110,930	0	1,510,490
CLA and Care Leavers	2,821,170	0	31,400	328,440	650,420	3,928,570	Cr 1,938,840	Cr 440,990	0	5,380,170
Early Intervention and Family Support	2,386,370	263,460	26,180	335,400	217,610	0	Cr 104,730	Cr 1,996,900	0	1,127,390
Fostering, Adoption and Resources	2,006,060	0	8,430	236,450	16,538,630	26,330	Cr 1,249,340	Cr 860,630	0	16,705,930
Referral and Assessment Service	3,098,560	0	6,020	430,180	7,820	43,890	0	Cr 601,790	0	2,984,680
Safeguarding and Care Planning East	2,079,200	0	7,610	266,610	755,990	33,920	0	Cr 913,960	0	2,229,370
Safeguarding and Care Planning West	2,599,420	0	17,650	18,780	1,654,250	512,600	0	Cr 916,340	0	3,886,360
Safeguarding and Quality Improvement	2,000,510	0	9,800	181,560	51,670	0	Cr 1,215,640	2,184,250	0	3,212,150
	18,822,240	400,900	139,400	1,947,870	19,942,240	4,545,310	Cr 5,104,130	Cr 3,657,290	0	37,036,540
Education Division										
Access and Inclusion	1,919,220	0	84,840	461,290	457,160	0	Cr 254,080	Cr 2,177,570	0	490,860
Adult Education Centres	1,160,040	154,860	1,360	431,330	0	1,100	Cr 2,158,640	Cr 7,670	0	Cr 417,620
Other Strategic Functions	257,510	0	820	81,570	1,851,710	0	Cr 114,890	Cr 511,060	0	1,565,660
Schools & Early Years Commissioning and QA	1,535,210	74,630	5,920	287,310	20,257,060	0	Cr 709,620	Cr 20,791,800	0	658,710
SEN and Inclusion	4,902,500	217,440	5,106,980	290,670	16,757,550	0	Cr 522,280	Cr 20,493,590	0	6,259,270
Strategic Place Planning	230,400	0	0	0	0	0	0	Cr 130,520	0	99,880
Workforce Development & Governor Services	28,610	15,350	470	37,930	18,300	0	Cr 40,820	Cr 53,030	0	6,810
Education Services Grant	0	0	0	0	0	0	0	0	0	0
Early Years	0	0	0	0	0	0	0	0	0	0
Schools Budgets	0	0	0	229,000	0	0	Cr 75,712,490	73,452,080	0	Cr 2,031,410
Primary Schools	0	0	0	11,452,950	0	0	Cr 342,910	Cr 11,110,040	0	0
Secondary Schools	0	0	0	5,149,140	0	0	Cr 2,179,030	Cr 2,970,110	0	0
Special Schools & Alternative Provision	0	0	0	14,033,810	0	0	Cr 723,580	Cr 13,310,230	0	0
	10,033,490	462,280	5,200,390	32,455,000	39,341,780	1,100	Cr 82,758,340	1,896,460	0	6,632,160
	28,855,730	863,180	5,339,790	34,402,870	59,284,020	4,546,410	Cr 87,862,470	Cr 1,760,830	0	43,668,700

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£				£	£	£	£
Childrens Social Care								
Bromley Youth Support Programme	126,000	64,530 Cr	20,750	169,780	567,910	2,248,180	Cr 65,760	2,182,420
CLA and Care Leavers	0	6,660	0	6,660	610,060	5,996,890	0	5,996,890
Early Intervention and Family Support	112,000	19,120	0	131,120	389,440	1,647,950	Cr 15,440	1,632,510
Fostering, Adoption and Resources	0	4,040	0	4,040	2,077,510	18,787,480	0	18,787,480
Referral and Assessment Service	0	6,360	0	6,360	647,050	3,638,090	Cr 56,460	3,581,630
Safeguarding and Care Planning East	0	4,190	0	4,190	385,270	2,618,830	0	2,618,830
Safeguarding and Care Planning West	0	41,140 Cr	6,690	34,450	601,850	4,522,660	0	4,522,660
Safeguarding and Quality Improvement	0	2,930	0	2,930	1,024,930	4,240,010	0	4,240,010
	238,000	148,970 Cr	27,440	359,530	6,304,020	43,700,090	Cr 137,660	43,562,430
Education Division								
Access and Inclusion	0	4,010	0	4,010	560,710	1,055,580	Cr 524,180	531,400
Adult Education Centres	143,000	63,990	0	206,990	352,390	141,760	Cr 2,970	138,790
Other Strategic Functions	0	10,460	0	10,460	568,090	2,144,210	Cr 588,020	1,556,190
Schools & Early Years Commissioning and QA	0	31,820	0	31,820	389,360	1,079,890	Cr 96,420	983,470
SEN and Inclusion	0	12,980	0	12,980	1,353,260	7,625,510	Cr 527,400	7,098,110
Strategic Place Planning	0	400	0	400	43,280	143,560	Cr 34,220	109,340
Workforce Development & Governor Services	0	0	0	0	22,120	28,930	Cr 10,220	18,710
Education Services Grant	0	0	0	0	0	0	0	0
Early Years	0	0	0	0	45,370	45,370	Cr 45,370	0
Schools Budgets	0	0	0	0	1,243,200	Cr 788,210	0	Cr 788,210
Primary Schools	495,000	137,970	0	632,970	3,540	636,510	Cr 76,830	559,680
Secondary Schools	2,000	4,010	0	6,010	1,020	7,030	Cr 5,030	2,000
Special Schools & Alternative Provision	481,000	9,480	0	490,480	672,350	1,162,830	Cr 681,680	481,150
	1,121,000	275,120	0	1,396,120	5,254,690	13,282,970	Cr 2,592,340	10,690,630
	1,359,000	424,090 Cr	27,440	1,755,650	11,558,710	56,983,060	Cr 2,730,000	54,253,060

Adult Care and Health**DRAFT REVENUE BUDGET 2019/20 - SUMMARY**

2017/18 Actual	Service Area	2018/19 Budget	Increased costs	Other Changes	2019/20 Draft Budget
£		£	£	£	£
	Adult Social Care				
21,891,457	Assessment and Care Management	23,546,490	727,850	Cr 1,048,700	23,225,640
0	Carers	Cr 84,700	7,500	84,700	7,500
406,693	Direct Services	144,250	23,630	0	167,880
32,069,825	Learning Disabilities Services	33,551,140	724,770	431,050	34,706,960
6,017,955	Mental Health Services	6,272,410	123,500	375,400	6,771,310
0	Quality Assurance & Safeguarding	0	4,150	208,210	212,360
60,385,930		63,429,590	1,611,400	50,660	65,091,650
	Programmes Division				
Cr 138,700	Better Care Fund	Cr 92,230	Cr 286,840	286,840	Cr 92,230
0	Improved Better Care Fund	Cr 873,000	0	373,000	Cr 500,000
0	Information & Early Intervention	84,700	62,140	Cr 146,840	0
1,638,895	Programmes Team	1,986,430	53,090	474,330	2,513,850
1,500,195		1,105,900	Cr 171,610	987,330	1,921,620
7,340	Public Health	54,540	0	Cr 200,000	Cr 145,460
	Strategic and Business Support Service				
299,669	Learning & Development	293,840	7,800	0	301,640
1,961,734	Strategy, Performance and Engagement	2,382,690	44,080	Cr 173,210	2,253,560
2,261,403		2,676,530	51,880	Cr 173,210	2,555,200
64,154,868		67,266,560	1,491,670	664,780	69,423,010
1,418,951	TOTAL NON CONTROLLABLE	221,100	2,190	804,500	1,027,790
2,363,514	TOTAL EXCLUDED RECHARGES	2,624,940	0	462,650	3,087,590
67,937,333	PORTFOLIO TOTAL	70,112,600	1,493,860	1,931,930	73,538,390

ADULT CARE AND HEALTH PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		VARIATION IN 2019/20 £'000	ORIGINAL BUDGET 2018/19 £'000
1	2018/19 BUDGET	70,113	
2	Increased Costs	1,494	
	Movements Between Portfolios/Departments		
3	Transfer of Contract Monitoring & Compliance team from Resources, Commissioning & Contracts Management Portfolio	439	
4	Office Accommodation budget transferred from Resources, Commissioning & Contracts Management Portfolio	80	
5	Transfer of Contracts Administrator post from Resources, Commissioning & Contracts Management Portfolio	29	
6	Contribution to ECHS Strategy Customer Relations Officer post from Education, Children & Families Portfolio	21	
7	Funding for Workforce Development Projects Lead from Education, Children & Families Portfolio	Cr 20	
	Fall out of Step up to Social Work Grant	20	
8	MOPAC Grant transferred to Education, Children & Families Portfolio	Cr 194	
	MOPAC Expenditure transferred to Education, Children & Families Portfolio	194	
		569	
	Real Changes		
	<i>Other Real Changes:</i>		
9	Improved Better Care Fund - phased fall out of non-recurring grant	1,686	Cr 3,363
10	National Living Wage	1,500	1,966
11	2018/19 Learning Disabilities full year effect	1,275	39,824
12	2018/19 Assessment & Care Management full year effect	925	
13	Learning Disabilities Growth	847	33,551
14	Community Deprivation of Liberty Safeguards	758	
15	Adult Social Care Recruitment and Retention	750	
16	Reduction in Public Health Grant	388	14,708
17	2018/19 Mental Health full year effect	323	
18	Memory & Cognition Growth	210	
19	Learning Disabilities ex-ESFA recharge to DSG	Cr 29	
20	Contract efficiencies	Cr 48	
21	Improved Better Care Fund - reduction in spend	Cr 100	
22	Controlling Memory & Cognition	Cr 210	
23	Learning Disabilities Attrition	Cr 230	
24	2018/19 Learning Disabilities Invest to Save savings	Cr 268	
25	Savings from Reablement	Cr 400	
26	Public Health Savings	Cr 388	
27	Savings from Discharge to Assess	Cr 419	
28	Adult Social Care Support Grant	Cr 918	
29	Winter Pressures Grant	Cr 1,190	
30	Improved Better Care Fund - carry forward from 2018/19	Cr 1,566	
31	Improved Better Care Fund - increase in recurring grant	Cr 2,600	Cr 2,000
	<i>New Savings Identified for 2019/20 (subject to approval)</i>		
32	Sexual Health Savings	Cr 200	3,454

33	Variations in Capital Charges	779
34	Variations in Recharges	462
35	Variations in Building Maintenance	2
36	Variations in Insurances	2
37	Variations in Rent Income	21
38	2019/20 DRAFT BUDGET	<u>73,538</u>

ADULT CARE AND HEALTH PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

2 Increased Costs (Dr £1,494k)

Inflation of £1,494k has been allocated to budgets for 2019/20. An estimated rate of 2% has been applied to all budgets.

Movements Between Portfolios/Departments

3 Transfer of Contract Monitoring & Compliance team from Resources, Commissioning & Contracts Management Portfolio (Dr £439k)

During 2018/19 the Contract Monitoring & Compliance Team returned to ECHS Programmes Division from Resources, Commissioning & Contracts Management Portfolio.

4 Office Accommodation budget transferred from Resources, Commissioning & Contracts Management Portfolio (Dr £80k)

The Community Learning Disability Team is now based at Queen Mary's Hospital following their move from Yeoman House. Funding to cover office accommodation costs has been transferred from Resources, Commissioning & Contracts Management Portfolio.

5 Transfer of Contracts Administrator post from Resources, Commissioning & Contracts Management Portfolio (Dr £29k)

In addition to the transfer of the Contract Monitoring & Compliance Team (ref 3), a Contracts Administrator post was also transferred to ECHS Programmes Division from Resources, Commissioning & Contracts Management Portfolio during 2018/19.

6 Contribution to ECHS Strategy Customer Relations Officer post from Education, Children & Families Portfolio (Dr £21k)

As part of an evaluation and restructure of the ECHS Strategy, Performance and Engagement Division during 2018/19 a virement was actioned to transfer budgets from the other divisions within ECHS to fund the creation of a Customer Relations Officer post. The full year contribution from Education, Children & Families Portfolio is £21k.

7 Fall out of Grant for Workforce Development Projects Lead (Dr £20k / Cr £20k)

The Step up to Social Work Grant which funds the Workforce Development Projects Lead has ceased. The post and budget will be reinstated in year if the grant application for 2019/20 is approved.

8 MOPAC Domestic Abuse Project - Transferred to Education, Children & Families Portfolio (Dr £194k / Cr £194k)

As part of the Evaluation and Restructure Process the MOPAC funded Domestic Abuse Project Team was transferred from Strategy, Performance and Engagement to Children's Social Care. This project is funded through the MOPAC grant allocation.

Real Changes

9 Improved Better Care Fund - phased fall out of non-recurring grant (Dr £1,686k)

The non-recurrent Improved Better Care Fund Grant was announced in the 2017 Spring Budget. The Grant reduces from £3,363k in 2018/19 to £1,677k in 2019/20.

10 National Living Wage (Dr £1,500k)

Additional budget has been included for the expected effects of the National Living Wage, which will increase from £7.83 per hour to £8.21 (4.9%) from April 2019.

