

PART 1 - PUBLIC

Decision Maker: **Executive****Date:** **8th December 2010****Decision Type:** Non-Urgent Executive Non-Key**Title:** **FINANCIAL MONITORING 2010/11****Contact Officer:** Peter Turner, Deputy Director of Finance
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk**Chief Officer:** Director of Resources**Ward:** Borough wide

1. Reason for report

- 1.1 This report provides the fifth budget monitoring position for 2010/11 based on expenditure and activity levels up to October 2010. The report also highlights any significant variations which will impact on future years as well as any early warnings that could impact on the final year end position.
- 1.2 In 2009/10 Final Accounts there was an increase on balances of £974k to reflect savings from specific unspent budget provision. Executive agreed carry forwards of £974k into 2010/11 - this creates an increase on balances in 2009/10 and a corresponding reduction in 2010/11.
- 1.3 There is an underlying net overspend of £896k on services (excluding recession costs), offset by additional income from interest on balances of £180k and a net saving on central items of £665k, resulting in a decrease in balances of £51k. After allowing for the carry forwards of £974k (see 1.2) there is an overall projected decrease in balances for 2010/11 of £1,025k.

2. RECOMMENDATION(S)

Executive are requested to:

- (a) Consider the latest financial position;
- (b) Consider the comments from Chief Officers (ACS and CYP) in section 3.5 and 3.6 respectively, relating to action to address the current overspend;
- (c) Identify any issues that should be referred to individual Portfolio Holders for further action.
- (d) Agree the approach to the utilisation of the budgets for pay award and one off initiatives as outlined in para. 3.11 of this report.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost. Impact in future years detailed in Appendix 6
 3. Budget head/performance centre: Council wide
 4. Total current budget for this head: £132m (excluding GLA precept)
 5. Source of funding: See Appendix 1 for overall funding of Council's budget
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Staff

1. Number of staff (current and additional): Total employees – full time equivalent posts – 7,214 (per 2010/11 Budget), which includes 4,556 for delegated budgets to schools.
 2. If from existing staff resources, number of staff hours:
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Legal

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

1. Estimated number of users/beneficiaries (current and projected): The 2010/11 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.
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Ward Councillor Views

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

3. BUDGET MONITORING 2010/11

- 3.1 Details of the 2009/10 final accounts were reported to the June meeting of the Executive which identified various underspends across services. The 2010/11 Budget included savings across Portfolios of £7.8m which partly reflected some of the underspends in 2009/10.
- 3.2 This report is based upon actual costs incurred to the end of October 2010 and an estimation of costs for the remainder of the year. A summary of the overall budget and the projected outturn for 2010/11 is shown below with further details provided in Appendix 1 and 2.

	2010/11 Original Budget	2010/11 Latest Approved Budget *	2010/11 Projected Outturn	Variation	Variation Previously Reported
	£'000	£'000	£'000	£'000	£'000
Service Spending (net overspend <u>excluding</u> recession related costs)	213,480	213,480	214,376	+896	+ 1,275
Utilisation of "recession fund"					
- net reduction in income from parking			+ 400	+ 400	+ 375
- net reduction in income from building control			-	-	-
- reduction in income from investment properties	- 4,504	- 4,504	- 3,904	+ 600	+ 600
Less use of monies set aside in 2010/11 Central Contingency Sum for recession related net costs (use £1,000k out of a total of £1,150k at this stage)			- 1,000	- 1,000	- 975
Loss of grant income arising from reduction in revenue grants announced by central Government			+ 1,670	+ 1,670	+ 1,670
Savings within Portfolio Budgets to meet loss of grant funding			- 1,670	- 1,670	- 1,670
Interest on balances (additional income)	- 2,923	- 2,923	- 3,103	- 180	- 120
Central Contingency Sum					
- Reduction in waste tonnage (saving)			- 756	- 756	- 756
- Revenue funding of cost of roll out of waste pilot (Exec, 1 st Sept. '10).			+ 380	+ 380	+ 380
- One off funding of ICT cost relating to outcome of retendering (Exec, 29 th Sept. '10)			+ 374	+ 374	+ 374
- Provision for pay award (NJC) no longer required	605	605	0	-605	
- Other Items	3,191	2,866	2,808	- 58	- 198
Other Central items	3,905	3,905	3,905	-	-
Total (net overspend)	213,754	213,429	213,480	+ 51	+ 955

* Members are requested to refer to Appendix 2 for a breakdown of the budget variations allocated during year.

3.3 The 2010/11 projected outturn shows an overall net reduction in balances of £1,025k (see also Appendix 1). This consists of a reduction in balances to reflect net overspends of £896k (see 3.2), offset by additional income from interest on balances of £180k, a net saving on the central items of £665k and a further reduction in balances to reflect carry forwards (£974k), funded from unspent budget provision in 2009/10 (see Section 4) – any savings from the unspent budget provision in 2009/10 resulted in a corresponding increase in revenue balances in 2009/10. The main variations include net overspends of £0.3m relating to ACS and £0.6m for CYP.

3.4 A summary of the variation in “controllable” budgets by Portfolio is shown below:

Portfolio Budgets	ACS	CYP	Env.	R&R	PPS	Resources	Total Portfolio Budgets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Variation “controllable” budgets	310	646	445	-7	70	-168	1,296
Less costs and savings relating to recession fund *			- 400				- 400
Underlying variation after allowing for impact of recession	310	646	- 45	-7	70	-168	896

See Appendix 3 for comparison of variations with the latest approved budgets

* Excludes investment properties which are identified separately in this report .

3.5 Chief Officer Comments – Director of Adult and Community Services

3.5.1 Whilst there has been an overall improvement in the projected outturn over the months of September and October, there remains some substantial pressures both in year and in relation to the full year effect rolling forward into next year.

3.5.2 However within Assessment & Care Management (both older people and physical disabilities) the impact of re-ablement on the cost of on-going care packages and of robust reviewing of current high cost packages is beginning to deliver some savings. These will be tracked over the coming months and should begin to impact on both in-year but more crucially on future year costs.

3.5.3 Whilst spend on Learning Disabilities remains within or slightly below budget, the projected full year impact of care commitments remains a considerable concern and a number of options are being explored to target activity on high costs placements and on seeking to make efficiencies within supported living packages. At all times a careful balance has to be struck between reducing the costs of packages and risking de-stabilising care arrangements which could result in community based packages breaking down with the resultant additional costs of high cost residential care.

3.5.4 The second way in which the Department has sought to address the underlying budget position has been through identifying areas where in-year savings can be achieved through reducing or freezing areas of activity which are discretionary, or through other efficiency measures. The success of these measures have resulted in reductions in the projected overspend in September by £162,000 and a further £150,000 in October. In total this has resulted in £312,000 savings being achieved, significantly contributing to the improved position of £312,000 projected overspend as at the end of October compared with £598,000 projected at the end of August. There remain some further opportunities for in-year savings during the rest of the year which will be reviewed in future monitoring reports.

Through the two approaches set out, the Department is working to reduce or eliminate the projected overspend in the current year and to minimise the full year impact of current commitments in 2011/12.

