

**EXECUTIVE****13 February 2019****5. 2019/20 COUNCIL TAX – COMMENTS FROM PDS COMMITTEES****EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE  
8<sup>th</sup> January 2019**

The Committee considered a report seeking the 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". The report also provided 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.

The Committee discussed whether, in light of Central Government's decision to move towards the CPI inflation measure, it would be more sensible to move away from RPIx and focus more on a CPI inflationary measure when awarding contracts. The Director of Finance confirmed that where possible the Council was moving towards a CPI measure, unless there was a strong business case otherwise.

The Chairman of the Education, Children and Families Select Committee emphasised that the Select Committee had produced two reports in relation to the budget for the Children, Education and Families Portfolio. The Chairman of the Select Committee sought assurances that the recommendations would be taken on board as part of the budget setting process.

The Director of Finance reported that whilst the Council was financially well placed, debt free and had some reserves it was important that consideration was given to developing a financial plan for 4 years' time which evaluated all options.

In response to a question from the Chairman, the Director of Finance confirmed that following the letting of contracts, responsibility for contract management was now being transferred back to Departments and this was reflected in the propose budget for commissioning and procurement. Whilst there were no changes in the numbers of staff within commissioning and procurement, the Committee noted that as part of the wider review of staff savings the structure of all departments would need to be reviewed.

The Director of Finance reported that the increase in the ECS Repairs and Maintenance Budget reflected fire risk issues and the additional funding was to ensure that the Council was meeting its obligations. The wider issues around the Grenfell Tower fire had highlighted that there was more work to be done around fire risk assessments.

The Chairman of the Education, Children and Families Select Committee reported that the Children's Service Improvement Governance Board had identified issues in relation to the quality of staff accommodation. The Director of Finance confirmed that the proposal was to develop the Well Bar into a comfortable break out area for staff.

In response to a question, the Director of Finance confirmed that in relation to concessionary fare, usage information was used to determine the allocation for the Borough once use of the Mayor of London's Freedom Passes had been discounted.

**RESOLVED: That the Executive be recommended to:**

- 1. Agree the initial draft 2019/20 Budget;**
- 2. Refer the initial draft 2019/20 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 3. Note the financial projections for 2020/21 to 2022/23;**
- 4. Note that there are still areas of financial uncertainty which will impact on the final 2019/20 Budget and future year forecasts;**
- 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;**
- 6. Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;**
- 7. Consider the outcome of the public consultation meetings detailed in Appendix 9 of the report;**
- 8. Agree the proposed contribution of £248,886 in 2019/20 to the London Boroughs Grant Committee;**
- 9. Note the outcome of the Provisional Local Government Financial Settlement 2019/20 as detailed in the report;**
- 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;**
- 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;**
- 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.**

**RENEWAL, RECREATION & HOUSING PDS COMMITTEE  
22<sup>nd</sup> January 2019**

The Committee considered a report setting out the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, which incorporated future cost pressures and initial draft saving options reported to the Council's Executive on 16<sup>th</sup> January 2019. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years.

The Director: Regeneration advised Members that a number of pressures would continue to impact the Renewal and Recreation Portfolio budget for 2019/20, including the challenges of variations in the income received from the Planning Service. There were significant pressures associated with the increasing demands and costs of temporary accommodation which were projected to rise to in excess of £9M by 2023, and could not be met through contingency funds set aside for homelessness and welfare reform pressures, although actions were in place to slow the rate of increase and mitigate overall cost pressures. A transformation programme would be undertaken across the Local Authority during the first half of 2019, which would include a root-and-branch analysis of every service. The transformation programme was expected to be completed by the end of August 2019, following which a range of service proposals would be presented to Members.

In considering the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, the Chairman underlined the financial challenges facing the Local Authority with a projected budget gap of £32.2M per annum by 2022/23, and requested that further information be provided to explain how this figure had been estimated. The Chairman also requested clarification regarding a variation of Cr £3,111k in the Other Changes column for Non-Controllable budgets for the draft Renewal, Recreation and Housing Portfolio Budget for 2019/20, as well as the reasons for a proposed increase in the Renewal budget within the Planning Service for 2019/20.

In response to a question from a Member, the Chief Planner confirmed that Section 106 contributions from developers were used to mitigate the impact of developments on public services. There were a number of restrictions on how and when Section 106 contributions could be used, and there was a general move to replace Section 106 agreements with the Community Infrastructure Levy scheme which was currently being developed by the Local Authority. The Community Infrastructure Levy offered a more flexible way to invest contributions from developers, but would need to be planned in advance with intended spend published on an annual basis.