- 11 2018/19 Learning Disabilities full year effect (Dr £1,275k)
The full year effect of 2018/19 pressures on Learning Disabilities is £1,275k. This is partly offset by the full year effect of anticipated Learning Disabilities savings of £268k (ref 24). This has been funded in the 2019/20 budget, partly by the use of Improved Better Care Fund Grant.
- 12 2018/19 Assessment & Care Management full year effect (Dr £925k)
The full year effect of 2018/19 pressures on Physical Support, Sensory Support and Memory & Cognition services is £925k.
- 13 Learning Disabilities Growth (Dr £847k)
There are demand-related pressures on the Learning Disabilities budget arising mainly from transition clients and increased client needs. £847k, has been allocated to fund Learning Disabilities growth pressures in 2019/20. This is partly offset by assumptions around attrition (ref 23).
- 14 Community Deprivation of Liberty Safeguards (DOLs) (Dr £758k)
The Council is required by law to undertake community DoL assessments. The current system is inadequate in terms of capturing and processing these as there is no dedicated resource, and people are waiting over a year to be assessed. A significant investment is therefore required in order to ensure compliance with the law.
- 15 Adult Social Care Recruitment and Retention (Dr £750k)
An amount of £750k is required to fund the Adult Social Care recruitment and retention scheme. The intention of the scheme is to improve recruitment and retention of professional staff and mitigate risks associated with vacant posts, over-reliance on locum staff and high levels of staff turnover.
- 16 Reduction in Public Health Grant (Dr £388k)
When the Public Health grant was announced in December 2017, there were also indications that the grant would further reduce in 2019/20 and based on that a reduction of £410k has been assumed. This will be mitigated by savings to be identified (ref 26).
- 17 2018/19 Mental Health full year effect (Dr £323k)
The full year effect of 2018/19 pressures on Mental Health is £323k. This has been funded in the 2019/20 budget, partly by the use of Improved Better Care Fund Grant.
- 18 Memory & Cognition Growth (Dr £210k)
Services for people with memory & cognition issues has been identified as an area of pressure for the department with additional costs of £210k anticipated in 2019/20.
- 19 Learning Disabilities ex-ESFA recharge to DSG (Cr £29k)
There is an increase in the costs of ex-ESFA clients with Learning Disabilities in Adult Social Care in 2019/20. This cost is recharged to the DSG (ref 34).
- 20 Contract efficiencies (Cr £48k)
Savings of £48k will be achieved in 2019/20 from contract efficiencies within Learning Disabilities.
- 21 Improved Better Care Fund - reduction in spend (Cr £100k)
In line with the report to the Executive on 10/10/17 regarding spending plans for the non-recurrent IBCF Grant, spend on housing initiatives falls out in 2019/20.
- 22 Controlling Memory & Cognition (Cr £210k)
It is expected that reductions in memory & cognition services can be found to mitigate the cost pressure of £210k (ref 18), resulting in a nil overall increase in the budget.

- 23 Learning Disabilities Attrition (Cr £230k)
The growth pressure of £847k on the Learning Disabilities budget (ref 13) from known and anticipated transitions and package increases is likely to be offset in part by reductions or cessations to existing packages.
- 24 2018/19 Learning Disabilities Invest to Save savings (Cr £268k)
The full year effect of anticipated savings made during 2018/19 from the Learning Disabilities Invest to Save scheme is £268k.
- 25 Savings from Reablement (Cr £400k)
Savings on care packages (mainly Domiciliary Care) following reablement packages can be achieved by increasing capacity of the team, within the existing budget, and therefore increasing the number of clients being successfully reabled.
- 26 Public Health Savings (Cr £388k)
Savings to be found to offset the reduction in Public Health grant (ref 16).
- 27 Savings from Discharge to Assess (D2A) (Cr £419k)
Full year savings on Domiciliary and Residential Care packages are expected to be £419k, net of the costs of the D2A packages and team.
- 28 Adult Social Care Support Grant (Cr £918k)
As part of the government's Budget 2018, an additional £2,033k was allocated to Bromley for both Adults and Children's Social Care. Of this amount, £918k has been allocated to Adults Social Care to offset growth included in the 2019/20 budget.
- 29 Winter Pressures Grant (Cr £1,190k)
The Ministry of Housing, Communities and Local Government has allocated funding to local authorities to support the local health and social care system help manage winter demand pressures on the NHS. Bromley's 2019/20 allocation of Winter Pressures Grant is £1,190k. For 2019/20 it is required that this funding is pooled into the Better Care Fund via the IBCF.
- 30 Improved Better Care Fund - carry forward from 2018/19 (Cr £1,566k)
It is anticipated that there will be an underspend of £1,566k on IBCF schemes in 2018/19 and it is intended to seek approval to carry this funding forward to 2019/20 to contribute to a combination of Adult Social Care 2018/19 full year effect pressures, Adult Social Care 2019/20 growth pressures and the phased fall out of non-recurrent IBCF Grant.
- 31 Improved Better Care Fund - increase in recurring grant (Cr £2,600k)
The recurrent IBCF Grant increases to £4.6m for 2019/20. The increase has been used to part fund a combination of Adult Social Care 2018/19 full year effect pressures, Adult Social Care 2019/20 growth pressures and the phased fall out of non-recurrent IBCF Grant in 2019/20 (see ref 9).
- 32 Sexual Health Savings (Cr £200k)
Reduction in Open Access STI Testing and Treatment in Sexual Health Clinics.
- 33 Variations in Capital Charges (Dr £779k)
The variation in capital charges is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19;
(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 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.

34 Variations in Recharges (Dr £462k)

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

35/36 Variations in Building Maintenance and Insurances (Dr £4k)

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.

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.

37 Variations in Rent Income (Dr £21k)

This relates to the reallocation of rental income budgets across departments / portfolios. There are corresponding adjustments in other portfolios in order to ensure that there is no material net variance.

Adult Care & Health
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Adult Social Care										
Assessment and Care Management	7,273,240	188,130	39,060	2,733,630	39,602,930	3,299,230	Cr 13,707,440	Cr 16,203,140	0	23,225,640
Carers	0	0	0	0	383,660	0	0	Cr 376,160	0	7,500
Direct Services	1,493,740	100	70,330	88,620	41,000	0	Cr 484,470	Cr 1,041,440	0	167,880
Learning Disabilities Services	1,048,520	104,280	93,910	820	38,805,250	2,908,750	Cr 4,296,230	Cr 3,958,340	0	34,706,960
Mental Health Services	156,000	0	0	0	7,248,890	98,410	Cr 724,320	Cr 7,670	0	6,771,310
Quality Assurance & Safeguarding	212,170	0	0	190	0	0	0	0	0	212,360
	10,183,670	292,510	203,300	2,823,260	86,081,730	6,306,390	Cr 19,212,460	Cr 21,586,750	0	65,091,650
Programmes Division										
Better Care Fund	0	0	0	0	6,458,140	0	Cr 21,085,440	14,535,070	0	Cr 92,230
Improved Better Care Fund	0	0	0	205,000	0	0	Cr 9,046,840	8,341,840	0	Cr 500,000
Information & Early Intervention	0	0	0	0	3,586,430	0	Cr 415,710	Cr 3,170,720	0	0
Programmes Team	2,482,220	0	7,120	11,120	233,010	5,980	Cr 35,170	Cr 190,430	0	2,513,850
	2,482,220	0	7,120	216,120	10,277,580	5,980	Cr 30,583,160	19,515,760	0	1,921,620
Public Health										
Public Health	1,326,890	0	4,500	Cr 514,000	9,013,370	0	Cr 15,012,000	5,035,780	0	Cr 145,460
	1,326,890	0	4,500	Cr 514,000	9,013,370	0	Cr 15,012,000	5,035,780	0	Cr 145,460
Strategic and Business Support Service										
Learning & Development	458,920	0	0	29,330	0	0	Cr 77,800	Cr 108,810	0	301,640
Strategy, Performance and Engagement	1,919,060	0	3,910	274,550	192,670	0	Cr 114,160	Cr 22,470	0	2,253,560
	2,377,980	0	3,910	303,880	192,670	0	Cr 191,960	Cr 131,280	0	2,555,200
	16,370,760	292,510	218,830	2,829,260	105,565,350	6,312,370	Cr 64,999,580	2,833,510	0	69,423,010

Service area	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	472,000	161,060	Cr 147,300	485,760	6,475,340	30,186,740	Cr 3,519,120	26,667,620
Carers	0	0	0	0	84,700	92,200	Cr 84,700	7,500
Direct Services	0	5,050	0	5,050	0	172,930	Cr 76,490	96,440
Learning Disabilities Services	99,000	93,360	0	192,360	4,002,560	38,901,880	Cr 4,839,210	34,062,670
Mental Health Services	334,000	25,510	Cr 26,570	332,940	137,570	7,241,820	Cr 1,376,180	5,865,640
Quality Assurance & Safeguarding	0	0	0	0	0	212,360	0	212,360
	905,000	284,980	Cr 173,870	1,016,110	10,700,170	76,807,930	Cr 9,895,700	66,912,230
Programmes Division								
Better Care Fund	0	0	0	0	92,230	0	0	0
Improved Better Care Fund	0	0	0	0	0	Cr 500,000	0	Cr 500,000
Information & Early Intervention	0	0	0	0	150,130	150,130	Cr 150,130	0
Programmes Team	0	5,220	0	5,220	0	2,519,070	Cr 2,513,090	5,980
	0	5,220	0	5,220	242,360	2,169,200	Cr 2,663,220	Cr 494,020
Public Health								
Public Health	0	2,120	0	2,120	435,460	292,120	0	292,120
	0	2,120	0	2,120	435,460	292,120	0	292,120
Strategic and Business Support Service								
Learning & Development	0	560	0	560	0	302,200	Cr 302,200	0
Strategy, Performance and Engagement	0	3,780	0	3,780	5,980,260	8,237,600	Cr 1,409,540	6,828,060
	0	4,340	0	4,340	5,980,260	8,539,800	Cr 1,711,740	6,828,060
	905,000	296,660	Cr 173,870	1,027,790	17,358,250	87,809,050	Cr 14,270,660	73,538,390

ENVIRONMENT COMMUNITY SERVICE PORTFOLIO**DRAFT REVENUE BUDGET 2019/20 - SUMMARY**

2017/18 Actual	Service Area	2018/19 Budget	Increased costs	Other Changes	2019/20 Draft Budget
£		£	£	£	£
	Street Scene & Green Spaces				
5,070,015	Parks and Green Spaces	5,231,570	205,530	Cr 36,000	5,401,100
326,675	Street Regulation	366,680	7,260	0	373,940
Cr 83,550	Business Support and Markets	Cr 15,030	Cr 20	16,110	1,060
16,930,468	Waste Services	18,119,880	542,320	Cr 665,000	17,997,200
4,103,523	Street Environment	4,413,800	146,100	725,430	5,285,330
907,175	Management and Contract Support	1,085,250	23,880	115,140	1,224,270
800,940	Tree Maintenance	748,690	14,940	0	763,630
28,055,246		29,950,840	940,010	155,680	31,046,530
	Transport Operations and Depot Management				
705,897	Transport Operations and Depot Management	700,800	13,950	0	714,750
705,897		700,800	13,950	0	714,750
	Traffic, Parking & Highways				
285,568	Traffic & Road Safety	324,380	7,170	0	331,550
Cr 7,892,942	Parking	Cr 7,118,810	189,680	Cr 300,000	Cr 7,229,130
6,588,342	Highways (Including London Permit Scheme)	6,688,710	131,670	Cr 86,430	6,733,950
Cr 1,019,032		Cr 105,720	328,520	Cr 386,430	Cr 163,630
27,742,111		30,545,920	1,282,480	Cr 230,750	31,597,650
6,599,962	TOTAL NON CONTROLLABLE	6,195,360	28,860	21,020	6,245,240
2,323,347	TOTAL EXCLUDED RECHARGES	2,539,650	0	376,520	2,916,170
36,665,420	PORTFOLIO TOTAL	39,280,930	1,311,340	166,790	40,759,060

ENVIRONMENT COMMUNITY SERVICE PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		VARIATION IN 2019/20 £'000	ORIGINAL BUDGET 2018/19 £'000
1	2018/19 BUDGET	39,281	
2	Increased Costs	1,311	
	Movements Between Portfolios/Departments		
3	Transfer of the Procurement System team	140	140
4	Transfer of resources to the ECS department from RC&CM portfolio	13	13
5	Transfer of a communications post to RC&CM portfolio	Cr 39	Cr 39
6	Transfer of resources for the Mortuary Contract to PPE portfolio	Cr 70	Cr 70
	Real Changes		
	<i>Other Real Changes:</i>		
7	Award of Environment Contract	492	30,358
8	Increase in landfill tax above inflation	60	3,979
9	Increase in refuse/recycling disposal of residual waste	50	10,627
10	Increase in refuse/recycling collection to reflect additional units	42	7,415
11	Increase in refuse/recycling disposal of recyclate waste	32	2,433
12	Absorption of inflation increase for NRSWA income	32	Cr 1,065
13	Award of Highways Maintenance Contract	Cr 173	4,413
14	Waste Disposal tonnage	Cr 240	13,388
15	Parking Bus lane contraventions	Cr 300	Cr 567
	<i>New Savings Identified for 2019/20 (subject to approval)</i>		
16	Reduction of Highways Maintenance expenditure	Cr 170	
17	Variations in Capital Charges	Cr 184	
18	Variations in Recharges	377	
19	Variations in Building Maintenance	57	
20	Variations in Insurances	48	
21	2019/20 DRAFT BUDGET	<u>40,759</u>	

ENVIRONMENT COMMUNITY SERVICE PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

Movements Between Portfolios/Departments

- 3 Transfer of the Procurement System team (Dr £140k)
Following the restructure of the Procurement and Commissioning team in early 2018/19, part of the Procurement System team has returned to the ECS Management and Contract Support Division.
- 4 Transfer of resources to the ECS department from RC&CM portfolio (Dr £13k)
This reflects the transfer of resources for contract monitoring and performance management, from the Chief Executive's division to the ECS Portfolio.
- 5 Transfer of a communications post to RC&CM portfolio (Cr £39k)
This budget adjustment reflects the transfer of the remaining communications post to the RC & CM Portfolio.
- 6 Transfer of resources for the Mortuary Contract to PPE portfolio (Cr £70k)
To mitigate the extra costs expected from the new negotiated contract, resources have been transferred from the Street Lighting energy budget from within the ECS Portfolio.