3.6 Chief Officer Comments – Director of Children and Young People

- 3.6.1 The overspend of £646k on CYP mainly relates to the impact of an increase in the number of Looked After Children with subsequent social work support and care costs of £1,373k, additional costs of SEN transport and inclusion of £163k partly offset by utilisation of grants.
- 3.6.2 In July, the Government reduced Area Based Grant in-year. Bromley's share was £1.67m, with £1.42m attributable to CYP. The July and September meetings approved £1.42m of savings, and budgets have been reduced accordingly. In previous years, grants were used flexibly to address pressures. The reduction diminishes flexibility and limits the scope to address future pressures.
- 3.6.3 The main pressures remaining relate to social care and the significant increase in referrals resulting in additional looked after children. Members have previously been informed that this has increased costs for both social work and placements. Details of the changes in the number of referrals, children on the "at risk" register and looked after children were reported to the Portfolio Holder for Children and Young People. We continue to monitor this position closely.
- 3.6.4 The Council must meet its responsibilities to children and young people needing support through residential placements or fostering. The Council, like all others, relies heavily on agency social workers. Social Care has been supported at the expense of education, partly by the alternative use of £400,000 in grant. Without this the overspending would be higher.
- 3.6.5 The cost pressures would have resulted in a higher level of overspending, but for management action to freeze vacancies, suspend non-essential expenditure, divert grant funding, and exploit the new freedoms from the removal of ring fencing from grants. The Director of CYP will take every opportunity to further offset the overspending, but it is unlikely that it can be completely removed while continuing to meet statutory requirements. Since the last report to Members there have been four serious Children's Social Care cases resulting in high cost placements for children at risk. This increased the forecast overspending. The Director of CYP has instigated management action in Children's Social Care to reduce spending on placements and on staffing, and will provide regular updates to Members.
- 3.6.6 Academy status is a further pressure. £74k has already been withdrawn from DSG in the current year following the conversion of one school to Academy status. There will be further loss of budget as other schools convert, both to CYP, and to corporate departments. DSG reduces in-year, but not the funding of the non-Schools' Budget. The impact on 2011/12 is not clear.
- 3.7 Appendix 3 contains a summary of service spending (performance centres) analysed over Portfolios. An analysis of variations over £100k with Chief Officers' comments is provided in Appendix 4. More detailed information is reported separately to individual PDS Committee meetings.

3.8 Potential Impact of the Recession

- 3.8.1 The Council Tax report to the Executive in February 2010 included an ongoing provision for recession related costs of £1.25m. Although the national economy is no longer in a "recession", there remains the ongoing impact on the Council's finances including losses in

income from car parking, planning, building control and investment properties (Glades). This situation should improve in the longer term. The latest position identifies net costs of £1m relating to the impact of the recession (see 3.2). Any savings from a reduction in waste tonnage which may be partly due to the recession are shown in 3.10.1. The overall financial projections in this report assume, at this early stage, that the sum of £1,150k in the central contingency will be utilised. A sum of £150k has been assumed in the financial projections for any further recession related costs not identified at this stage.

3.9 Interest on balances

3.9.1 The 2010/11 budget for net interest earnings is £2.923m and, at this early stage, a surplus of £180k is forecast. This is mainly due to a reduction in interest payable to schools and other internal funds as a result of the latest base rate expectations (likely to remain at 0.5% for most, if not all, of 2010/11).

3.10 Central Contingency Sum

3.10.1 Refuse disposal tonnages continue to drop which is due to a combination of factors including, for example, the impact of the recession and greater public awareness of the benefits of recycling. There has also been a national reduction in waste going to landfill in the U.K. This report includes savings of £756k. It is not possible to identify which element of these savings relates solely to the impact of the recession. Any savings have been excluded from recession related costs at this stage. Further details are provided in Appendix 4C.

3.10.2 A report "Building Regulations Charging Scheme" to the 1st September meeting of Executive requesting the release of £138,320 from the contingency sum was approved by Members. This sum has been included in the projections detailed in this report.

3.10.3 The "Recycling and Composting for All: Phase 2 Business Case" report to the previous meeting of Executive identified the need for funding of roll out costs (net costs of £920k). At the meeting, Members approved funding of the remaining net costs of £920k. Funding of £380k was identified from the previously reported projected underspend on the central contingency sum with the balance of £540k from the LAA Reward fund.

3.10.4 Executive approved, on 29th September, the one off funding of transition costs totalling £374k relating to the award of the new ICT contract from underspends in the 2010/11 Central Contingency Sum.

3.10.5 There have been some further changes to Area Based Grant allocations announced by the Government on 26th October 2010 totalling £72k which have been included in the central contingency sum (see Appendix 5). In addition a new specific grant 'Homelessness Prevention' of £150k was allocated from the government and a request to release this grant is requested elsewhere on this agenda.

3.11 Severance Costs

3.11.1 Elsewhere on this agenda are items on achieving budget savings which will require upfront severance payments. The 2010/11 Budget includes £1m for key one off initiatives (capital) which was also being set aside to meet any significant inflation pressures before being released for capital purposes. These monies have not been allocated at this stage and could be set aside for severance payments. Members should note that an additional sum of £0.5m has previously been set aside as an earmarked reserve for severance costs relating to CYP staffing.

3.11.2 The 2010/11 Central Contingency sum included a provision for NJC pay awards of 1%. It is unlikely that any pay award will be forthcoming and the Employers Side (Nationally) have

indicated that no pay award will be provided in the current year, to reflect the current national financial position. This report assumes that the monies set aside are no longer required which generates a saving of £605k in the Central Contingency sum. The financial forecast report elsewhere on this agenda includes wider proposals to address severance costs including proposals from the Director of Resources to utilise these monies towards severance costs. Utilisation of the savings of £605k will impact on the financial projections detailed in this report. Any such severance costs have been excluded in the financial projections identified in this report.

3.12 Inflationary Pressures

3.12.1 The 2010/11 Council tax report to Executive in February 2010 identified further inflationary pressures for 2010/11, compared with the provision already included in the 2010/11 Budget. The Director of Resources advised that any provisions for additional inflation increases should be focused on the 6 major strategic contracts and should resources allow the other contracts including residential placements for adults requiring social care. It was reported that contract negotiations may be required in other contract budgets to contain costs within overall cash limits. The Director of Resources advised that the first call for inflation costs exceeding the budget provision will be met from the provision for uncertain items of £0.5m included in the 2010/11 Central Contingency Sum. He also advised that the sum of £1m for key one off initiatives (capital) be initially retained to support any further revenue cost pressures before being released for capital purposes. The provision for uncertain items has been fully utilised in this financial year and this report includes proposals (see 3.11) that the monies for one off initiatives (capital) be utilised to meet severance costs.

3.13 Reduction in Government Grants

3.13.1 The Government implemented reductions in Departmental funding of £6.2 billion nationally for 2010/11 and the recent Comprehensive Spending Review highlighted further reductions for future years. Executive, at its July meeting, were advised of a total loss of funding to Bromley of approximately £4.6m, arising from the announcements in June 2010. This sum includes loss of budgeted income of £1.7m for Area Based Grant. There was also a loss of unbudgeted income of £2.9m consisting of 50% reduction in LAA Reward grant of £2.3m (payable in 2010/11 and 2011/12), loss of Local Authority Business Growth Incentive Scheme (LABGI) monies of £0.5m and loss of Planning Delivery Grant (£0.1m). Of the reduced LAA Reward Grant of £2.3m, the Executive have to date forward funded schemes totalling £1,477k (£937k previously reported to Executive plus funding of £540k towards waste roll out costs [see 3.10.4]). Details of reductions in Government funding for Capital Schemes were reported in the 'Capital Programme Monitoring – 2nd quarter 2010/11' report to Executive at the last meeting.