**RESOLVED that:**

- 1) The financial forecast for 2019/20 to 2022/23 be noted;**

- 2) **Members' comments on the initial draft Renewal, Recreation and Housing Portfolio budget 2019/20 as a basis for setting the 2019/20 budget be noted; and,**
- 3) **Members' comments on the initial draft Renewal, Recreation and Housing Portfolio budget 2019/20 be provided to the meeting of the Council's Executive on 13<sup>th</sup> February 2019.**

**EDUCATION, CHILDREN & FAMILIES BUDGET & PERFORMANCE  
MONITORING SUB-COMMITTEE  
23<sup>rd</sup> January 2019**

The Sub-Committee considered the Portfolio Holder's draft 2019/20 budget, incorporating future cost pressures and initial draft budget saving options reported to Executive on 16<sup>th</sup> January 2019. There were still outstanding issues and areas of uncertainty remaining. Any further updates would be included in the 2019/20 Council Tax report to the next meeting of the Executive.

The report detailed the key issues and risks for the Education, Care and Health Services Department which in summary included (further the report to the Sub-Committee provide details of each issue):

Children's Social Care

- Increased referrals and workload
- Recruitment of permanent staff
- Keeping the caseload promise
- Placements of children in care
- Implementation of the social work act
- Increase in the number of unaccompanied minors

Education

- Increase in the number of students eligible for full funding from grant for Adult Education
- Growing pressure on universals services such as Admissions and school attendance resulting from population growth
- Pressure on funding on Alternative Education resulting from increased number of exclusions from secondary schools.
- SEN/D Pressure

In opening the discussion the Chairman sought an update on the issues of Unaccompanied Asylum Seeking Children. The Head of ECHS Finance reported that the Local Authority was about to meet the threshold of 53. Once this threshold was met it was likely that a new threshold would be set and the Local Authority would be placed back on the rota. This budgetary pressure had been reflected in the draft budget and an amount set aside. Members noted that the funding received from central government was generally not enough to cover the costs to the Local Authority.

Members noted that in recent years growth of around £2-3m had been put into the budget for children's social care placements, this included funding for Unaccompanied Asylum Seeking Children.

Members noted that, in relation to placing fewer children with Education, Care and Health plans (ECHPs) in mainstream education, the trust of the Bromley vision was to place children in local mainstream provision. There were some considerations such as parental preference and whether the right provision was available locally, but generally the aim would be to, where possible, place children locally. In terms of parental engagement; Members noted that there was a statutory responsibility to have parental advice services funded by the Local Authority. The Council also funded Parent Voice. The Executive Director conceded that in the recent past there may have been a tendency to have early discussions about "the school" rather than reflecting and defining the child's needs. It could be argued that this may have mislead some parents and allowed them to believe there were more options. The SEND Governance Board was now reviewing the approach taken and the changes that were required were being worked through.

In relation to SEND Tribunals, a Member stressed the importance of ensuring that only the worst cases reached tribunal and that where appropriate negotiations with parents continued up to the last available minute.

The Sub-Committee noted that the outcome of the bid for the SEN Free School in the Borough would not be known until the Spring.

In response to a question, the Head of ECHS Finance reported that the new Transformation Board established by the Interim Chief Executive was undertaken a fundamental review of departments and services across the Council; looking at how and why services were provided.

**RESOLVED: That**

- 1. The update on the financial forecast for 2019/20 to 2022/23 be noted; and**
- 2. The initial draft 2019/20 budget be noted as the basis for setting the 2019/20 budget.**

**ADULT CARE & HEALTH PDS COMMITTEE**  
**24<sup>th</sup> January 2019**

The Committee considered a report setting out the draft Adult Care and Health Portfolio Budget for 2019/20, which incorporated future cost pressures and initial draft saving options reported to the Council's Executive on 16<sup>th</sup> January 2019. Members were requested to provide their comments on the proposed savings and identify any further action to be taken to reduce cost pressures facing the Local Authority over the next four years.

The Head of Finance advised Members that a number of pressures would continue to impact the Adult Care and Health Portfolio budget for 2019/20. This included the challenges of the older demographic of the Borough, the impact of the National Living Wage on the provision of care sector services and the increasing complexity of need of clients presenting to adult social care. There continued to be significant pressure in the area of Adult Social Care for which the Government had previously agreed non-recurring Improved Better Care Funding of £3.363M in 2019/20 and £1.677M in 2020/21 that would be utilised in agreement with the Bromley Clinical Commissioning Group.