Real Changes

- 7 Award of Environment Contract (Dr £492k)
This adjustment reflects the additional cost as a result of the award of the new Environment contracts for Waste Disposal, Waste Collection, Street Environment and Parks Management & Grounds Maintenance, as agreed by the Executive on 28 November 2018.
- 8 Increase in landfill tax above inflation (Dr £60k)
This represents the expected cost of the Government increasing the landfill tax above inflation built into the 2019/20 budget.
- 9 Increase in refuse/recycling disposal of residual waste (Dr £50k)
The additional costs for the disposal contract reflect the anticipated increase in tonnage of residual waste generated from new properties for 2019/20.
- 10 Increase in refuse/recycling collection to reflect additional units (Dr £42k)
The 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 2019/20.
- 11 Increase in refuse/recycling disposal of recyclate waste (Dr £32k)
The additional costs for the disposal contract reflect the anticipated increase in tonnage of recyclate waste generated from new properties for 2019/20.
- 12 Absorption of inflation increase for NRSWA income (Dr £32k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As NRSWA fees are statutory, savings have to be found to absorb the inflation rate.
- 13 Award of Highways Maintenance Contract (Cr £173k)
This reflects the financial impact of the award of contract for the Major and Minor Highways Maintenance works as agreed by the Executive on 20 April 2018.
- 14 Waste Disposal tonnage (Cr £240k)

The budget for waste disposal costs has been realigned to reflect the full year effect of the reduction in tonnage during 2017/18 and Executive on 11 July 2018 agreed a sum of £240k was to be returned to the Central Contingency.

15 Parking Bus lane contraventions (Cr £300k)

Executive on 11 July 2018 approved a budget adjustment within the Parking Services for an additional £300k income to reflect the current number of bus lane contraventions, as the drop in the number of contraventions has been far slower than originally estimated.

16 Reduction of Highways Maintenance expenditure (Cr £170k)

Proposed reduction of the Highways Maintenance budget.

17 Variations in Capital Charges (Cr £184k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19.

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 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 £377k)

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

19 Variations in Building Maintenance (Dr £57k)

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 Insurance (Dr £48k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.

ENVIRONMENT COMMUNITY SERVICE PORTFOLIO
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Street Scene & Green Spaces										
Parks and Green Spaces	80,450	3,336,950	4,490	73,080	2,255,250	0	Cr 89,120	Cr 260,000	0	5,401,100
Street Regulation	348,490	0	14,590	10,860	0	0	0	0	0	373,940
Business Support and Markets	325,780	12,410	770	160,040	0	0	Cr 497,940	0	0	1,060
Waste Services	225,220	37,730	18,620	471,790	23,186,370	0	Cr 5,892,430	Cr 50,100	0	17,997,200
Street Environment	194,760	21,220	26,900	112,960	4,937,770	0	Cr 8,280	0	0	5,285,330
Management and Contract Support	1,163,510	0	5,820	54,940	0	0	0	0	0	1,224,270
Tree Maintenance	222,630	102,190	4,970	433,840	0	0	0	0	0	763,630
	2,560,840	3,510,500	76,160	1,317,510	30,379,390	0	Cr 6,487,770	Cr 310,100	0	31,046,530
Transport Operations and Depot Management										
Transport Operations and Depot Management	380,580	263,570	21,580	188,030	0	0	Cr 139,010	0	0	714,750
	380,580	263,570	21,580	188,030	0	0	Cr 139,010	0	0	714,750
Traffic, Parking & Highways										
Traffic & Road Safety	1,599,110	0	15,080	32,410	0	0	Cr 104,020	Cr 1,211,030	0	331,550
Parking	614,990	1,133,690	2,130	561,980	1,977,230	0	Cr 11,563,190	44,040	0	Cr 7,229,130
Highways (Including London Permit Scheme)	1,474,120	1,394,230	122,270	4,983,380	53,310	0	Cr 1,181,840	Cr 111,520	0	6,733,950
	3,688,220	2,527,920	139,480	5,577,770	2,030,540	0	Cr 12,849,050	Cr 1,278,510	0	Cr 163,630
	6,629,640	6,301,990	237,220	7,083,310	32,409,930	0	Cr 19,475,830	Cr 1,588,610	0	31,597,650

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Street Scene & Green Spaces								
Parks and Green Spaces	337,000	694,010	Cr 300,130	730,880	579,790	6,711,770	Cr 777,260	5,934,510
Street Regulation	0	810	0	810	118,550	493,300	Cr 425,330	67,970
Business Support and Markets	0	940	0	940	177,800	179,800	Cr 164,140	15,660
Waste Services	32,000	600	0	32,600	1,454,530	19,484,330	Cr 166,440	19,317,890
Street Environment	39,000	9,340	0	48,340	831,680	6,165,350	Cr 238,960	5,926,390
Management and Contract Support	0	1,160	0	1,160	281,980	1,507,410	Cr 1,222,310	285,100
Tree Maintenance	0	331,160	0	331,160	100,460	1,195,250	Cr 607,240	588,010
	408,000	1,038,020	Cr 300,130	1,145,890	3,544,790	35,737,210	Cr 3,601,680	32,135,530
Transport Operations and Depot Management								
Transport Operations and Depot Management	32,000	196,010	Cr 9,000	219,010	462,750	1,396,510	Cr 1,227,630	168,880
	32,000	196,010	Cr 9,000	219,010	462,750	1,396,510	Cr 1,227,630	168,880
Traffic, Parking & Highways								
Traffic & Road Safety	0	3,970	0	3,970	542,750	878,270	Cr 92,920	785,350
Parking	233,000	27,910	Cr 50,380	210,530	11,120	Cr 7,007,480	671,150	Cr 6,336,330
Highways (Including London Permit Scheme)	4,113,000	569,490	Cr 16,650	4,665,840	2,790,160	14,189,950	Cr 184,320	14,005,630
	4,346,000	601,370	Cr 67,030	4,880,340	3,344,030	8,060,740	393,910	8,454,650
	4,786,000	1,835,400	Cr 376,160	6,245,240	7,351,570	45,194,460	Cr 4,435,400	40,759,060

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO

Appendix 7G

DRAFT REVENUE BUDGET 2019/20 - SUMMARY

2017/18 Actual	Service Area	2018/19 Budget	Increased costs	Other Changes	2019/20 Draft Budget
£		£	£	£	£
	Emergency Planning				
96,597	Emergency Planning	115,370	2,970	35,240	153,580
96,597		115,370	2,970	35,240	153,580
	Public Protection				
138,575	Community Safety	151,150	2,970	0	154,120
446,748	Mortuary & Coroners Service	484,720	11,090	70,000	565,810
1,264,125	Public Protection	1,672,480	48,180	Cr 180,450	1,540,210
1,849,448		2,308,350	62,240	Cr 110,450	2,260,140
1,946,045		2,423,720	65,210	Cr 75,210	2,413,720
250,772	TOTAL NON CONTROLLABLE	10,750	40	2,340	13,130
390,713	TOTAL EXCLUDED RECHARGES	428,380	0	172,000	600,380
2,587,530	PORTFOLIO TOTAL	2,862,850	65,250	99,130	3,027,230

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		VARIATION IN 2019/20 £'000	ORIGINAL BUDGET 2018/19 £'000
1	2018/19 BUDGET	2,863	
2	Increased Costs	65	
	Movements Between Portfolios/Departments		
3	Transfer of resources for the Mortuary Contract from ECS portfolio	70	90
4	Transfer of resources for Emergency Planning from RC&CM portfolio	42	42
5	Transfer of Health & Safety post to HR	Cr 26	26
6	Increase in MOPAC grant funding	24	Cr 293
7	Increase in MOPAC expenditure recharged from ECHS	Cr 12	
8	Increase in MOPAC expenditure within PPE	<u>Cr 12</u>	86
	Real Changes		
	<i>Savings identified for 2019/20 as part of the 2018/19 Budget process</i>		
9	Fallout of short term additional resources for Food Safety and Emergency Planning	<u>Cr 161</u>	Cr 161 280
10	Variations in Capital Charges		1
11	Variations in Recharges		172
12	Variations in Insurances		1
13	2019/20 DRAFT BUDGET	<u><u>3,027</u></u>	

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

Movements Between Portfolios/Departments

- 3 Transfer of resources for the Mortuary Contract from ECS portfolio (Dr £70k)
To mitigate the extra costs expected from the new negotiated contract, resources have been transferred from the Street Lighting energy budget within the ECS Portfolio.
- 4 Transfer of resources for Emergency Planning from RC&CM portfolio (Dr £42k)
Transfer of the budget for the London Gold Pan London contribution and a part time staffing resource to the Emergency Planning service.
- 5 Transfer of Health & Safety post to HR (Cr £26k)
The corporate Health and Safety post now reports directly to the Director of HR and Customer Services. The budget has been adjusted to reflect this transfer.
- 6-8 Increase in MOPAC grant funding and expenditure (net nil)
This reflects the increase of MOPAC grant funding and expenditure in 2019/20. This has no net financial impact on the overall position across the Council.

Real Changes

- 9 Fallout of short term additional resources on Food Safety and Emergency Planning (Cr £161k)
Removal of the additional temporary resources for three 18 months fixed term Food Safety officers and a 2 year fixed term Business Continuity officer to support Emergency Planning, as agreed by Executive on 9 Aug 2017.
- 10 Variations in Capital Charges (Dr £1k)
The variation in capital charges is due to a combination of the following:
 - (i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19.
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 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.
- 11 Variations in Recharges (Dr £172k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.
- 12 Variations in Insurances (Dr £1k)
Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Emergency Planning										
Emergency Planning	136,530	0	4,360	12,690	0	0	0	0	0	153,580
	136,530	0	4,360	12,690	0	0	0	0	0	153,580
Public Protection										
Public Protection	2,089,240	43,420	40,640	168,850	536,400	0 Cr	395,820 Cr	942,520	0	1,540,210
Mortuary & Coroners Service	0	0	0	0	565,810	0	0	0	0	565,810
Community Safety	201,550	0	4,030	19,240	0	0 Cr	317,140	246,440	0	154,120
	2,290,790	43,420	44,670	188,090	1,102,210	0 Cr	712,960 Cr	696,080	0	2,260,140
	2,427,320	43,420	49,030	200,780	1,102,210	0 Cr	712,960 Cr	696,080	0	2,413,720

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Emergency Planning								
Emergency Planning	5,000	200	0	5,200	81,450	240,230	0	240,230
	5,000	200	0	5,200	81,450	240,230	0	240,230
Public Protection								
Public Protection	3,000	4,550	0	7,550	1,073,880	2,621,640	Cr 1,243,770	1,377,870
Mortuary & Coroners Service	0	0	0	0	51,750	617,560	0	617,560
Community Safety	0	380	0	380	659,360	813,860	Cr 22,290	791,570
	3,000	4,930	0	7,930	1,784,990	4,053,060	Cr 1,266,060	2,787,000
	8,000	5,130	0	13,130	1,866,440	4,293,290	Cr 1,266,060	3,027,230