3.13.2 The July report to Executive identified a loss of budgeted grant income of £1.67m which included various grants for Children and Young People (£1.417m), £0.166m for loss of supporting people admin. grant (Adult and Community Services) and £0.087m for Public Protection and Safety.

3.13.3 Final proposals for addressing the reduction in funding have been agreed by the respective Portfolio Holders.

4. CARRY FORWARD REQUESTS

4.1 Carry forwards from 2009/10 to 2010/11 totalling £511k were within the delegated powers of the Director of Resources and were supported by Executive. This sum related to building maintenance. There were further carry forward requests at the June meeting of £463k which

included a sum of £35k previously approved by Executive. Executive approved the remaining carry forwards totalling £428k supported by Portfolio Holders and this sum has been included in the financial projections in this report.

5. EARLY WARNINGS

- 5.1 Early warnings are detailed in Appendix 4 of this report. This includes, for example, the potential costs arising from the “Southwark Judgment” (Appendix 4B) and the action to address the overspend for CYP. Details of potential risks relating to future government grants were reported to the July meeting of the Executive.

6. EARMARKED RESERVES

- 6.1 Details of earmarked reserves are reported with the annual Council Tax report each February and the annual Closing of Accounts report submitted to the Executive each June.

7. GENERAL FUND BALANCES

- 7.1 The unearmarked General Fund balance is currently projected to decrease by £1,025k to £50,830k at 31st March 2011. Further details are provided below.

7.2 General Fund Balances

	2010/11 Budget	2010/11 Projected Outturn
	£'000	£'000
General Fund Balance at 1 st April 2010	51,855	51,855
- Net projected variation for year	-	- 51
- Carry forwards from 2009/10 (funded from underspends in 2009/10)	-	- 974
Net reduction in Balances	-	- 1,025
General Fund Balance at 31st March 2011	51,855	50,830

8. THE SCHOOLS BUDGET

- 8.1 Expenditure on schools is funded by Dedicated Schools Grant (DSG) provided by the Department for Children, Schools and Families (DCSF). DSG is ring - fenced and can only be applied to meet expenditure properly included in the Schools’ Budget. The final DSG settlement was confirmed at a total £802k higher than anticipated due to increased pupil numbers. Overspends and underspends must be carried forward to the following year’s Schools’ Budget and have no impact on the Council’s General Fund. There is a projected net underspend on the Schools’ Budget of £132k. Further details are provided below.

	Latest Projection	Previously reported
	£'000	£'000
Underspending brought forward from previous years due mainly to a delayed contribution to capital programme of £2.1m towards improving 6th form provision.	- 3,165	- 3,165
This is the delayed contribution referred to above being transferred to the capital programme to fund the work.	2,830	2,830

Sub Total 2009/10 deficit to be funded in 2010/11	-335	-335
Forecast overspend on SEN placements costs, and on SLAs	2,029	1,437
Underspending on payments to nursery providers due to reduced pupil numbers		70
Underspendings from vacancies in Learning & Achievement Division	- 100	- 100
Expenditure Freeze in Pupil referral	-170	
Overspending on Jury, Maternity and other cover reimbursed to schools	300	300
Final DSG was higher than anticipated in the budget	- 802	- 802
Reduction to DSG for Academy conversion	74	
Contingency retained unspent	- 900	- 900
Other variations (net overspending)	36	-15
Sub Total - Total projected net Underspending 2010/11	467	- 10
Total projected underspending including 2009/10 deficit	132	325

- 8.2 The central schools' budget contingency contains a provision to offset this forecast overspending. The contingency of £900k will be retained unspent so as to offset the overspending in SEN placements and in reimbursements to schools for maternity and other cover as set out above.
- 8.3 Details of the 2010/11 monitoring for the Schools Budget will be reported to the Children and Young People Portfolio Holder.

9. SECTION 106

- 9.1 An update on balances as at 30 September 2010 are included in Appendix 7. Further details on the arrangements for utilising Section 106 monies were reported to the Executive and Resources PDS on 25th August 2010.

10. FUTURE YEAR FORECASTS

- 10.1 The Update on the Council's Financial Position 2011/12 to 2014/15 is reported elsewhere on this agenda. It remains important to address any overspends in the current year, which in some cases have an ongoing impact on future years' budgets. Failure to address these overspends could result in further financial pressures facing the Council in future years. The impact in future years of significant underspends/overspends detailed in this report are considered further in Appendix 6.

11. POLICY IMPLICATIONS

- 11.1 The Resources Portfolio Plan for 2010/11 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 11.2 "Building a Better Bromley" refers to the Council's intention to remain amongst the lowest Council Tax levels in Outer London and the importance of greater focus on priorities.

11.3 The Update on the Council's Financial Position 2011/12 to 2014/15 to the July 2010 meeting highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2010/11 to minimise the risk of compounding financial pressures in future years.

11.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements. There is a key outcome for the Council to become a performance led organisation.

11.5 Chief Officer's comments are included within Appendix 4.

12. FINANCIAL IMPLICATIONS

12.1 These are set out in the body of the report with further information provided in the Appendices.

13. LEGAL IMPLICATIONS

13.1 There are none arising directly from this report.

14. PERSONNEL IMPLICATIONS

14.1 The Corporate Trade Union and Departmental Representatives' Forum receives regular updates on the Council's finances and the associated policy implications and challenges. Staff and their trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the budget options. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

15. OTHER FINANCIAL MONITORING REPORTS TO MEMBERS

15.1 Members should note that, in addition to the financial monitoring report, examples of other monitoring reports include:

- (a) Capital Programme Monitoring (Executive 3rd November 2010);
- (b) Treasury Management (Executive and Resources PDS on 27th October 2010);
- (c) Pension Fund (Investment Sub Committee on 8th September 2010);
- (d) Revenues Services, which includes income collection performance (Executive and Resources PDS on 1st December 2010);
- (e) 2009/10 Statement of Accounts (General Purpose and Licensing Committee on 30th June 2010);
- (f) Update on the Council's Financial Position 2011/12 to 2014/15 (Executive 8th December).

Non-Applicable Sections:	Legal, Personnel, Customer Impact
Background Documents: (Access via Contact Officer)	Financial Monitoring 2010/11, Executive, September 2010 Update on Council's Financial Position 2011/12 to 2014/15, Executive July 2010 Dependency on External Grant Funding, Executive, July 2010 2010/11 Council Tax, Executive, February '10 Provisional Final Accounts 2009/10, Executive, June 2010 Resources Portfolio Plan 2010/11, Executive and Resources PDS Committee, April 2010 2010/11 Budget Monitoring file within Co-ordination and Control Finance Section