A Member noted that Chief Officers were exploring savings and income opportunities beyond those outlined within the draft Adult Care and Health Portfolio Budget for 2019/20 and requested further details on any savings or income opportunities identified. The Member was concerned at references in the draft Budget to projected or planned savings for 2019/20, as anticipated savings may not be realised due to the demand-led nature of services within the Portfolio. A Member responded by highlighting the robust budget monitoring processes in place to ensure future savings attributed to particular services would be monitored and adjusted throughout 2019/20. The Interim Chief Executive was pleased to observe that demand-led pressures in the Adult Care and Health Portfolio budget for 2018/19 had been reflected in the increased budget for 2019/20. In-year mitigation was part of the process of managing cost pressures on the budget, and this would be further supported by a transformation programme to be undertaken across the Local Authority during the first half of 2019 that would include a root-and-branch analysis of every service.

A Member was concerned at the costs related to the transfer of the Contract Monitoring and Compliance Team from Resources, Commissioning and Contracts Management Portfolio, and underlined the need to monitor the cost of the commissioning process. The Interim Director: Programmes reported that a full range of budget information was included in all contract reports. The Head of Finance further noted that any savings realised through commissioned services were reflected in the Portfolio budget and reported throughout the year as part of the regular budget monitoring process. In response to a query from the Member, the Head of Finance confirmed that a number of information and early intervention programmes would be funded within the Portfolio during 2019/20, including the continuation of long term contracts with Bromley Well and carers support services.

Another Member queried funding for Public Health services for 2019/20, and the Head of Finance clarified that the redesign of sexual health services in 2018 had realised significant savings, and that funding for Public Health services continued to be ring-fenced to support the delivery of public health schemes.

**RESOLVED that:**

- 1) The financial forecast for 2019/20 to 2022/23 be noted;**
- 2) Members' comments on the initial draft Adult Care and Health Portfolio budget 2019/20 as a basis for setting the 2019/20 budget be noted; and,**

- 3) Members' comments on the initial draft Adult Care and Health Portfolio budget 2019/20 be provided to the meeting of the Council's Executive on 13<sup>th</sup> February 2019.**

## **PUBLIC PROTECTION AND ENFORCEMENT PDS COMMITTEE**

**30<sup>th</sup> January 2019**

The Draft Budget report had been drafted by Claire Martin—Head of Finance.

The primary aim of the report was for the Committee to consider the Portfolio Holder's Draft Budget for 2019/2020. This incorporated future cost pressures and a consideration of initial draft budget savings options.

### **RESOLVED that**

- 1) The update on the financial forecast for 2019/20 to 2022/23 is noted.**
- 2) The draft budget is agreed as the basis for the setting of the 2019/2020 budget.**

## **ENVIRONMENT & COMMUNITY SERVICES PDS COMMITTEE**

**5<sup>th</sup> February 2019**

Members considered the Portfolio Holder's Draft 2019/20 Budget incorporating future cost pressures and initial draft budget saving options as reported to Executive on 16<sup>th</sup> January 2019.

Executive asked each PDS Committee to consider the initial draft budget savings and cost pressures for their Portfolio. Views from each Committee would then be reported to the Executive when considering recommendations to Council on 2019/20 Council Tax levels.

Outstanding issues and areas of uncertainty continued to remain for the Draft 2019/20 Budget - any further updates would be included in the 2019/20 Council Tax report to Executive.

In discussion, brief reference was made to the new Environmental Services Contract from 1<sup>st</sup> April 2019 particularly in regard to the Waste Disposal (Lot 1) and Waste Collection (Lot 2). This primarily accounted for an increased level of budget next year as there will be increased costs in Year 1 of the new contract. However, from Year 2 costs will decrease going forward.

On Highways, a Member felt that reducing the road maintenance budget would not be sensible given the condition of a number of roads in the borough. The Portfolio Holder indicated that a £1.17m lump sum had recently been provided from the Government's announcement on local roads funding. This would support road maintenance in the borough and it could be expected that this investment together with Bromley's own recent investment in highways would result in newer roads

requiring less maintenance over the next few years. As such, a temporary road maintenance budget reduction should be able to be accommodated. Monitoring could also be undertaken by the Committee. However, the Member considered, taking account of the condition of the borough's roads, that should £177k be removed from the budget, there would be increased costs longer-term.

**RESOLVED that:**

**(1) the update on the financial forecast for 2019/20 to 2022/23 be noted;**

**(2) the initial draft 2019/20 budget be noted as a basis for setting the 2019/20 budget; and**

**(3) the Committee's comments on the initial draft 2019/20 budget be provided for the Executive to consider at their meeting on 13<sup>th</sup> February 2019.**

**EXECUTIVE, RESOURCES & CONTRACTS PDS COMMITTEE  
7<sup>th</sup> February 2019**

**(5) 2019/20 COUNCIL TAX  
Report FSD190**

The Committee considered a report identifying the final issues affecting the 2019/20 revenue budget and seeking recommendations to the Council on the level of the Bromley element of the 2019/20 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept would be reported to the Council meeting on 25th February 2019. The report also sought final approval of the 'schools budget'. The approach reflected in the report was for the Council to not only achieve a legal and financially balanced budget in 2019/20 but to have measures in place to deal with the medium term financial position (2020/21 to 2022/23).