RENEWAL, RECREATION & HOUSING PORTFOLIO**DRAFT REVENUE BUDGET 2019/20 - SUMMARY**

2017/18 Actual £	Service Area	2018/19 Budget £	Increased costs £	Other Changes £	2019/20 Draft Budget £
	Recreation				
1,686,152	Culture	1,786,450	32,330	Cr 997,000	821,780
5,783,314	Libraries	5,030,470	96,450	Cr 143,000	4,983,920
219,296	Town Centre Management & Business Support	188,580	2,510	Cr 44,000	147,090
7,688,762		7,005,500	131,290	Cr 1,184,000	5,952,790
	Planning				
Cr 6,835	Building Control	81,490	4,900	0	86,390
Cr 139,841	Land Charges	Cr 125,570	350	0	Cr 125,220
764,518	Planning	736,010	15,000	26,160	777,170
849,279	Renewal	801,390	16,410	24,840	842,640
1,467,121		1,493,320	36,660	51,000	1,580,980
	ECS - Housing				
194,369	Housing Improvement	203,170	4,010	0	207,180
194,369		203,170	4,010	0	207,180
	Operational Housing				
Cr 94	Enabling Activities	Cr 900	0	0	Cr 900
Cr 1,837,727	Housing Benefits	Cr 1,984,320	Cr 39,700	0	Cr 2,024,020
8,073,614	Housing Needs	6,240,970	125,550	2,645,000	9,011,520
912,924	Supporting People	1,013,430	20,260	0	1,033,690
7,148,717		5,269,180	106,110	2,645,000	8,020,290
16,498,969		13,971,170	278,070	1,512,000	15,761,240
Cr 24,037	TOTAL NON CONTROLLABLE	2,827,910	4,530	Cr 3,111,240	Cr 278,800
5,674,596	TOTAL EXCLUDED RECHARGES	5,531,310	0	338,090	5,869,400
22,149,528	PORTFOLIO TOTAL	22,330,390	282,600	Cr 1,261,150	21,351,840

RENEWAL, RECREATION & HOUSING PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		VARIATION IN 2019/20	ORIGINAL BUDGET
		£'000	2018/19 £'000
1	2018/19 BUDGET	22,330	
2	Increased Costs	283	
	Movements Between Portfolios/Departments		
	Contribution to a Customer Relations Officer post in ECHS		
3	Strategy Division	Cr 7 Cr 7	
	Real Changes		
	<i>Savings identified for 2019/20 as part of the 2018/19 Budget process</i>		
4	More Homes Bromley Savings	Cr 982	14,865
	Savings previously approved relating to the Leisure Services		
5	Agreement with Mytime Active	Cr 232	997
6	Impact of Libraries contract awarded in 2017/18	Cr 143 Cr 1,357	4,376
	<i>Other Real Changes:</i>		
7	Placements	2,252	14,865
8	Increase in Rents	204	Cr 9,713
9	Visiting and Fraud Protection	310	0
10	Additional Cost of Homelessness Reduction Act	921	0
11	Absorption of inflation for statutory planning fees	51	Cr 1,698
12	Legal Costs	40	108
13	Homelessness Reduction Act Grant	33	Cr 233
14	Overhaul Statutory Homelessness Grant	9	Cr 9
15	Beckenham and Penge Business Improvement District (BID)	Cr 44	84
16	Additional PRS Lettings	Cr 45	14,865
17	Modular Units	Cr 90 3,641	14,865
	<i>New Savings Identified for 2019/20 (subject to approval)</i>		
18	Leisure Services Lease Proposal	Cr 1,515	997
19	Variations in Capital Charges	Cr 2,375	
20	Variations in Recharges	338	
21	Variations in Building Maintenance	9	
22	Variations in Insurances	5	
23	2019/20 DRAFT BUDGET	<u>21,352</u>	

RENEWAL, RECREATION & HOUSING PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

Movements Between Portfolios/Departments

- 3 Contribution to a Customer Relations Officer post in ECHS Strategy Division (Cr £7k)
As part of an evaluation and restructure of the ECHS Strategy, Performance and Engagement Division during 2018/19 a virement was actioned to transfer budgets from the other divisions within ECHS to fund the creation of a Customer Relations Officer post. The full year contribution from Housing Division is £7k.

Real Changes

- 4 More Homes Bromley Savings (Cr £982k)
This represents the third and final year of phased savings expected to be achieved on temporary accommodation budgets from the More Homes Bromley scheme.
- 5 Savings relating to the Leisure Services Agreement with Mytime Active (Cr £232k)
This reflects the savings previously agreed with Mytime Active, following negotiations for a 5 year contract extension for the period 2019 – 2024, as reported to the Executive on 20 July 2011.
- 6 Impact of Libraries contract awarded in 2017/18 (Cr £143k)
On 19 July 2017, Executive approved the award for the provision of library services to Greenwich Leisure Limited for 10 years from November 2017. This adjustment reflects the net additional savings for 2019/20, built into the forecast reported to Members in February 2018.
- 7 Placements (Dr £2,252k)
The growth pressure on the temporary accommodation budgets is due to the increase in homelessness in the borough.
- 8 Increase in Rents (Dr £204k)
Due to the number of clients in financial difficulty, the budget for rental income the Council receives needs to be reduced to reflect a more realistic level.
- 9 Visiting and Fraud Protection (Dr £310k)
This is to provide the budget required to make the successful pilot around early intervention become part of the on-going Housing structure. By providing support to clients early, this helps delay or prevent clients becoming homeless and reducing the pressure on temporary accommodation budgets.
- 10 Additional Cost of Homelessness Reduction Act (Dr £921k)
Reduction in the new burdens grant the council receives to help implement the Homelessness Reduction Act.
- 11 Statutory Planning Fees Inflation (Dr £51k)
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.
- 12 Legal Costs (Dr £40k)
Due to changes in legislation Housing requires extra budget to fund the cost of legal services to handle the increase in caseload from the homelessness service.
- 13 Homelessness Reduction Act Grant (Dr £33k)

Reduction in the new burdens grant the council receives to help implement the Homelessness Reduction Act.

- 14 Overhaul Statutory Homelessness Grant (Dr £9k)
Removal of the one off grant to support a change in legislation.
- 15 Beckenham and Penge Business Improvement District (BID) (Cr £44k)
This reflects the savings following the establishment of BIDs in Beckenham and Penge Town Centres, as reported to the Executive on 7 November 2017.
- 16 Additional PRS Lettings (Cr £45k)
The estimated savings in the cost of placing Homeless clients in current temporary accommodation properties compared with the cost in placing them in newly found properties in the Private Rented Sector.
- 17 Modular Units (Cr £90k)
The estimated savings in the cost of placing Homeless clients in current properties compared with the cost in placing them in newly built modular homes. This is expected to help mitigate the increase in costs of the homelessness placements budget.
- 18 Leisure Services Lease Proposal (Cr £1,515k)
On 28 November 2018, Executive agreed a 40 year lease for Council owned leisure facilities across the Borough with Mytime Active. The decision is expected to generate savings of £1,515k in 2019/20, reducing to £1,484k from 2020/21 onwards.
- 19 Variations in Capital Charges (Cr £2,375k)
The variation in capital charges is due to a combination of the following:
 - (i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19.
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 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 (Dr £338k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.
- 21 Variations in Building Maintenance (Dr £9k)
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 £5k)
Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.

RENEWAL, RECREATION & HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Recreation										
Culture	708,420	61,190	5,870	59,600	63,850	0	Cr 15,810	Cr 61,340	0	821,780
Libraries	177,000	297,710	0	191,660	4,317,550	0	0	0	0	4,983,920
Town Centre Management & Business Support	102,340	27,450	930	16,370	23,270	0	Cr 23,270	0	0	147,090
	987,760	386,350	6,800	267,630	4,404,670	0	Cr 39,080	Cr 61,340	0	5,952,790
Planning										
Building Control	794,280	0	12,090	80,070	0	0	Cr 800,050	0	0	86,390
Land Charges	168,470	0	100	11,860	0	0	Cr 305,650	0	0	Cr 125,220
Planning	2,309,560	0	21,570	53,910	15,910	0	Cr 1,623,780	0	0	777,170
Renewal	763,140	9,050	1,720	69,160	0	0	Cr 430	0	0	842,640
	4,035,450	9,050	35,480	215,000	15,910	0	Cr 2,729,910	0	0	1,580,980
ECS - Housing										
Housing Improvement	404,120	0	4,050	4,030	0	0	Cr 136,540	Cr 68,480	0	207,180
	404,120	0	4,050	4,030	0	0	Cr 136,540	Cr 68,480	0	207,180
Operational Housing										
Enabling Activities	0	0	0	0	0	0	Cr 900	0	0	Cr 900
Housing Benefits	0	0	0	524,100	0	105,964,770	Cr 108,512,890	0	0	Cr 2,024,020
Housing Needs	3,048,380	97,680	13,840	852,910	19,205,990	0	Cr 14,152,790	Cr 54,490	0	9,011,520
Supporting People	0	0	0	0	1,033,690	0	0	0	0	1,033,690
	3,048,380	97,680	13,840	1,377,010	20,239,680	105,964,770	Cr 122,666,580	Cr 54,490	0	8,020,290
	8,475,710	493,080	60,170	1,863,670	24,660,260	105,964,770	Cr 125,572,110	Cr 184,310	0	15,761,240

RENEWAL, RECREATION & HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Recreation								
Culture	1,795,000	126,810	Cr 850,250	1,071,560	444,170	2,337,510	Cr 324,810	2,012,700
Libraries	311,000	209,080	Cr 10,400	509,680	148,550	5,642,150	Cr 61,680	5,580,470
Town Centre Management & Business Support	0	200	0	200	141,200	288,490	0	288,490
	2,106,000	336,090	Cr 860,650	1,581,440	733,920	8,268,150	Cr 386,490	7,881,660
Planning								
Building Control	0	1,560	0	1,560	222,490	310,440	Cr 107,130	203,310
Land Charges	0	510	0	510	186,670	61,960	0	61,960
Planning	0	5,060	0	5,060	1,933,230	2,715,460	Cr 920,520	1,794,940
Renewal	0	1,510	0	1,510	380,950	1,225,100	Cr 315,590	909,510
	0	8,640	0	8,640	2,723,340	4,312,960	Cr 1,343,240	2,969,720
ECS - Housing								
Housing Improvement	Cr 1,995,000	2,460	0	Cr 1,992,540	365,540	Cr 1,419,820	0	Cr 1,419,820
	Cr 1,995,000	2,460	0	Cr 1,992,540	365,540	Cr 1,419,820	0	Cr 1,419,820
Operational Housing								
Enabling Activities	0	0	0	0	143,820	142,920	0	142,920
Housing Benefits	0	0	0	0	2,149,390	125,370	0	125,370
Housing Needs	106,000	17,660	0	123,660	1,631,950	10,767,130	Cr 148,830	10,618,300
Supporting People	0	0	0	0	0	1,033,690	0	1,033,690
	106,000	17,660	0	123,660	3,925,160	12,069,110	Cr 148,830	11,920,280
	217,000	364,850	Cr 860,650	Cr 278,800	7,747,960	23,230,400	Cr 1,878,560	21,351,840

RESOURCES COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO**DRAFT REVENUE BUDGET 2019/20 - SUMMARY**

2017/18 Actual	Service Area	2018/19 Budget	Increased costs	Other Changes	2019/20 Draft Budget
£		£	£	£	£
	Financial Services				
705,631	Audit	699,570	14,250	0	713,820
208,140	Director of Finance and Other	215,690	4,350	0	220,040
1,563,994	Exchequer - Payments & Income	1,622,590	32,360	271,120	1,926,070
6,582,851	Exchequer - Revenue & Benefits	7,136,690	148,360	Cr 349,120	6,935,930
621,664	Financial Accounting	520,090	16,920	0	537,010
1,464,503	Management Accounting & Systems	1,666,470	32,890	Cr 12,770	1,686,590
11,146,783		11,861,100	249,130	Cr 90,770	12,019,460
	Corporate Services				
1,354,690	Democratic Services	1,418,610	28,290	Cr 1,460	1,445,440
305,892	Electoral	353,400	8,100	0	361,500
4,545,309	Information Systems and Telephony	4,746,260	103,880	454,000	5,304,140
1,959,686	Legal Services	1,687,110	39,020	43,940	1,770,070
130,428	Management and Other (Corporate Services)	178,250	2,580	Cr 48,270	132,560
8,296,005		8,383,630	181,870	448,210	9,013,710
	Contact Centre, Registrars and Human Resources				
978,247	Contact Centre	1,022,440	21,070	0	1,043,510
Cr 108,756	Registration of Birth Death and Marriage	Cr 71,940	Cr 2,230	Cr 36,000	Cr 110,170
1,827,661	HR	2,055,910	33,900	Cr 203,690	1,886,120
2,697,152		3,006,410	52,740	Cr 239,690	2,819,460
	Commissioning and Procurement				
819,465	Commissioning	893,220	11,120	Cr 333,240	571,100
101,543	Debt Management System Project	0	0	0	0
670,762	Procurement and Data Management	663,320	7,410	Cr 296,780	373,950
1,591,770		1,556,540	18,530	Cr 630,020	945,050
	Chief Executive				
124,991	Comms	127,810	3,760	62,410	193,980
684,839	Management and Other (C.Exec)	725,900	12,850	Cr 78,580	660,170
148,827	Mayoral	153,040	3,000	0	156,040
958,657		1,006,750	19,610	Cr 16,170	1,010,190
	ENVIRONMENT & COMMUNITY SERVICES DEPT				
	Total Facilities Management				
2,581,123	Admin Buildings & Facilities Support	2,669,690	48,480	Cr 240,270	2,477,900
122,639	Investment and Non-Operational Property	298,850	4,060	Cr 90,430	212,480
1,085,825	Strategic & Operational Property	1,121,510	22,640	Cr 7,080	1,137,070
294,934	TFM Client Monitoring Team	365,090	7,950	35,670	408,710
Cr 9,597,777	Investment Income	Cr 9,537,200	Cr 37,700	Cr 699,660	Cr 10,274,560
Cr 867,187	Other Rental Income - Resources	Cr 436,220	Cr 7,080	81,350	Cr 361,950
Cr 687,766	Other Rental Income - Other Portfolios	Cr 777,800	Cr 10,910	Cr 649,410	Cr 1,438,120
1,977,362	Repairs & Maintenance (All LBB)	2,007,730	41,390	86,000	2,135,120
Cr 5,090,847		Cr 4,288,350	68,830	Cr 1,483,830	Cr 5,703,350
	CENTRAL ITEMS				
3,046,504	CDC & Non Distributed Costs	3,907,470	78,120	0	3,985,590
11,196,418	Concessionary Fares	11,389,560	227,790	Cr 204,700	11,412,650
14,242,922		15,297,030	305,910	Cr 204,700	15,398,240
33,842,442	TOTAL CONTROLLABLE	36,823,110	896,620	Cr 2,216,970	35,502,760
Cr 3,940,011	TOTAL NON CONTROLLABLE	1,405,190	1,100	1,651,580	3,057,870
Cr 18,760,193	TOTAL EXCLUDED RECHARGES	Cr 19,930,450	0	Cr 2,130,600	Cr 22,061,050
Cr 1,568,132	Less R & M allocated across other Portfolios	Cr 1,388,060	Cr 27,420	Cr 74,450	Cr 1,489,930
687,766	Less Rent allocated across other Portfolios	777,800	10,910	649,410	1,438,120
10,261,872	PORTFOLIO TOTAL	17,687,590	881,210	Cr 2,121,030	16,447,770