Portfolio	2010/11 Original Budget	Budget Variations allocated in year #	2010/11 Latest Approved Budget	2010/11 Projected Outturn	Variation	Variation previously reported to Exec 03.11.10
	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Community Services	94,738	1,765	96,503	96,813	310	608
Public Protection & Safety	4,699	Cr 155	4,544	4,614	70	70
Children and Young People (incl. Schools' Budget)	40,259	Cr 829	39,430	40,076	646	655
Renewal and Recreation	16,280	286	16,566	16,559	Cr 7	Cr 7
Resources	19,292	Cr 194	19,098	18,930	Cr 168	Cr 70
Environment	38,212	Cr 873	37,339	37,784	445	394
Less recession costs				Cr 400	Cr 400	Cr 375
Total Environment Portfolio (excluding recession costs)	38,212	Cr 873	37,339	37,384	45	19
Total Portfolios (see note 1)	213,480	0	213,480	214,376	896	1,275
Central Items:						
Investment & Non Operational Property Income (see note 2)	Cr 4,504		Cr 4,504	Cr 3,904	600	600
Less potential funding from "recession" fund in central contingency sum (see 3.8 of main report)	0		0	Cr 600	Cr 600	Cr 600
Total Investment & Non Operational Property Income	Cr 4,504	0	Cr 4,504	Cr 4,504	0	0
Interest on General Fund Balances (incl. school lease)	Cr 2,923		Cr 2,923	Cr 3,103	Cr 180	Cr 120
Contingency Provision (see Appendix 5)	3,796	Cr 325	3,471	2,806	Cr 665	Cr 200
Other central items						
Reversal of Net Capital Charges (see note 3)	508		508	508	0	0
Additional funding to sustain capital investment	1,000		1,000	1,000	0	0
Additional contribution to LPFA for residual liabilities	220		220	220	0	0
Levies	2,177		2,177	2,177	0	0
Total other central items	3,905	0	3,905	3,905	0	0
Total All Central Items	274	Cr 325	Cr 51	Cr 896	Cr 845	Cr 320
Bromley's Requirement before balances	213,754	Cr 325	213,429	213,480	51	955
Carry Forwards from 2009/10 (see note 4)	0	Cr 974	Cr 974	0	974	974
Adjustment to Balances	0		13	Cr 1,012	Cr 1,025	Cr 1,929
Formula Grant (Revenue Support Grant / Business Rates)	Cr 65,148	Cr 1,299	Cr 65,148	Cr 65,148	0	0
Area Based Grant	Cr 16,936	1,286	Cr 15,650	Cr 15,650	0	0
Bromley's Requirement	131,670	Cr 13	131,670	131,670	0	0
GLA Precept	41,153		41,153	41,153	0	0
Council Tax Requirement	172,823	Cr 13	172,823	172,823	0	0

# Budget Variations allocated to portfolios in year consists of:	£'000
(Further details may be found in Appendix 2)	
1) Allocations from the central contingency provision (see Appendix 5)	325
2) Less reduction in Area Based Grant funding	Cr 1,286
3) Plus Carry forwards of unspent budget provision from 2009/10 (see note 4)	974
	<u>13</u>

1) **NOTES**

Portfolio Latest Approved Budgets analysed over Departments as follows:

	2010/11 Original Budget	Budget Variations allocated in year #	2010/11 Latest Approved Budget	2010/11 Projected Outturn	Variation	Variation previously reported to Executive
	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Community Services	94,738	1,765	96,503	96,813	310	608
Children and Young People	40,259	Cr 829	39,430	40,076	646	655
Environmental Services	42,911	Cr 1,028	41,883	41,998	115	89
Renewal and Recreation	19,998	412	20,410	20,490	80	98
Corporate Services	15,574	Cr 320	15,254	14,999	Cr 255	Cr 175
	213,480	0	213,480	214,376	896	1,275

2) **Investment & Non Operational Property Income: Dr. £600k**

The latest information received from our management agent of the Glades Shopping Centre, CSC, suggests that there is to be a reduction in rent income of approximately £600k compared to the 2010/11 budget (£2.6m) as a result of the of the on-going economic downturn in the retail sector. The Agents, CSC, have said that they will be undertaking refurbishment of unit 200 which will cost approximately £900k. Bromley's share of this would be £135k. The pattern of spend for this scheme is unclear and is being looked into further. Information is provided by CSC quarterly and this projection will continue to be updated if the position changes.

3) **Reversal of Net Capital Charges**

This is to reflect the accounting requirements contained in CIPFA's new Code of Practice for Local Authority Accounting and has no impact on the Council's General Fund.

4) **Carry Forwards from 2009/10**

Carry forwards from 2009/10 to 2010/11 totalling £546k were approved by Executive and within the delegated powers of the Director of Resources. Full details were reported to the June meeting of the Executive in the "Provisional Final Accounts 2009/10" report. Other carry forward requests from 2009/10 to 2010/11 totalling £428k were approved by Executive on 21st July 2010.

LATEST APPROVED BUDGETS 2010/11

Budget Variations allocated to portfolios in 2010/11	Adult and Community Services £'000	Public Protection & Safety (ACS) £'000	Children and Young People (incl. schools budget) £'000	Environment £'000	Renewal and Recreation £'000	Resources £'000	G. FUND TOTAL £'000
2010/11 Original Budget							
Total For Portfolios	94,738	4,699	40,259	38,212	16,280	19,292	213,480
Budget Variations allocated during the year:							
Carry forwards from 2009/10:- (approved by Executive 16/06/10)							
Repairs and Maintenance						511	511
Domestic Violence Advocacy Project (PPS)		35					35
Single Status (Resources)						49	49
International Financial Reporting Standards (IFRS) (Resources)						40	40
Housing and Planning Delivery Grant (R&R)					127		127
The People into Employment (PIE) project (R&R)					50		50
Events taking place in June 2010 (R&R)					50		50
Prevent Grant (PPS)		67					67
Smoke-Free Initiatives (PPS)		45					45
Housing Overcrowding Pathfinder Grant (ACS)							
- Expenditure	116						116
- Grant Income	Cr 116						Cr 116
Social Care Reform (ACS)							
- Expenditure	416						416
- Grant Income	Cr 416						Cr 416
Stroke Care Grant (ACS)							
- Expenditure	126						126
- Grant Income	Cr 126						Cr 126
LD Revenue Campus Closure Grant (ACS)							
- Expenditure	39						39
- Grant Income	Cr 39						Cr 39
Youth and Office Services - other (CYP)							
- Expenditure			28				28
- Grant Income			Cr 28				Cr 28
Standards & Achievement service (CYP)							
- Expenditure			110				110
- Grant Income			Cr 110				Cr 110
Total Carry forwards	0	147	0	0	227	600	974
General Items in 2010/11 Contingency Sum							
Child Protection Adviser and Consultant Practitioner posts for 2010/11			195				195
Review of Management & Overhead Costs	Cr 350	Cr 207	Cr 299	Cr 222	Cr 198	Cr 1,172	Cr 2,448
Contract price inflation over 2.3%				302		200	502
Learning Disabilities Service	660						660
Physical Disabilities Service	200						200
Learning Disabilities Campus Closure Programme:-							
- grant related expenditure	8,374						8,374
- grant income	Cr 8,374						Cr 8,374
Single Status	1,073	21	200	27	50	79	1,450
Street lighting - reduction in energy unit price				Cr 140			Cr 140
Street lighting - increase in energy unit price				140			140
Building Regulations Charging Scheme					138		138
Savings on Waste Disposal				Cr 756			Cr 756
Roll out of Waste Pilot				Cr 200			Cr 200
Total General Items	1,583	Cr 186	96	Cr 849	Cr 10	Cr 893	Cr 259
Grants included within Central Contingency Sum							
<u>Agreed by Executive on 3rd March 2010:-</u>							
- Child Death Review Process			42				42
- Designated Teacher Funding			15				15
- Positive Activities for Young People			180				180
Family Intervention Programme & Parenting Project Grants							
- grant related expenditure			414				414
- additional specific grant			Cr 414				Cr 414
Targeted Mental Health in Schools							
- grant related expenditure			150				150
- additional specific grant			Cr 150				Cr 150
Integrated Working Grant							
- grant related expenditure			45				45
- additional specific grant			Cr 45				Cr 45
Youth Inspectors Funding							
- grant related expenditure			28				28
- grant related income			Cr 28				Cr 28