In response to a question, the Director of Finance confirmed that earlier in the day he had received notice that the disapplication request made to the DfE for the transfer of £1m from the Schools' Block to the High Needs Block of the Dedicated Schools Grant (DSG) had been refused. The Committee noted that as a result of this the recommendations to the Executive would require modification and these would be reported to the Executive on 13<sup>th</sup> February along with some other minor changes.

A Member raised some concerns around the process for scrutiny of the Schools' budget, and the £788k that had been received from the DfE in 2018/19 and 2019/20 to support high needs provision. In response to a question the Director of Finance confirmed that the funding shortfall of £212k (the difference between the £1m disapplication request and the £788k received from the DfE) would need to be addressed.

The Director of Finance explained that prior to 2014 the Government had funded high needs placements through the Schools' Budget. The latest guidance from the DfE was that high needs placements should continue to be funded through the Schools Budget and not through Council Tax. The implication of this was that there needed

to be a plan in place to ensure that any deficit in high needs funding was addressed via the Schools' budget, not general Council tax. The disapplication request that was made to the DfE highlighted the Council's position that there was insufficient high needs funding. As a result of this the Council had agreed to make a contribution to high needs in recognition that any deficit could not be recovered from schools over three years. This council contribution had been agreed in spite of the DfE guidance and the disapplication request was to mitigate some of the additional costs the Council was incurring. For the purposes of clarity, the Director of Finance confirmed that the Council had given a commitment to fund £2m for high needs placements from the General Fund. The Committee requested a note be circulated following the meeting outlining for 2019/20 the amount of the High Needs Block and the Council's contribution for high needs which would equate to the total spend on high needs. In addition Members also asked for information concerning the use of the additional £788k for high needs placements in 2018/19. The Chairman of the Education, Children and Families Select Committee suggested that an explanation of the DSG and its 4 funding blocks would also be of benefit to Members.

*Action Point 24: That a note be circulated explaining the 4 blocks of the DSG and outlining for 2019/20 the amount of the High Needs Block and the Council's contribution for high needs which would equate to the total spend on high needs. In addition to information concerning the use of the additional £788k for high needs placements in 2018/19.*

The Committee noted that it would now be necessary for the Council to reflect on the outcome of the disapplication request and consider its response. Members further noted that further cost pressures had been created from 2018/19 as a result of the extension of the age of eligibility for SEN support to 25 years old. This was an additional demand that was not supported by any additional funding.

The Director of Finance confirmed that the schools would not be contributing £1m to the High Needs Block of the DSG in 2019/20 and that work with schools would now need to begin in order to address longer-term issues and the guidance from the DfE in terms of funding high needs placements from the Schools Budget.

The Chairman of the Education, Children and Families Select Committee noted that the Select Committee's report on the Education Budget would be considered by Full Council on 25<sup>th</sup> February. The report included a recommendation that there should be further lobbying through London Councils. The Leader of the Council confirmed that the issue had been discussed at London Council and there was unanimity that the London Borough had to unite in tackling the issue of underfunding as the current position was unsustainable and changes were clearly required.

Turning to the issue of the proposed Council Tax increase, the Director of Finance confirmed that the Government had given special dispensation for the 2.99% council tax increase to reflect current inflationary pressures. There had been no indication of dispensations for future years being granted and inflation was predicted to decrease in future years. Furthermore, there had been no indication from Government of the Adult Social Care precept being granted for 2020/21. The Committee noted that a number of local government financial reviews were due in 2020/21 and this made

budget planning difficult as there were currently no indication of the 4 year funding allocation.

**RESOLVED:** That the Executive be recommended to recommend to Council that it:

1. Approves the schools budget of £77.644m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
2. Approves the draft revenue budgets (as in Appendix 2) for 2019/20;
3. Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 16<sup>th</sup> January 2019;
4. Approves a contingency sum of £11,669k;
5. Approves the following provisions for levies for inclusion in the budget for 2019/20:

	£'000
Local Pension Partnership *	469
London Boroughs Grant Committee	249
Environment Agency (Flood defence etc.) *	252
Lee Valley Regional Park *	323
<b>Total</b>	<b>1,293</b>

\* Provisional estimate at this stage

6. Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council;
7. Considers the “Bromley element” of the Council Tax for 2019/20 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues;
8. Approves the approach to reserves outlined by the Director of Finance;
9. Notes that any decision on final council tax level will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting;
10. Agrees that the Director of Finance be authorised to report any further changes directly to Council on 25<sup>th</sup> February 2019.