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2019/20

Ref		VARIATION IN 2019/20 £'000	ORIGINAL BUDGET 2018/19 £'000
1	2018/19 BUDGET	17,688	
2	Increased Costs	881	
	Movements Between Portfolios/Departments		
3	Transfer of a communications post to RC&CM Portfolio	39	39
4	Transfer of Health & Safety post from PPE Portfolio	26	26
5	Transfer of resources to the ECS department from RC&CM Portfolio	Cr 13	13
6	Transfer of Contracts Administrator Post to ECHS Portfolio	Cr 29	29
7	Transfer of resource for Emergency Planning to PPE Portfolio	Cr 42	42
8	Office accommodation budget transferred to ECHS Portfolio	Cr 80	146
9	Transfer of the Procurement System Team to ECS Portfolio	Cr 140	140
10	Transfer of Contract Monitoring & Compliance Team to ECHS Portfolio	<u>Cr 439</u> Cr 678	439
	Real Changes		
	<i>Savings identified for 2019/20 as part of the 2018/19 Budget process:</i>		
11	Impact of the transfer of remaining ISD service to BT	Cr 20	143
	<i>Other Real Changes:</i>		
12	IT Transformation Project	394	0
13	Fire Risk Assessments & Cyclical Maintenance	86	0
14	Savings from Registrars staffing review	Cr 36	479
15	Liberata Contract savings	Cr 60	3,617
16	Yeoman House	Cr 66	146
17	Reduction in running costs of the Old Town Hall	Cr 90	110
18	Apprenticeship Levy	Cr 130	350
19	Concessionary fares	Cr 204	11,370
20	Additional Income Opportunity from the TFM contract	<u>Cr 700</u> Cr 806	0
	<i>New Savings Identified for 2019/20 (subject to approval):</i>		
21	Reduction of Bromley Stars Budget	Cr 5	15
22	Liberata Contract savings	Cr 18	1,458
23	HR Business Service	<u>Cr 40</u> Cr 63	40
24	Variations in Capital Charges		1,650
25	Variations in Recharges	Cr 2,131	
26	Variations in Building Maintenance	Cr 74	
27	Variations in Insurance		2
28	Variations in Rent Income	Cr 1	
29	2019/20 DRAFT BUDGET	<u>16,448</u>	

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

Notes on Budget Variations in 2019/20

Ref Comments

Movements Between Portfolios/Departments

- 3 Transfer of a communications post to RC&CM portfolio (Dr £39k)**
This budget adjustment reflects the transfer of the remaining communications post to the RC & CM Portfolio.
- 4 Transfer of Health & Safety post from PPE Portfolio (Dr £26k)**
The corporate Health and Safety post now reports directly to the Director of HR and Customer Services. The budget has been adjusted to reflect this transfer.
- 5 Transfer of resources to the ECS Portfolio from the RC & CM Portfolio (Cr £13k)**
This reflects the transfer of resources for contract monitoring and performance management, from the Chief Executive's division to the ECS Portfolio.
- 6 Transfer of Contracts Administrator Post to ECHS Portfolio (Cr £29k)**
In addition to the transfer of the Contract Monitoring & Compliance Team, a Contracts Administrator post was also transferred to ECHS Programmes Division from the Resources Portfolio during 2018/19.
- 7 Transfer of resource for Emergency Planning to PPE portfolio (Cr £42k)**
Transfer of the budget for the London Gold Pan London contribution and a part time staffing resource to the Emergency Planning service.
- 8 Office accommodation budget transferred to ECHS Portfolio (Cr £80k)**
The Community Learning Disability Team is now based at Queen Mary's Hospital following their move from Yeoman House. Funding to cover office accommodation costs has been transferred from Resources Portfolio.
- 9 Transfer of the Procurement System Team to ECS portfolio (Cr £140k)**
Following the restructure of the Procurement and Commissioning team in early 2018/19, part of the Procurement System team has returned to the ECS Management and Contract Support Division.
- 10 Transfer of Contract Monitoring & Compliance Team to ECHS Portfolio (Cr £439k)**
During 2018/19 the Contract Monitoring & Compliance Team returned to ECHS Programmes Division from the Resources Portfolio.

Real Changes

- 11 Impact of the transfer of remaining ISD service to BT (Cr £20k)**
This represents the full year effect of savings relating to the transfer of staff to BT as agreed by the Executive on 9 August 2017.
- 12 IT Transformation Project (Dr £394k)**

A major re-refresh of the IT infrastructure that supports the Council's core IT and key business systems, will be undertaken during the next two years. Executive on 28 November agreed growth of £394k per annum from 2019/20 to cover the additional licensing, support and system running costs.

13 Fire Risk Assessments & Cyclical Maintenance (Dr £86k)

As a result of the need for additional work in these areas, as detailed in the report to Executive on 28 March 2018, Members agreed growth of £86k.

14 Savings from Registrars staffing review (Cr £36k)

As a result of the restructure of staffing within the Registrar's service, there is a full year saving of £36k.

15 Liberata Contract savings (Cr £60k)

Savings of £60k have resulted from variations in the Liberata contract fee, including the cash collection service, housing benefits/council tax administration support and printing costs.

16 Yeoman House (Cr £66k)

This represents the full year net saving, following the move of the Community Learning Disability Team to Queen Mary's Hospital from Yeoman House.

17 Reduction in running costs of the Old Town Hall (Cr £90k)

As the Old Town Hall is currently vacant and given that it is a listed building, business rates are no longer charged. The budget has therefore been adjusted to remove the £90k budget.

18 Apprenticeship Levy (Cr £130k)

Since the introduction of the Apprenticeship Levy in April 2017, the actual net expenditure is far less than originally anticipated and therefore £130k is being returned to the Central Contingency.

19 Concessionary Fares (Cr £204k)

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, there is a slight decrease in the Bromley contribution for 2019/20 and therefore this sum is being returned to the Central Contingency.

20 Additional Income Opportunity from the TFM contract (Cr £700k)

Officers in partnership with Amey are expecting to generate savings through a combination of additional income and cost reductions. This will be achieved by taking a proactive approach to managing the property portfolio, including renegotiations on service charges, business rates and rent reviews. This potential additional income generation was previously reported to the Executive when awarding the TFM contract to Amey, on 20 July 2016.

21 Reduction of Bromley Stars Budget (Cr £5k)

It is proposed to reduce the Bromley Stars budget from £15k to £10k resulting in a £5k saving. The gap may be funded by securing additional sponsorship, reducing costs, or charging some of the cost to the corporate merited reward budget.

22 Liberata contract savings (Cr £18k)

This represents the savings on the Exchequer contract due to the significant reduction in the number of invoices processed as a direct result of the award of the TFM contract to Amey Community Ltd.

23 HR Business Service (Cr £40)

An estimated £40k of additional income is expected to be generated by placing external adverts on to the Council's recruitment portal. Most of the income will be from schools, however it is expected that some local Charities and local businesses may take up the opportunity to place job adverts on the portal.

24 Variations in Capital Charges (Dr £1,650k)

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

(i) Depreciation – the impact of revaluations or asset disposals in 2017/18 (after the 2018/19 budget was agreed) and in the first half of 2018/19.

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2019/20 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 2019/20 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.

25 Variations in Recharges (Cr £2,131k)

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

26 Variations in Building Maintenance (Cr £74k)

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.

27 Variations in Insurance (Dr £2k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly because an extra year of claims experience since the 2018/19 budget was finalised has been factored in. The overall variation across the Council is Dr £66k.

28 Variations in Rent Income (Cr £1k)

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

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT

DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Financial Services										
Audit	453,440	0	420	151,220	202,150	0	Cr 17,100	Cr 76,310	0	713,820
Director of Finance and Other	188,440	0	280	36,230	0	0	Cr 4,910	0	0	220,040
Exchequer - Payments & Income	245,080	0	490	27,820	1,791,070	0	Cr 138,390	0	0	1,926,070
Exchequer - Revenue & Benefits	432,710	0	1,890	842,760	7,129,420	102,000	Cr 1,572,850	0	0	6,935,930
Financial Accounting	510,650	0	200	308,840	89,570	0	Cr 303,860	Cr 244,350	175,960	537,010
Management Accounting & Systems	1,558,870	0	1,920	349,590	87,950	0	Cr 226,740	Cr 85,000	0	1,686,590
	3,389,190	0	5,200	1,716,460	9,300,160	102,000	Cr 2,263,850	Cr 405,660	175,960	12,019,460
Corporate Services										
Democratic Services	336,990	0	0	1,108,450	0	0	0	0	0	1,445,440
Electoral	332,240	0	500	89,400	0	0	Cr 60,640	0	0	361,500
Information Systems and Telephony	518,690	0	480	1,837,190	2,947,780	0	0	0	0	5,304,140
Legal Services	1,674,510	0	1,450	474,310	0	0	Cr 191,790	Cr 188,410	0	1,770,070
Management and Other (Corporate Services)	131,020	0	580	960	0	0	0	0	0	132,560
	2,993,450	0	3,010	3,510,310	2,947,780	0	Cr 252,430	Cr 188,410	0	9,013,710
Contact Centre, Registrars and Human Resources										
Contact Centre	92,340	0	0	182,640	975,710	0	Cr 175,350	Cr 31,830	0	1,043,510
HR	1,642,450	0	480	231,210	337,810	0	Cr 325,830	0	0	1,886,120
Registration of Birth Death and Marriage	451,360	0	250	36,260	0	0	Cr 598,040	0	0	Cr 110,170
	2,186,150	0	730	450,110	1,313,520	0	Cr 1,099,220	Cr 31,830	0	2,819,460
Commissioning and Procurement										
Commissioning	568,860	0	0	2,240	0	0	0	0	0	571,100
Debt Management System Project	0	0	0	0	0	0	0	0	0	0
Procurement and Data Management	447,380	0	780	12,280	0	0	Cr 43,550	Cr 42,940	0	373,950
	1,016,240	0	780	14,520	0	0	Cr 43,550	Cr 42,940	0	945,050
Chief Executive										
Comms	191,760	0	150	2,070	0	0	0	0	0	193,980
Management and Other (C.Exec)	460,960	0	800	198,410	0	0	0	0	0	660,170
Mayoral	86,760	1,200	15,990	52,090	0	0	0	0	0	156,040
	739,480	1,200	16,940	252,570	0	0	0	0	0	1,010,190
Total Facilities Management										
Admin Buildings & Facilities Support	36,790	1,318,430	0	70,930	1,101,790	0	Cr 50,040	0	0	2,477,900
Investment and Non-Operational Property	0	117,580	0	250,130	0	0	Cr 155,230	0	0	212,480
Strategic & Operational Property	0	170,910	0	104,040	1,092,260	0	Cr 211,740	Cr 18,400	0	1,137,070
TFM Client Monitoring Team	343,740	0	590	64,380	0	0	0	0	0	408,710
Investment Income	0	0	0	0	0	0	Cr 10,274,560	0	0	Cr 10,274,560
Other Rental Income - Resources	0	0	0	0	0	0	Cr 361,950	0	0	Cr 361,950
Other Rental Income - Other Portfolios	0	0	0	0	0	0	Cr 1,438,120	0	0	Cr 1,438,120
Repairs & Maintenance (All LBB)	0	2,135,120	0	0	0	0	0	0	0	2,135,120
	380,530	3,742,040	590	489,480	2,194,050	0	Cr 12,491,640	Cr 18,400	0	5,703,350
Central Items										
CDC & Non Distributed Costs	3,985,590	0	0	0	0	0	0	0	0	3,985,590
Concessionary Fares	0	0	0	9,690	9,770	11,393,190	0	0	0	11,412,650
	3,985,590	0	0	9,690	9,770	11,393,190	0	0	0	15,398,240
	14,690,630	3,743,240	27,250	6,443,140	15,765,280	11,495,190	Cr 16,150,690	Cr 687,240	175,960	35,502,760