LATEST APPROVED BUDGETS 2010/11

Budget Variations allocated to portfolios in 2010/11	Adult and Community Services £'000	Public Protection & Safety (ACS) £'000	Children and Young People (incl. schools budget) £'000	Environment £'000	Renewal and Recreation £'000	Resources £'000	G. FUND TOTAL £'000
Surestart, Early Years & Childcare							
- grant related expenditure			3,102				3,102
- additional specific grant			Cr 3,102				Cr 3,102
Apprenticeships, Skills, Children and learning Act 2009			283				283
National Extension of the Disabled Children's Access to Childcare (DCATCH)							
- grant related expenditure			89				89
- additional specific grant			Cr 89				Cr 89
Foundation Learning at Key Stage 4							
- grant related expenditure			88				88
- additional specific grant			Cr 88				Cr 88
Mental Health Capacity Act	135						135
Young People Substance Misuse		107					107
Additional Carers Grant	77						77
Local Economic Assessment - to be considered by Executive this cycle					40		40
Use of WRAP monies							
- grant related expenditure				500			500
- additional revenue grant				Cr 500			Cr 500
Surestart Aiming High For Disabled Children							
- grant related income			Cr 25				Cr 25
- grant related expenditure			25				25
14-19 Prospectus							
- grant related income			Cr 11				Cr 11
- grant related expenditure			11				11
Fair Play Playbuilder							
- grant related income			Cr 18				Cr 18
- grant related expenditure			18				18
Familiarisation costs of new statutory guidance on social housing allocations	1						1
Climate Change					23		23
In year grant reductions	Cr 196		Cr 1,420				Cr 1,616
Repairing Winter Damage					197		197
- grant related expenditure				Cr 197			Cr 197
- Dept. of Transport grant							
Youth Offending Team - intensive supervision and surveillance							
- grant related income			Cr 81				Cr 81
- grant related expenditure			81				81
Total Grants	17	107	Cr 900	0	63	0	Cr 713
Variations in Recharges							0
Variations in Recharges etc.	0	0	0	0	0	0	0
Communications Analyst post					37	Cr 37	0
Repairs and Maintenance inflation and savings adjustments	Cr 43		Cr 24	Cr 24	Cr 31	Cr 122	0
Structural changes to the Drugs Action Team	331	Cr 331					0
Young People Substance Abuse ???	Cr 107	107					0
Transfer of LD Business Manager's post	Cr 15					15	0
Other minor variations	Cr 1	1	Cr 1			Cr 1	Cr 2
Total Budget Transfers etc.	165	Cr 223	Cr 25	Cr 24	6	Cr 99	Cr 2
Total Variations per Financial Monitoring Report	1,765	Cr 155	Cr 829	Cr 873	286	Cr 194	0
2010/11 Latest Approved Budget	96,503	4,544	39,430	37,339	16,566	19,098	213,480

Portfolio Summary

	2010/11 Original Budget	2010/11 Latest Budget	2010/11 Projected Outturn	2010/11 Projected Variation	Variation Previously Reported	Notes	Full Year Effect
	£'000	£'000	£'000	£'000	£'000		£'000
Adult and Community Services							
(Please refer to Appendix 4A)							
Care Services							
AIDS-HIV Grant	0	0	(45)	(45)	(45)		0
Assessment and Care Management	33,640	33,678	34,394	716	699	1a	766
Direct Services	3,305	4,174	4,335	161	154	1b	0
Learning Disabilities Care Management	1,603	2,031	2,031	0	26		(49)
Learning Disabilities Day Services	2,119	2,118	2,087	(31)	(26)		0
Learning Disabilities Housing & Support	1,244	1,396	1,396	0	0		0
Total Care Services Division	41,911	43,397	44,198	801	808		717
Commissioning & Partnership Division							
Commissioning and Partnerships	2,606	2,730	2,739	9	25		
Drugs and Alcohol	236	338	333	(5)	0		
Learning Disabilities Services	14,734	15,025	14,995	(30)	(27)		657
Mental Health Services	4,839	4,840	4,744	(96)	(46)		(150)
Procurement & Contracts Compliance	5,850	5,623	5,506	(117)	0		
Total Commissioning & Partnership Division	28,265	28,556	28,317	(239)	(48)		507
Housing & Residential Services Division							
Enabling Activities	(17)	(17)	(17)	0	0		
Housing Benefits	(115)	(395)	(395)	0	0		
Housing Needs	909	1,530	1,530	0	0		
Housing Strategy & Development	338	92	92	0	0		
Residential Services	1,406	1,319	1,219	(100)	(50)		
Total Housing & Residential Services Division	2,521	2,529	2,429	(100)	(50)		0
Strategic Support Services Division							
Concessionary Fares	8,597	8,597	8,582	(15)	(15)		
Customer Services	895	871	774	(97)	(47)		
Performance & Information	1,619	1,596	1,546	(50)	(50)		
Quality Assurance	199	198	198	0	0		
Total Strategic Support Services Division	11,310	11,262	11,100	(162)	(112)		0
Total Controllable Budgets	84,007	85,744	86,044	300	598		1,224
Total Non Controllable Budgets	727	684	694	10	10		
Total Excluded Recharges	10,004	10,075	10,075	0	0		
Portfolio Total	94,738	96,503	96,813	310	608		1,224
Children & Young People - Non Schools Budget only							
(Please refer to Appendix 4B)							
Access	1,060	1,133	1,188	55	49		0
Bromley Children & Family Project	958	950	550	(400)	(400)	1	0
SEN & Inclusion	7,364	7,287	7,450	163	80	2	0
Schools Related Budgets Not Delegated	(59)	(59)	(59)	0	0		0
Integrated Youth Service	3,188	2,893	2,893	0	0		0
Standards & Achievement	1,502	463	9	(454)	(354)	3	0
Safeguarding and Social Care:							
- Care and Resources	10,865	11,473	12,689	1,216	1,157		0
- Children in Care Education	648	648	548	(100)	(100)		0
- Safeguarding & Quality Assurance	2,854	1,973	2,083	110	110		0
- Safeguarding & Care Planning	2,890	2,749	2,789	40	70		0
- Referral and Assessment	1,691	2,496	2,666	170	100		0
- Youth Offending Team (YOT)	938	938	875	(63)	(77)		0
Total Safeguarding and Social Care	19,886	20,277	21,650	1,373	1,260	4	0
Information Systems - CYP	203	201	201	0	0		0
Partnerships and Planning	248	194	194	0	0		0
Research and Statistics	368	365	378	13	13		0
Workforce & Business Support	258	255	258	3	12		0
Total Controllable Budgets	34,976	33,959	34,712	753	660		0
Total Non Controllable Budgets	(1,999)	(2,023)	(2,030)	(7)	(5)		
Total Excluded Recharges	7,066	7,035	7,035	0	0		
Moratorium			-100	(100)	0		
Portfolio Total	40,043	38,971	39,617	646	655		0
Children & Young People - Schools Budget							
	216	459	459	0	0		0
Environment (please see Appendix 4C)							
Parking	(5,715)	(5,702)	(5,302)	400	375	1	620
Support Services	1,462	1,674	1,674	0	0		0
Emergency Planning	117	117	117	0	0		0
Area Management & Street Cleansing	5,736	5,849	5,849	0	0		0
Markets	(84)	(39)	(25)	14	14		60
Parks and Green Space	5,725	5,791	5,791	0	0		0
Street Regulation	862	546	546	0	0		0
Waste Services	16,504	15,765	15,699	(66)	(40)	2	(700)
Highways	8,956	9,069	9,121	52	0		0
Highways Planning	206	152	152	0	0		0
London Permit Scheme	(166)	(282)	(282)	0	0		0
Traffic & Road Safety	1,034	857	857	0	0		0
Transport Strategy	229	220	220	0	0		0
Total Controllable Budgets	34,866	34,017	34,417	400	349		-20
Total Non Controllable Budgets	311	287	332	45	45		
Total Excluded Recharges	3,035	3,035	3,035	0	0		
Portfolio Total	38,212	37,339	37,784	445	394		(20)