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT
DRAFT REVENUE BUDGET 2019/20 - SUBJECTIVE SUMMARY

Service area	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	0	660	0	660	156,520	871,000	Cr 843,090	27,910
Director of Finance and Other	0	100	0	100	156,560	376,700	Cr 374,040	2,660
Exchequer - Payments & Income	0	400	0	400	341,660	2,268,130	Cr 1,981,170	286,960
Exchequer - Revenue & Benefits	0	1,030	0	1,030	5,115,570	12,052,530	Cr 8,612,170	3,440,360
Financial Accounting	0	720	0	720	160,070	697,800	Cr 616,480	81,320
Management Accounting & Systems	0	2,540	0	2,540	730,280	2,419,410	Cr 2,275,480	143,930
	0	5,450	0	5,450	6,660,660	18,685,570	Cr 14,702,430	3,983,140
Corporate Services								
Democratic Services	0	930	0	930	791,470	2,237,840	Cr 1,798,860	438,980
Electoral	0	850	0	850	871,850	1,234,200	Cr 412,840	821,360
Information Systems and Telephony	2,661,000	700	0	2,661,700	198,950	8,164,790	Cr 8,114,220	50,570
Legal Services	0	3,060	0	3,060	424,860	2,197,990	Cr 2,136,410	61,580
Management and Other (Corporate Services)	0	70	0	70	103,130	235,760	Cr 283,490	Cr 47,730
	2,661,000	5,610	0	2,666,610	2,390,260	14,070,580	Cr 12,745,820	1,324,760
Contact Centre, Registrars and Human Resources								
Contact Centre	0	100	0	100	134,650	1,178,260	Cr 1,182,480	Cr 4,220
HR	0	2,310	0	2,310	483,260	2,371,690	Cr 2,032,550	339,140
Registration of Birth Death and Marriage	0	1,400	0	1,400	295,720	186,950	0	186,950
	0	3,810	0	3,810	913,630	3,736,900	Cr 3,215,030	521,870
Commissioning and Procurement								
Commissioning	0	620	0	620	233,070	804,790	Cr 1,159,930	Cr 355,140
Debt Management System Project	0	0	0	0	0	0	0	0
Procurement and Data Management	0	1,120	0	1,120	190,120	565,190	Cr 903,380	Cr 338,190
	0	1,740	0	1,740	423,190	1,369,980	Cr 2,063,310	Cr 693,330
Chief Executive								
Comms	0	200	0	200	89,220	283,400	Cr 200,020	83,380
Management and Other (C.Exec)	0	750	0	750	277,350	938,270	Cr 991,290	Cr 53,020
Mayoral	0	270	0	270	38,330	194,640	Cr 171,040	23,600
	0	1,220	0	1,220	404,900	1,416,310	Cr 1,362,350	53,960
Total Facilities Management								
Admin Buildings & Facilities Support	287,000	430,450	79,190	796,640	711,750	3,986,290	Cr 3,313,830	672,460
Investment and Non-Operational Property	42,000	233,600	Cr 10,715,700	Cr 10,440,100	925,730	Cr 9,301,890	0	Cr 9,301,890
Strategic & Operational Property	0	30,680	0	30,680	506,650	1,674,400	Cr 1,853,210	Cr 178,810
TFM Client Monitoring Team	0	500	0	500	255,270	664,480	Cr 691,270	Cr 26,790
Investment Income	0	0	10,274,560	10,274,560	0	0	0	0
Other Rental Income - Resources	0	0	361,950	361,950	0	0	0	0
Other Rental Income - Other Portfolios	0	0	1,438,120	1,438,120	0	0	0	0
Repairs & Maintenance (All LBB)	0	Cr 2,135,120	0	Cr 2,135,120	0	0	0	0
	329,000	Cr 1,439,890	1,438,120	327,230	2,399,400	Cr 2,976,720	Cr 5,858,310	Cr 8,835,030
Central Items								
CDC & Non Distributed Costs	0	0	0	0	4,694,160	8,679,750	0	8,679,750
Concessionary Fares	0	0	0	0	0	11,412,650	0	11,412,650
	0	0	0	0	4,694,160	20,092,400	0	20,092,400
	2,990,000	Cr 1,422,060	1,438,120	3,006,060	17,886,200	56,395,020	Cr 39,947,250	16,447,770

Memorandum of Understanding on the London 75% business rates retention pilot 2019-20



MAYOR OF LONDON

Stuart Hoggan

Stuart Hoggan, Deputy Director, Local Government Finance - Ministry of Housing, Communities and Local Government

John O'Brien

John O'Brien, Chief Executive - London Councils

Martin Clarke

Martin Clarke, Executive Director, Resources - Greater London Authority

Memorandum of Understanding on the 75% Business Rates Retention Pilot 2019-20 for London

Introduction

1. In the Spring Budget 2017, the London Devolution Memorandum of Understanding¹ 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. Following the establishment of a pan London business rates pool to pilot the previously proposed principles of 100% Business Rates Retention in 2018-19, this Memorandum of Understanding confirms the commitment by the Government, the Mayor of London and London local government to pilot the principles of 75% business rates retention in 2019-20 through the continuation of the pan-London business rates pool. It sets out the basis on which the local authorities listed at **Annex A** will pilot 75% business rates retention.
3. This Memorandum of Understanding (MoU) comes into effect from 1 April 2019 and expires on 31 March 2020.
4. This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the parties from this MoU.

Pilot principles

5. The pilot pool will be voluntary, but will include all 32 London boroughs, the City of London Corporation and the Greater London Authority [“the London authorities”].
6. From 1 April 2019 the London authorities will retain 75% of their non-domestic rating income². 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 75% of the value of the lost income. Tariffs and top-ups will be adjusted to ensure cost neutrality.
7. In moving to 75% business rates retention, the Ministry of Housing, Communities and Local Government will continue not to pay Revenue Support Grant to 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).

London authorities in 2019/20. The value of these grants in 2019-20 is set out in **Annex B**.

8. The London authorities will not be subject to more onerous rules or constraints under the 75% rates retention pilot, than they would have been if they had remained subject to the 67% scheme in place in 2017-18, reflecting the 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.
9. 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 75% 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%.
10. 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 95%, and that the London authorities will be retaining 75% 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.
11. The piloted approach will have no impact on Enterprise Zones and 'designated areas' where the designations made by the Secretary of State come into force on or before 1 April 2019, 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

12. The 34 London authorities will prepare a framework agreement for the operation of a pilot pool in which, assuming the pool has 'growth' in comparison to its assessed business rates baseline:
 - 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 continue to be set aside as a 'Strategic Investment Pot' (see paragraphs 13-16); 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 City of London Corporation) 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.

Strategic investment

13. 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.
14. For this purpose, and for the separate joint Strategic Investment Pot, 'strategic investment' will be defined as projects that will contribute to the sustainable growth of London's economy or support the delivery of new infrastructure, housing or employment, which lead directly to or are expected to facilitate an increase in London's overall business rates income.
15. 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 17-18).
16. It is anticipated that approximately 50% of net additional benefits arising from the pilot pool will continue to be spent on strategic investment projects.

Governance

17. Decisions regarding the Strategic Investment Pot will be taken formally by the City of London Corporation – as the lead authority – in consultation with all member authorities, reflecting voting principles designed to protect Mayoral, borough and sub-regional interests, agreed under the 2018-19 100% pilot and 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 Corporation), 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.

18. It is envisaged that decisions will be taken annually. Each authority will be required to take the relevant decisions through its own constitutional decision-making arrangements.

Evaluation

19. The Government will undertake a qualitative evaluation on the progress of the pilot with focus on the governance mechanism and decision-making process, and the scale of resources dedicated to strategic investment.

Next steps

20. 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, and plans to implement 75% business rates retention across England from 2020-21 onwards. Piloting at 75% in a key area like London will provide information about the immediate future. The Government will work with London authorities to explore legislative changes:

- a. needed to develop a Joint Committee model for future governance of a London pool; and
- b. regarding the re-listing of central list assessments located wholly or primarily in the Greater London area, such as London Underground and Docklands Light Railway, in an 'area list.'

21. Neither are achievable without primary or secondary legislation and so if this were to be implemented it would be necessary for there to be a commitment to a longer-term London business rates pool.

22. The Government will reflect the pilot pool arrangements in the Provisional 2019-20 Local Government Finance Settlement in December 2018. 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.

23. London Government will update the existing 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 75% rates retention for 2019/20 for each of the 33 billing authorities is set out below. This is in addition to the funding streams rolled in to the GLA's funding baseline in 2017-18 in respect of the Transport for London investment grant (£993 million in 2019-20) and the Greater London Authority's RSG (£127.9 million in 2019-20) under the GLA's partial pilot.

RSG	Amount (£m) for 2019/20
Barking & Dagenham	17.7
Barnet	6.2
Bexley	3.2
Brent	24.5
Bromley	0.0
Camden	22.3
City of London	6.2
Croydon	13.9
Ealing	17.2
Enfield	17.3
Greenwich	25.1
Hackney	34.8
Hammersmith & Fulham	17.1
Haringey	21.6
Harrow	1.6
Havering	1.4
Hillingdon	6.7
Hounslow	9.5
Islington	24.1
Kensington & Chelsea	9.9
Kingston upon Thames	0.0
Lambeth	31.7
Lewisham	27.5
Merton	5.1
Newham	36.2
Redbridge	10.2
Richmond upon Thames	0.0
Southwark	35.9
Sutton	6.6
Tower Hamlets	33.3
Waltham Forest	18.5
Wandsworth	23.1
Westminster	29.6

Looking to the Future 2018

Bromley Council 2019-20 and beyond

Introduction

This year we sought to collect views from residents through meetings with residents' associations and by requesting views through media and social media as the Council sets the budget for 2019-20 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 57 people from 29 associations, out of the 131 associations invited from across the Borough.

Background information was uploaded to the Council's website, distributed to the residents' association representatives and highlighted to the wider audience through media and social media. Residents were invited to get in touch through the Leader's mailbox and say what they think the Council is doing well, where they believe improvements could be made and a greater focus placed, and how we can work together better to keep and improve our Borough as the great place it is to live, work, do business and relax in, as we move to the future.

The bullet points below are a summary of the observations made by residents at the meetings and through email and social media. Residents' comments will be considered as the Council prioritises key issues and as Councillors make decisions on the Council's services into the future.

Residents' Association Meetings 2018

The **first Residents' Association meeting** was held on Tuesday, 27 November 2018. Below is a summary of the topics covered by 24 representatives who attended:

Resources

- Continue to lobby Central Government to improve the funding allocation to the Local Authority.
- Lobby Central Government to allow Council Tax to be increased without the need for a referendum.
- Continue to support the provision of Freedom Passes, and consider asking residents that are in a position to do so, to make a contribution per annum towards its use.

Sustainability and environment

- Establish schemes to look after newly planted trees more effectively, e.g. 'adopt a tree'.
- Engage with the representatives of Residents' Associations, providing tips and advice on how to care for planted trees, which can be passed on to local residents.
- Provide links to the representatives of Residents' Associations for the 'Basal Buddies' and 'Tree Friends Scheme'.

- Increase the number of staff within Arboricultural Services to improve response times, which could save the Council money in the long term by reducing the number of external contractors.
- Evaluation of which pavements are prioritised for repair, particularly in relation to those in more rural areas.
- Prioritise pavement repairs to encourage more people to walk, instead of driving.
- Pavements on routes with heavy footfall should be reviewed and inspected more regularly.
- Prioritise improvements to access roads, such as Shire Lane, to increase the transport connectivity to Biggin Hill.
- Reduce the number of road works taking place on the route into Biggin Hill.
- Establish a network of hybrid and electric car charging points near high rise complexes, which could become a source of revenue for the Council.
- Query regarding the active steps taken to reduce the Council's impact on the environment.

Social Care

- Ensure sufficient funding is provided for children's services, and that the correct department structure is in place.
- Query regarding residents surveys and how often demographic information is collected.

Planning

- Increase the number of staff within the Planning Service to ensure all planning applications are dealt with in a timely manner.
- Additional capacity needed within planning enforcement, which could save the Council money in the long term.
- An increase in the number of developments in the Borough has resulted in the need for improvements to the infrastructure.
- Query as to how S106 and CIL taxes would be applied and distributed across the Borough.
- The development of sites that are considered to be Council assets should be brought forward.
- To fight to continue the Borough's Green Belt Policy, despite the pressure to meet Government housing targets.
- Query as to whether developers land-bank sites in the Borough.

The **second Residents' Association meeting** was held on Thursday, 29 November 2018. Below is a summary of the topics covered by 33 representatives who attended:

Resources

- With so little discretion around some statutory services such as Children's Social Care and Adults' Social Care, the £40m savings over four years will need to be identified from a smaller proportion of the budget as there is only a small proportion of genuinely discretionary services.
- Need to draw a distinction between core statutory services, non-statutory but critical services, non-statutory and non-critical services.
- Difficult for Residents' Associations to make a meaningful contribution to the consultation without a detailed breakdown of any savings proposals.
- Consider and investigate opportunities to diversify the services delivered by the Council.
- Continue to lobby Central Government for a sufficient funding allocation.
- Consider more initiatives around recouping money through 'user pays where they can' in relation to non-statutory services.

Sustainability and environment

- Lobby Central Government to ensure that major polluters meet the costs of addressing carbon reduction.
- Manage costs of minimising environmental pressures.
- Continue initiatives to increase rates of recycling, particularly in relation to food waste.
- Educate residents to buy only what they need and utilise all food in order to minimise food waste.
- Focus on and educate households who do not recycle; consider the introduction of fines for putting rubbish in the wrong bin.
- Increased clarity around what can and can't be recycled in order to encourage more recycling.
- Increase the capacity of street bins where necessary.
- Make it more convenient for people to dispose of their recycling (plastic and masonry) at depots.
- More clarity around recyclable plastic.
- Increase income through advertising certified waste disposal companies.
- Ensure the removal of barriers following roadworks.

Social Care

- Ensure sufficient funding is provided for children's services, and that the correct department structure is in place.

Renewal, Recreation and Housing

- Continue to identify innovative ways of addressing costs around homelessness.
- Manage pressures around protecting the Green Belt whilst delivering on housing targets.
- Reutilise empty properties.
- Investigate and consider the introduction of a two-tier scheme for planning applications: one for applications in line with the Local Plan and one for those at odds with the Local Plan.
- Re-use materials wherever possible in relation to town centre regeneration.

Public Protection and Enforcement

- Increased prosecution of fly-tipping.
- Lobby for increase in Police numbers to address increase in violent crime.
- Lobby for the restoration of the 'local bobby' and an increase in the number of Police patrol vehicles.

Leader's Mailbox

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

- High Street regeneration
- Parking
- Garden waste
- Street cleaning
- Customer service
- Children's Social Care
- Education
- Volunteering
- Food Waste
- Biggin Hill Museum
- Crystal Palace Park skateboard ramp
- Council apprentices
- Bromley Well
- Homelessness
- Adult Social Care

- Digital engagement
- Environment – trees
- Bromley’s budget
- Parks
- Contract management.

Facebook

Comments and discussions on facebook revolved around the following topics:

- Roundabout planting
- TfL toilets for bus drivers
- Traffic
- Street cleaning
- Policing
- Children’s mental health
- Education/school places/SEN
- Children’s services and child protection
- Libraries
- High street regeneration
- Planning
- Managing contracts
- Biggin Hill road works
- Environment – trees
- Waste collection
- Council Tax
- Regeneration – in-filling
- Customer service
- Council budget
- Dropped kerbs
- Housing
- Street Cleaning

- Adult Social Care
- Traffic and congestion
- Parking
- Street lighting
- Potholes.

Twitter

Comments on Twitter covered the following topics:

- Adult Social Care
- Street cleaning
- Road safety
- High street regeneration
- Traffic
- Education/school places
- Children's Services
- Fly-tipping
- Potholes
- Parking
- Council's budget
- Housing
- Sports provision
- Waste services
- Youth services
- Toilets
- Sexual violence
- Electoral.

The most frequently recurring topics included: street cleaning, waste collections, traffic and parking, TfL toilets, housing and education.

Susie Clark
December 2018

RISK AREAS WITHIN EDUCATION, CHILDREN AND FAMILIES PORTFOLIO FOR 2019/20 ONWARDS

Children's Social Care

Increase in referrals and workload:

The Bromley Children Project has continued to be flexible and extend further 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.

However through our self-assessment we have identified that work with the younger age group of children is very positive and our next challenge will be to reach out to the older age group in being able to support them before they enter statutory social care. Our referrals coming through the MASH has continued to increase, at one point this reached 83 referrals per week which equates to families not individual children and this reached the number of individual children being around 240 at one point. This has reduced but it has not returned to its original 43 referrals in one duty week, it is now hovering around 60+ referrals as being more of the norm. However, following auditing and the feedback from Ofsted these referrals are appropriate and reaching the correct criteria for a statutory intervention to ensure that we are safeguarding children.

Recruitment of permanent staff:

Our key challenge continues to be the recruitment of permanent social workers to the agency placements we have. We have increased from 42% to the current figures of 80% although this can fluctuate at any one time for a number of reasons, some of which being as simple as a house move or other LA's offering higher salaries in their quest to attract skilled social workers. We have neighbouring boroughs who are also on the improvement journey and therefore are offering higher salaries albeit I am sure this will be in the short term rather than the long sustainable approach.

Keeping our caseload promise:

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 2019. With the increase in referrals through the MASH this has been a challenge with caseloads increasing for a period of time – this has settled but will need to be reviewed every month through the performance data and reporting to the Governance Board to ensure that we maintain this or have to review our structures to maintain this.

Placements of children in care:

The Director of Children Social Care continues to chair the placement panel with our partners to ensure that all children coming into the Local Authority is the only viable option and that we continue to share good practice and the financial contribution from our CCG partners. The ongoing risks 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 in particular the increase in Gangs and associated activity. We also continue, similar to the national pattern have late entrants to care with extremely complex histories that require very specialist expensive placements. The cohort of Looked After children and care leavers remains relatively stable but 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. The capacity for secure beds across the country is now at crisis point 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 not only high cost placements but the further financial burden of 1:1 or 2:1 staffing which the LA is responsible to fund. One child can cost the LA in the region of £8,500 per week where a secure bed may not be available.

Implementation of the Social Work Act:

The Social Work Act is already having a financial and a 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. There are 115 young people within the Leaving Care cohort that would be entitled to support under the Act and who up until this point may not have been receiving this. The LA is now receiving a trickle at the present time of young people returning to the authority for various areas of support – not all of these are financial issues such as paying rent due to the introduction of the universal credit but also their mental health and wellbeing is a feature of support required.

The second area that is seeing a steady increase is 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 whilst the numbers remain unknown as is the burden to the LA in delivering these services our VS head has seen referrals increasing by 2 or 3 a week at the current time.

The table below (table 1) sets out the position in respect of the number of CLA in Bromley, National and Statistical Neighbours. Post Ofsted, we saw a nominal increase per 10,000 as set out below. However, we are still below our statistical and national neighbours (an area that Ofsted has asked us to explain).

Rate of CLA

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Bromley	41	41	39	37	39.6	39.3	41.7	44.1
Statistical Neighbours	48	47.5	50	49.7	50.7	54.3	55	
National	59	60	60	60	60	62	64	

The extension of the statutory age of children in care to 25 is another factor that is impacting on our budget, the increase in children looked after and therefore their continuing rights and our duties to them now expands from 21 to 25 and this has been demonstrated by the 115 young people who are eligible for this service. Not all of these young people will wish to receive a service but they are eligible up until the age of 25 and circumstances can change quickly for them. This will have financial implications in relation to services offered but also will impact on the numbers of social workers/Young Person Advisors to support them.

Increase in the number of unaccompanied minors:

Bromley is part of the Pan London Agreement in relation to receiving unaccompanied minors. Bromley now have 46 unaccompanied minors in the system. There are currently only 5 Local Authorities that are on the rota that are able to take children and who have not reached the threshold. The children that are coming to Bromley are averaging two children a week. In addition these children are under the age of 16 and very few are age disputed. These young people are very vulnerable and traumatised and therefore cannot or should not be placed in semi-independent placements. They require suitable foster carers to be identified who can support and manage some of the behaviours manifested by these children. This is therefore

a growth area which will continue until Bromley reach the threshold of 53 children, at the point we reach the threshold we will be removed from the Rota for a period of time. However the reality being that by the time Bromley and the 4 other LA's reach this threshold a new rota for all 32 London Borough's will commence again and although this may stem the numbers for a period of time our UASC will continue to allocated to Bromley. Again London Boroughs such as Hounslow and Croydon quickly reach their limit the programme of removing boroughs from the rota will begin again. Bromley will need to factor this in to any financial budgets.

Although the Council are given grant (£91 per day for a 16+, £114 per day for an U16) this does not cover the costs of the placements and the on costs.

Agency staff continues to be a cost burden although this has been managed within the overall staffing budget. Children's social care recently recruited 30 newly qualified social workers who are permanent and have received their 3 weeks induction and have now been placed within their teams and this will reduce the agency spend. We are beginning to see some impact as they begin to take cases although will be on a protected caseload as NQSW and we need to be mindful of our caseload promise to social workers within the service

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

- i) Recruitment and retention of permanent staff/ ability to recruit skilled staff for the current posts vacant.
- ii) Limited supply and increasing costs of residential placements – including the specialist placements for very complex young people.
- iii) Increase in the Looked After Population – particularly in our Looked After Unaccompanied Minors population.

Impact of SW Act in relation to the VS and the children who are adopted and living within our area.

Education

The LGFutures Financial Intelligence Toolkit shows Bromley's spend of education (excluding schools) lower, per head, than other outer London boroughs and below the average for the group.

Adult Education is improving and enrolments are beginning to rise. However, a change in grant funding rules means that from, September 2018 the threshold for eligibility was lowered to the national minimum wage so that more students are eligible for full funding from grant, i.e., fewer fee paying students. The GLA has indicated their intention to change the threshold again to the London Living Wage from September 2019.

Population increase and particularly an increase in the school age population (56,189 in 2010 to 60,939 in 2018, an 8.45% increase) is creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The increase in permanent exclusions from secondary schools over the past two years creates a pressure on funding for alternative provision because the LA has a statutory responsibility to provide education for children excluded from school. The growth bid of £250,000 for two years will be invested in alternative provision and in-school support to alleviate this pressure. Permanent exclusion from primary schools reduced substantially this year.

SEN/D pressure:

The greatest pressure is in the area of SEN/D with an overspend in the DSG High Needs Block offset by a contribution from the RSG. Between 2010 and 2018, the number of children with special educational needs requiring an EHCP has increased by 12%, significantly lower than the national increase of 40% but higher than the overall increase in the school age population. There are now 2,154 Bromley resident children with an EHCP. In 2017, there were 422 requests for statutory assess, 56% increase on the previous year. Of these, 105 were refused (25% compared with 23% nationally) but 31 of these decisions were subsequently challenged and overturned at SEND Tribunal. At the same time, the extension of the age range for EHCPs from age 19 to age 25 is increasing the number of young people for whom the LA maintains and funds an EHCP. At July 2018 the LA is maintaining EHCPs for 111 young people aged 20-25.

Bromley places fewer children with EHCPs in mainstream schools than nationally and more in the non-maintained and independent sector than nationally (6% of Bromley children compared with 3.8% nationally). The cost of these placements is higher than LA maintained provision (average cost of independent day school is £37k compared with average cost of £27k for LA maintained special school) and accounts for 26% of Bromley's spend on 11% of the children with EHCPs.

An external review of arrangements for SEND highlighted the need to:

Match local provision to local need;

Use existing resources more effectively to support placements in mainstream schools, as far as possible. Action taken includes:

- Free school bid for a new special school for children with ASD to enable Bromley to place more children locally in Bromley schools so reducing spend in more costly places in the non-maintained and independent sector.
- Service Level Agreements in place for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- New Casework Manager role in the SEN Assessment to streamline the statutory assessment process, making it more efficient, effective and compliant with statutory guidance and to strengthen management oversight of decision making.
- Realignment of the SEN Advisory teams to strengthen support for children in mainstream schools.

The intention is to work towards slowing the rate of increase in EHCPs to 7% and to incrementally place more children in local schools. This carries risks because provision for children is determined by their presenting needs and may not be rationed by resources. The additional risk is the outcome of the forthcoming Local Area Inspection of SEND.

RISK AREAS WITHIN ADULT CARE AND HEALTH PORTFOLIO FOR 2019/20 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 complex packages of care, including Deprivation of Liberty orders (DoLs). At the same time, there are continuing demographic pressures, with Bromley having the second highest proportion of the population aged over 65 across London. 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 try to control demand by ensuring that all staff are up to date with alternative forms of help and support within the community and are able to signpost residents as appropriate; however where an assessment has been requested and care and support needs are identified we are obliged to meet these (where appropriate). All offers of care and support are scrutinised through our Practice Review Groups where we consider all possible ways to support an individual before commissioning is undertaken, including referrals to the CCG for Continuing Health Care funding etc., and other partner and third sector helping organisations.

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. This is particularly acute in the complexities of children transitioning from children's to adults' services.

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 £7.83 per hour, rising to £8.21 from the 1st April 2019 (an increase of 4.9%). 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 and continued use of zero hours contracts, 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 Discharge to Assess team and dedicated providers are helping to reduce delayed transfers of care, as well as generating savings for the Council on domiciliary and residential care packages, and for the CCG on hospital beds; however there is a risk of penalties/charges if targets are not met.

Within Public Health, savings have been achieved in sexual health services from a redesign of the services with the introduction of on-line testing and shift to other community-based services and a reduction in the more expensive hospital-based service. The recent introduction of the London tariff has also resulted in a significant price reduction. In addition, work is ongoing on reducing activity by reducing the incidence of sexually transmitted diseases.