APPENDIX 3

Portfolio Summary

	2010/11 Original Budget	2010/11 Latest Budget	2010/11 Projected Outturn	2010/11 Projected Variation	Variation Previously Reported	Notes	Full Year Effect
	£'000	£'000	£'000	£'000	£'000		£'000
Renewal & Recreation (please see Appendix 4D)							
Adult Education Centres	(336)	(341)	(341)	0	0		0
Building Control	(167)	(29)	(103)	(74)	(30)	1	0
Land Charges	(299)	(299)	(299)	0	0		0
Planning	1,273	1,356	1,454	98	18	2	0
Renewal	1,193	1,300	1,276	(24)	(18)		0
Culture	3,586	3,310	3,340	30	30		0
Libraries & Museums	5,278	5,305	5,275	(30)	0		0
Town Centre Management & Business Support	183	402	402	0	0		0
Total Controllable Budgets	10,711	11,004	11,004	0	0		0
Total Non Controllable Budgets	2,535	2,505	2,498	(7)	(7)		
Total Excluded Recharges	3,035	3,057	3,057	0	0		
Portfolio Total	16,281	16,566	16,559	(7)	(7)		0
Public Protection & Safety							
Community Safety	627	712	712	0	0		0
Mortuary & Coroners Service	329	329	329	0	0		0
Public Protection	3,011	2,862	2,932	70	70		100
Total Controllable Budgets	3,967	3,903	3,973	70	70		100
Total Non Controllable Budgets	8	8	8	0	0		
Total Excluded Recharges	723	633	633	0	0		
Portfolio Total	4,698	4,544	4,614	70	70		100
Resources (please see Appendix 4E)							
Chief Executive's Department	3,513	3,299	3,248	(51)	(16)		0
Legal, Democratic & Customer Services Department	8,545	8,513	8,446	(67)	(23)		0
Resources Department:							
- Other Services (Finance & Audit, Procurement, and Information Systems)	17,675	17,477	17,465	(12)	(11)		0
R&R Dept. - Property Services	2,337	1,952	1,948	(4)	(33)		
- Past Deficit Contributions (incl. LTCERs)	9,668	9,668	9,543	(125)	(125)	1	0
Sub Total	29,680	29,097	28,956	(141)	(169)		0
Other Rental Income	(701)	(701)	(569)	132	181	2	0
Repairs & Maintenance (All LBB)	4,366	4,877	4,877	0	0		0
Repairs and Maintenance inflation and savings adjustments				0			
Total Controllable Budgets	45,403	45,085	44,958	(127)	(27)		0
Total Non Controllable Budgets	958	1,080	1,080	0	0		
Total Excluded Recharges	(24,785)	(24,783)	(24,783)	0	0		
Less Repairs & Maintenance allocated across other Departments	(2,903)	(2,903)	(2,903)	0	0		
Less Rent Income allocated across other Departments	619	619	578	(41)	(43)		
Portfolio Total	19,292	19,098	18,930	(168)	(70)		0
Total Controllable Budgets for Portfolios	214,146	214,171	215,567	1,396	1,650		1,304
Total Non Controllable Budgets (capital & insurance)	256	257	257	0	0		
Total Non General Fund Recharges	(922)	(948)	(948)	0	0		
Moratorium (CYP)			(100)	(100)	0		
Portfolios Total	213,480	213,480	214,776	1,296	1,650		1,304
Less Cost relating to recession			(400)	(400)	(375)		
Revised Totals	213,480	213,480	214,376	896	1,275		1,304

REASONS FOR VARIATIONS - ADULT AND COMMUNITY SERVICES**1 Assessment & Care Management : Dr £716k**

The variation can be analysed as follows:-

	October £'000	September £'000
(a) Domiciliary care & direct payments for older people	596	553
(b) Residential/Nursing care and respite for older people	(264)	(185)
(c) Domiciliary care & direct payments for clients with physical disabilities	246	271
(d) Residential care and respite for clients with physical disabilities	138	113
	716	752

(a) Expenditure on domiciliary care is increasing as more older people are maintained in their own homes rather than placed in residential care. The overspend is currently projected to be £696k, including the estimated impact of reablement as the number of new clients referred to the service increases. The service helps clients to do more for themselves, which results in lower individual package costs. Management action around increased use of independent sector providers, the rigorous application of eligibility criteria and regular reviews aimed at reducing long-term reliance on care services will also assist in reducing cost pressures by a further £100k meaning that the net overspend is expected to be £596k.

(b) A projected net underspend of £264k in the residential, nursing and respite care budgets partially offsets the overspend on domiciliary care. This is based on numbers in placements at the end of October.

Although there are actions to contain the overspend, the pressure on the older people's budget will continue into 2011/12 and a projected overspend of £622k is forecast, based on activity to the end of October. It is anticipated that successful reablement (-£200k) and tighter eligibility criteria (-£150k) will reduce this to £272k.

(c) Despite additional funding of £200k in the 2010/11 budget, the latest projections for clients with physical disabilities indicate that there will be a projected overspend of £303k in the cost of domiciliary care as a result of an ongoing increase in referrals.

Action is being taken to contain spend through a number of measures. A comprehensive review of all current care packages is being undertaken, including ensuring that contributions from health are received and utilising the benefits of the new re-ablement service with the aim of maximising independence and where appropriate, reducing on-going reliance on paid carers. This work is expected to reduce costs by £57k, leaving a net overspend of £246k.

(d) The budget for residential and respite care for people with physical disabilities is expected to be overspent by £138k, an increase of £25k since last month, which is due to a new placement.

Although measures are being taken to contain expenditure, the full year effect on the budget for people with physical disabilities is expected to be £591k in 2011/12, although it is anticipated that this will reduce by £200k to £391k as the management action put in place this year becomes established practice.

2 Direct Services : Dr £161k

The In-House Homecare service is charged out on an hourly rate to Assessment & Care Management, based on the number of hours that it provides. Care management hold the budget to pay for the In-House service, so if the number of hours provided is below the budgeted level then fixed overheads are not fully recovered and an overspend will result in the service. The number of hours currently provided continues to be below the budgeted level and an overspend of £130k is projected.

The meals service is projected to overspend by £31k due to a fall in the number of meals being sold. The projection for the remainder of the year is based on current levels.

3 Procurement & Contract Compliance - Cr £117k

Savings of £46k have been achieved as a result of in year changes to some supporting people contracts.

In addition a one-off saving of £71k has been achieved in year due to a reduction in the hours provided at one of the schemes.

4 Residential Services - Cr £100k

It is now anticipated that the review of the allocation of the budget and tight application of eligibility criteria and what works will be covered for private sector renewals, will produce savings of £100k this year, which will help to alleviate some of the pressures on the departmental budget.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS IN NON SCHOOLS' AND CHILDREN'S SOCIAL CARE

1 Bromley Children & Family Project - £400k underspending

The Recently unringfenced Think Family grant will be underspent by management action by charging staffing costs to Standards Fund grant and Surestart grant instead.

2 SEN & Inclusion - £163k overspending

1) SEN Transport - £100k overspending

Pupil volumes have risen and so have cases needing individual transport.

- a. Following a complaint to the Director, the increased pupils at Trinity School in Rochester needed two vehicles, at greater expense. They could all be taken in a single larger vehicle, but this would add 30 minutes to the journey.
- b. Several new out- and in-borough placements have high transport costs.
- c. Challenging behaviour requires more costly supervision and/or individual transport for some pupils

2) SEN Management and Consultancy on SEN Tribunals - £63k overspend

- a. Earlier Reports noted overspending of £70,000 due to savings from reorganisation not yet achieved. This overspending will now be met by diverting Area Based Grant (ABG) given for post-16 commissioning. However, the LA's future role in this is unclear, and if government reduce ABG next year, it will not be available to offset the overspending. Nil variance
- b. Tribunals continue at a high level, requiring consultants and compensation payments to parents where there is award against the Council. There is no budget, and an upward trend in costs. £63,000 overspending

3 Standards & Achievement - £454k underspending

- a. A vacancy freeze, pending review of the structure, yields £300k underspending. However, this is earmarked as part of the DfE £1.4m in-year Area Based Grant reduction, so cannot be double counted here. Nil variance
- b. Management will use standards fund to meet further staffing costs and so achieve savings to offset overspends elsewhere in CYP. £400k underspending
- c. CRB checks across CYP have exceeded the budget in the past two years, and it is likely to happen again, although expenditure is not known until the year end. £40k overspending
- d. Alternative funding has been found for the budget for supporting schools in difficulty. £100k underspending

4 Safeguarding and Social Care Division - £1,373k overspending

1) Salaries - £205k overspending

a. **£265,000** overspending includes short term cover for social worker and manager vacancies. Referrals have increased steeply (3,425 in 2007/08; 7,430 in 2009/10), causing a backlog, and so extra agency social workers above budget were engaged on 3 month rolling assignments. The backlog is now cleared, but they are still needed for the continuing higher volumes.

b. The £265,000 overspending includes recruitment and retention incentives for permanent social workers, approved by Executive in February 2010, designed to cut dependency on expensive agency staff. £60,000 spent to date on increments, golden hellos, and other incentives will be reclaimed from the corporate sum set aside. £60,000 underspending

2) Care and Resources - £1,191k overspending excluding salaries

The Children's Placement budget £1,614,000 overspending

- a. There were 285 Looked After Children at the end of September, up from 247 in March 2009. There have been several high cost residential placements, some from decisions at the Complex Case Panel, and some for children not previously known to Social Care. Management is reviewing them.
- b. Since the last report, four new high cost placements have had to be made. Even more rigorous

management action will now be taken to drive down placement costs where this is at all possible. £250,000 saving.

- c. A further £250k will be saved by funding placements for 0 - 5 year olds from Sure Start grant.
 - d. There is a £77,000 shortfall in the income target for the charging policy.
- 3) Safeguarding and Quality Assurance - (£40,000 overspending excluding salaries)
 - a. Funding has yet to be fully identified to meet the CYP contribution to the cost of implementing the CareFirst system. £40,000 overspending
 - 4) Referral and Assessment - (£100,000 overspending excluding salaries)
 Costs relating to clients with No Recourse to Public Funds have steadily risen over recent months. These costs relate to accommodation support to families who are not permitted to receive financial support from the state in the form of benefits and who do not have permission to work in the UK due to their legal status. These costs have previously been absorbed within the teams' Section 17 budgets but due to the increase in number of families and size of the costs the overspend is now reported here. £100,000 overspending.
 - 5) Children In Care Education - £100k underspending
 Care Matters Grant - £100k underspending
 This grant supports the Council's corporate parenting responsibilities. Due to recruitment problems, the full allocation will not be spent.
 - 6) Access £55,000 - overspending
 - a. Education Welfare Services - £35,000 overspending
 management action is needed to bring expenditure in line with budget.
 - b. Access & Admissions Management - £20,000 overspending
 The overspending in salaries relates in part to additional overtime incurred in the close down of the student loans section, now transferred to a government agency.
 - 6) Youth Offender Team (£63k underspending)
 This comprises:
 - Savings from vacancy of the Head of Service post £41k underspending
 - Additional grant from the YJB £12k
 - Training and contribution from Probation Service £10k underspending

5 Integrated Youth Service in balance, subject to the management action below.

- 1) Connexions Services: £100,000 overspending
 In the context of CYP's need to make budget reductions of £325,000 at the start of the year followed by further in-year budget reductions, management are reducing expenditure as below.
- 2) Youth Service: £100,000 underspending
 The above overspending in Connexions will be met by reductions in Youth Opportunity Fund projects (the ringfence was removed from YOF grant), and a vacancy freeze.

6 Moratorium on spending and filling vacancies, and further management action £100,000 saving across Children and Young People Department.

In addition to the actions highlighted under individual sections above, CYP Senior Management Team have frozen all discretionary expenditure and posts to yield further savings.

EARLY WARNINGS

1) VOLATILE NUMBERS - DRIVEN SERVICES

CYP Department has several large demand-led budgets where spending varies with the number of children. Of these, SEN Placements, Payments to Private Nurseries and Pupil Referral are in the DSG funded Schools' Budget, and Social Care Placements, SEN transport, and YOT are in the Council Tax funded budget. The Department monitors these budgets closely.

Social Care Placements (non-Schools' Budget) are increasing, driven by LAC volumes and complexity of need, and the obligations to homeless 16 and 17 year olds clarified by the Southwark judgement. If trends continue, the overspending reflected in this Report will be exceeded.

In the Schools' Budget, Payments to Independent Nurseries vary with pupil numbers each term, and the

upward trend in costs during the year may continue once Spring Term enrolments are known.

2) **PROVISION FOR REDUNDANCY**

Members agreed £0.5m from the 2008/09 CYP budget for a redundancy provision. The reductions in public sector funding are likely to increase redundancy costs for CYP beyond this.

3) **TRANSFER OF SCHOOLS TO ACADEMY STATUS**

Schools converting receive that school's own budget, a share of the non-Schools' Budget and of the Schools' Budgets retained at LA level (and also parts of corporate budgets such as Finance, Legal, Property and HR). The potential longer-term impact has previously been reported to Members, but it seems for this financial year only the Schools' Budget will reduce. £74k has already been deducted from DSG for the first school to convert to Academy status. We do not know when other schools will convert, but the deduction of a further £50k in DSG during 2010/11 would not be unexpected.