Looking forward, it is difficult to predict the exact level of future activity, especially as reductions to the level of preventative work now may lead to later increases in activity. There

is also a degree of uncertainty around costs as the new tariff only recently started, as well as pressures from significant increases to the cost of certain drugs.

Whilst the Department will endeavour to meet its budgetary commitments there is a risk from increasing demands and pressures on budgets. This will mean that additional in year pressures may occur leading to overspends in those areas, which the Department will try to mitigate as far as possible.

RISK AREAS WITHIN RENEWAL RECREATION AND HOUSING PORTFOLIO FOR 2019/20 ONWARDS

Housing costs continue to escalate for those qualifying for temporary accommodation. The key challenges continue to centre on:

- The overall lack of access to accommodation that is affordable – lack of move on options.
- Reduced social housing stock turnover silting up temporary accommodation.
- The combined impact of the welfare reform changes – resulting in a greater number of approaches, increased rent arrears and shortfall in rent which requires LBB top up.
- The extended statutory duties arising from the implementation of the Homelessness Reduction Act 2017 since April 2018.
- Complexity of some households approaching requiring intensive support and intervention to access and sustain accommodation.

Overall these pressures are likely to rise to in excess of £9m by 2023 and cannot be met through the contingency funds set aside for homelessness and welfare reform pressures.

There are a range of activities being undertaken to slow down the rate of increase and seek to mitigate the overall costs pressures. However it must be noted that pressures continue to rise and capital schemes regarding housing supply will take several years lead in to design, gain planning consent and complete:

1. Costs can best be contained by continuing to focus on early intervention and advice. The service has been redesigned to proactively identify those at risk of homelessness to offer early intervention services prior to crisis and thus reduce the need for temporary accommodation.
2. Increasing access to private rented sector accommodation. A new offer has been put in place for landlords to increase the level of access. To date this has achieved 100 PRS lettings for 2018/19.
3. Pan London arrangements to share details on TA costs and set benchmark rates to reduce the level of price increases.
4. It is clear however that in order to start to mitigate the cost of temporary accommodation increased housing supply is required. A transformation board is now in operation to pursue the range of options to increase accommodation supply including the use of vacant dwelling, modular units, property purchase and the development of Bromley owned or acquired sites. Cumulatively the schemes identified to date would offer full-year mitigation actions in the region of £5.4m.

Planning Services

A substantial part of Planning Services' work attracts income for the Council, mainly from 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.

There is a risk that Section 106 developer contributions are not spent in accordance with the legal agreements, for example in the right location or timescale. Regular reports are made to the ER&C PDS to monitor these.

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

RISK AREAS WITHIN PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT FOR 2019/20 ONWARDS

GDPR

The General Data Protection Regulations have recently come into force (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 seen 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, 79 cases were issued. For 2018/19 it is projected that 65 cases will be issued and for 2019/20 the projection based on current trends is that 55-60 cases will be issued which is still significantly higher than pre-Ofsted figures. 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 c.20% 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 2017/18 the counsel fees cost was £240k and whilst it is likely this will reduce to £200k for 2018/19, 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 with the total 2019/20 costs expected to also be at or slightly below that level.

Admin Subsidy

The Authority has not been advised the amount of HB Admin subsidy to be received for 2019/2020. However, the DWP have advised that they will be adopting a new methodology for allocating the HB Admin subsidy from 2019/20 to take into account the Universal Credit (UC) caseload. The impact of the change in methodology will be phased in over three years. Increases and reductions in funding caused by the change will be limited to one third of the

difference in 2019/20, two thirds of the difference in 2020/21, with all LA moving to the new methodology in full from 2021/22.

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 working-age claimants was introduced in July 2018, they now receive UC towards their housing costs rather than Housing Benefit (HB). Funding has yet to be advised for 2019/2020. Movement of the current working-age HB claimants to UC is due to be completed by 2024 (delayed from 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 1.4% has been assumed for interest on new investments in the financial forecast from 2019/20.

The view of the Council's external advisor as at December 2018 is that the overall balance of risks to economic growth in the UK is probably neutral. UK economic growth in the first half of 2018/19 saw only a modest performance. However, after an adverse weather depressed performance in quarter 1, UK growth has been recovering pace and the latest 3 month rolling average came in at a healthy 0.7%. The positive run of economic statistics was sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase the Bank Rate on 2nd August from 0.5% to 0.75%. Our advisors do not currently think that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. In view of the hawkish stance of the MPC this time, it is now anticipated the first increase in Bank Rate will be in May 2019. The next estimated increases then occur in February and November 2020 before ending up at 2.0% in February 2022.

Reports to previous committee meetings have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent. Balances available for investment are anticipated to decrease in 2019/20 and a decrease of £200k income has been included in the draft 2019/20 budget.

Insurances

The Council's casualty/liability insurance is on a long-term agreement expiring on 30th April 2019. The coordination of the expiry date for all insurance policies was approved, so that the Council's other insurance policies (mainly property and motor) from 1st August 2016 to 30th April 2018 with an optional extension, all policies expire on 30th April 2019. The combined insurance tender renewal is in progress.

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.

Additional Income Opportunity from TFM contract

Officers in partnership with Amey are expecting to generate potential savings of £700k through a combination of additional income and cost reductions. This will be achieved by taking a proactive approach to managing the property portfolio. However, the exact amount of savings achieved will be subject to the outcome of the renegotiations of service charges, business rates and rent reviews across the property portfolio.

Surplus Property

There is a risk that if sales cannot be progressed the cost of retaining surplus properties will increase with a corresponding impact on renewal yield. Similarly, there is an increased risk of high street voids as the retail downturn continues leading to a loss of rental income.

Energy Tariff

Next year energy tariffs are expected to increase and the Climate Change Levy (a carbon tax on energy) is set to rise in April 2019. Consequently, if LBB's energy (electricity and gas) consumption remains the same as in 2018/19, LBB's energy costs will substantially increase in 2019/20.

RISK AREAS WITHIN ENVIRONMENT COMMUNITY SERVICES PORTFOLIO FOR 2019/20 ONWARDS

Waste Services

Landfill Tax

Landfill Tax continues to increase annually by RPI and currently stands at £88.95 per tonne. The Government has confirmed that in 2019/20 Landfill Tax will be £91.35, increasing to £94.15 in 2020/21. The procurement of the new waste disposal contract has been successful in mitigating the increase in growth pressure through the use of alternative disposal solutions with the full benefit of alternative treatment facilities becoming apparent in 2020/21.

The Government has not pursued the introduction of an Incineration Tax, it remains willing to consider this option if the Government's wider policies do not improve recycling rates, having the potential to add future budget pressure due to the use of Energy from Waste (EfW) as a disposal solution in the new service contract.

Increasing property numbers

Growth in the number of properties incurs additional expenditure, as extra collections are required and additional waste is generated. Each new property will attract a cost of £122 per year for collection (refuse, recycling and food waste), and waste disposal from April 2019. On average, the number of properties in the borough has increased by about 740 each year, although the increase in the last year was 558 properties.

Municipal Waste Tonnages

After a long period of falling tonnages, the quantity of municipal waste collected in Bromley had been rising and current projections are that the waste tonnage will be maintained at current levels:

2014/15 144,337
2015/16 145,866
2016/17 149,118
2017/18 145,748

In the first 6 months of 2018/19 tonnages have decreased by 1,950 tonnes (2.5%). The local and national trend for the last few years has been a moderate waste growth increase but there has been a recent slowing in line with consumer growth and the recent dry summer impact on the overall weight of biodegradable waste collected. Therefore, while it is plausible that embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste, there is greater confidence that that overall waste tonnage will rise as the economy and consumer confidence revives.

The average cost of waste disposal for 2018/19 is around £87 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £126k 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 currently have a secured fixed rate through the current service provider. However, the continued depression and uncertainty of the recyclate commodity market has moderated the rate and income share offered for the new waste collection contract. Provision has also been made to base future recyclate income

base on market indices which has reduced risk based pricing in the contract but will add potential volatility in future income.

The negotiated Brexit package, once finalised, may influence future trade patterns for recycle and the regulatory framework for waste, having a net impact on recycle indices prices. The regional trend and industry concern relating to the decreased quality of recycling materials available for collection will have the potential impact reducing our recycling income. This is further complicated by the potential development of Government legislation in relation to levies on plastics and possible 'bring back' schemes which may deteriorate the quality of material processed through Council services.

Street Environment Contracts

The Street Environment Contracts, having been newly commissioned, have experienced an overall increase in service costs based on an as-is service delivery model. This in itself is a cause for pressure on the budget which will be reviewed by the client team during the mobilisation and implementation of the new service solution. Annual contract reviews of the service delivery model will drive efficiencies in the service as far as practicable, whilst ensuring that minimum contract standards are maintained in order to moderate any future growth 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 overrun 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.

Although Income from defect notices peaked at £903k in 2010/11, it has reduced in subsequent years down to £60k in 2017/18. It is anticipated to increase back to £91k as SU performance improves. At the same time income from Section 74 is estimated to increase to around £120k, and FPN's to reduce to £6k 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 line with the reduced defects, each of which requires a permit.

Winter service

Budgets have historically been based on patterns of spend for precautionary salting, primarily for frost or ice, with relatively little actual snow clearance. During the winter of 2017/18 we suffered from prolonged sub-zero temperatures followed by heavy rain in early spring, which led to an overspend of £66k but it is unclear at this stage whether this is a permanent shift in weather patterns. The Government has commissioned research into this issue. In the meantime there continues to be a significant risk of incurring additional cost.

Highways Contracts

The Highways contracts have price fluctuation clauses based on actual cost indexing, whereas budget increases are based on the BCIS Price Index for civil engineering works. 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 current highway investment budget has provided £11.8m for footway and carriageway maintenance works. It was originally envisaged that the programme would be completed prior to the new Highway Contracts being let in 2019. With the revised timescale for tendering, which required the new Contract to be let by July 2018, this was not possible, and the programme will be completed by the new contractor.

The revenue budgets for planned highway maintenance of borough roads and footways are not due to be reinstated until 2022/23, which will increase the demand for reactive highway repairs in the meantime as the condition of the asset deteriorates.

TfL Funding

In 2017/18 TfL provided £0.9m for maintenance, however this funding was 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 has been completed , 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. The street lighting service has been included in the new highways contract as a fully managed service, which will minimise budget fluctuation between years.

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 2015-2019 and a report will come to members in early 2019 in consideration of price increases. 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 announced by TfL for 2019/20 and possible further cuts in the future.

The Shared Service is continuing to perform well and led on a joint Tender exercise with Bexley for the provision of all parking functions. The contract was awarded to APCOA and went live in April 2017. The performance of the contract in the first year was poor but has improved since April 2018.

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 2019/20 the LIP funding is to be cut by 15%. There can be no guarantees that further cuts will not follow.

Promotional Activity in the High Street

The changes to the layout and design in Bromley High Street have greatly reduced the available spaces for promotional activity from charities and organisations and the income stream that generates. Alternative locations and opportunities will be investigated as works complete and a better understanding of the space is garnered.

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 PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO FOR 2019/20 ONWARDS

Houses in Multiple Occupation

The Government have introduced a new Houses in Multiple Occupation (HMO) licensing regime since October 2018. In essence, the government have removed the 'three or more storeys' criteria. 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 an 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 and funded from the proposed £1,000 5 year license fee per property. The fees for this area have now been reviewed and have increased, however, additional work needs to be done to establish whether the new fees set will fully cover the cost of any additional resources that may be needed to process the applications.

Food Safety Team

Following the outcome of the Food Standards Agency (FSA) Audit of the Food Safety Service in April 2017, an action plan was agreed by the Portfolio Holder. Executive on 9 August 2017 agreed to the additional resources for two extra full time permanent and three full time temporary food safety officers for up to 18 months, to implement the action plan and clear the backlog of inspections.

Despite the additional funding, recruitment issues still remain mainly due to the national shortage of qualified food safety Officers. Following the meeting on 11 September 18, the FSA noted the efforts that had been made and acknowledged the impact that the recruitment issues had on the progress to date. They accepted that the focus would be shifted away from inspecting unrated premises.

Since April 2018 the level of enforcement/complex work carried out by the food safety team has been at an unprecedented level. Much of this marked increase in enforcement activity is directly related to the increased number of inspections made this year to premises which were previously overdue. However, should it continue, it may be that additional resources are needed to ensure food businesses are kept compliant and safe.

Mortuary Service

The King's Trust currently supplies the public mortuary service to LB Bexley and LB Bromley. The London Borough of Bromley forms part of HM South London Coronial district along with the London Boroughs of Bexley, Croydon and Sutton (the Four Borough Consortium).

This original contract for the provision of the mortuary facilities ended on September 2018. The service was tendered through ProContract, but no bid was received. Subsequently, LB Bromley has entered into a negotiated contract procedure with The King's Trust. It is anticipated that the contract price will be more expensive than the current annual price by at least £90k. However, the exact amount by which the current price may be exceeded cannot be determined until the negotiations are complete.

Notwithstanding the above, the spend on mortuary provision in the future cannot be certain due to variables in demand. The provision of a sustainable mortuary service at an affordable cost in the long term is problematic due to a very limited market with little competition.

Coroners Service

Any high profile inquests or significant increase in volume of cases could further increase the cost of the Coroners service.