4) **HOUSING BENEFIT FOR CARE LEAVERS**

CYP is responsible for paying the housing costs of care leavers. Most but not all of this is recoverable as Housing Benefit. Projecting the current shortfall (rental liability less HB) the sum to be written-off at the end of this financial year would be £265k. This is a very rough estimate given that the number of occupants and weeks of occupation may vary, as might individual personal circumstances. This would represent £65k in excess of the £200k provision already made.

5) **MANAGEMENT ACTION IN THIS REPORT**

Containing the controllable CYP overspending to the £653k on the non-Schools' Budget was achieved by:

- a) Attributing £1,150,000 of previously core funded expenditure to grant funding instead. It is not yet confirmed that all of this will be possible within the grants terms of reference.
- b) Reducing placements costs to save £250k is thought to be possible but full achievement will have to be while still meeting statutory requirements.
- c) The general spending moratorium and freezing of vacancies will contribute to the general £100k of savings built into this report.

Containing the Schools' Budget overspending to the £102k includes transferring £200k of SEN Alternative Provision to the Pupil Referral Service. This in turn depends on PRS being able to absorb this without overspending in addition to the £100k of previous out of borough placements they are already committed to absorbing.

Chief Officer's Comments

Nine primary and three Secondary schools had deficits at 31 March 2010. The Schools' Finance Team are working with the schools and senior officers to agree Deficit Recovery Plans for each one.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - ENVIRONMENT**1 Off Street Parking : Dr £510k**

Off street car parking is expected to be at least £510k below budget due to the continuing effects of the economic climate. From April to October there was a shortfall of £276k for the Hill, Westmoreland and Civic Centre car parks compared to budget, but in line with the actual received for the same period last year. If usage continues at this level, it is projected that the full year shortfall for these car parks will be £460k. Income from the other surface car parks is also below budget and a shortfall of £50k is projected for the year. Notable items include car parks within West Wickham £15k and Orpington College £5k.

2 Parking Enforcement : Cr £110k

A surplus in income of £110k is being projected. There continues to be a small increase in tickets issued from the mobile and static CCTV cameras due to more effective utilisation of resources £56k partly offset by a less income (Dr £28k) being received for tickets issued last year. The performance of the parking contractor has improved significantly during the first part of the year and has led to a surplus of £122k being projected again partly offset by £40k less income being received for tickets issued last year

Summary of variations within Parking

Reasons	£'000
Deficit in income from off street parking	510
Surplus income within parking enforcement - PCN numbers	(110)
Total reported variation	400

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - RENEWAL & RECREATION**1 Building Control : Cr £74k**

A report was recently submitted to the Executive to drawdown £138k from the central contingency following changes to legislation.

A shortfall of income of £200k is being offset by savings of £200k from management action to reduce costs, including holding 4.45 fte's vacant.

Part of the provision set aside for the costs of the dangerous structures relating to the plane crash site are no longer required as the insurance company has now settled the revised invoice. The balance of £74k has been written back to the building control code and is being used to offset the shortfall of income within planning.

2 Planning : Dr £98k

Income from planning is £223k below budget for the first seven months of the year and £166k below the actual received for April to October 2009. At this stage, it is projected that the year-end shortfall of income will be £374k.

Based on income from major applications to date, £188k less has been received compared to the actual from April to October 2009. Within non-major applications to date, £21k extra has been received compared to the actual received for the same period in 2009.

Management action taken includes holding 3.37 fte posts vacant and reducing spend on running expenses totalling Cr £266k.

Summary of variations within Planning

	£'000
Effect of holding 4.13 FTE's vacant within Planning	(144)
Underspend within transport, supplies & services resulting from management action within Planning	(122)
Shortfall of income from planning fees	374
Other variations	(10)
Total variation	98

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

REASONS FOR VARIATIONS - RESOURCES**1 Resources Department: Cr. £142k**

The main variation is set out below:

Management and Other : Cr £125k

Long Term Costs of Early Retirement Cr £65k

Savings of £65K on LTCER are currently forecast for 2010/11. The long-term cost of in-year early retirements has been lower than originally estimated in recent years, which has resulted in a lower estimate in 2008/09, 2009/10 and 2010/11. In addition, most early retirements in 2006/07 were fully "self-funded" by the relevant departments in that year, meaning there will be no ongoing long-term costs. Contributions for 2011/12 and later will depend on actual retirements in 2009/10 and later.

There was an underspend of £60k on Compensation for Loss of Office in 2009/10. It has been assumed for now that these savings are ongoing, however this could be offset by any future benefits granted.

2 Other Rental Income and associated budgets: Dr £132k

Losses of income totalling £132k are anticipated on a number of other Investment & Non-Operational Properties. This mainly relates to the current economic climate. Managers are doing all they can to fill voids. A submission may be made to the Star Chamber for these losses.

General Commentary including impact on future years

Assistant Directors and budget holders are working to ensure that they manage their services within existing budgets.

Recession Item

- Rent Share (The Glades Shopping Centre Dr £600k)

The latest information received from our management agent of the Glades Shopping Centre, CSC, suggests that there is to be a reduction in rent income of approximately £600K compared to the 2010/11 budget (£2.6M) as a result of the of the on-going economic downturn in the retail sector.

The Agents, CSC, have said that they will be undertaking refurbishment of unit 200 which will cost approximately £900K Bromley's share of this would be £135k. The pattern of spend for this scheme is unclear and is being looked into further.

Information is provided by CSC quarterly and this projection will continue to be updated if the position changes.

Early Warnings for 2010/11 :**1 Legal Costs - Child Care Proceedings**

Significant increase (72%) in care proceedings are being processed by Legal Services. If this trend continues the service will need to recruit another lawyer at a cost of £60k or send work out at a significantly higher cost to the Council.

2 VAT claims (cross departmental)

The Council was successful in recovering from HM Revenue and Customs 6 separate historic VAT claims for different periods from April 1973 to May 1996. These claims related to disputed VAT liabilities on sporting services, sporting tuition, excess parking charges, special domestic waste collections, cultural services and libraries/audio visual charges. There are further claims being pursued which includes claims for compound interest, off street parking and a claim for the period December 1996 to December 2000 in relation to libraries / audio visual charges, special collections of domestic waste and excess charges for off-street parking. It is not certain, at this stage, whether the claims will be successful.

Virements approved to date under Director's delegated powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in the monthly financial monitoring report to the Portfolio Holder.

Allocation of Contingency Provision for 2010/11

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested This Cycle	Items Projected for Remainder of year	Total Allocations/Projected for year	
	£	£	£	£	£	£
General						
Provision to reflect net additional costs arising from the recession	1,250,000			1,150,000	1,150,000	Cr 100,000
Single Status	1,450,000	1,450,000		0	1,450,000	0
Provision for uncertain items (see note 1)	500,000	502,000		0	502,000	2,000
Provision for NJC 1% pay award (see note 5)	605,000			0	0	Cr 605,000
Release of NNDR credits	Cr 100,000			Cr 100,000	Cr 100,000	0
Council tax credits	Cr 130,000			Cr 130,000	Cr 130,000	0
Further increases in fuel costs	400,000			400,000	400,000	0
Street lighting - reduction in energy unit price	0	Cr 140,000		0	Cr 140,000	Cr 140,000
Street lighting - reduction in energy unit price (see note 2)	0		140,000		140,000	140,000
Review of Management and Overhead Costs	Cr 2,448,000	Cr 2,448,000		0	Cr 2,448,000	0
Post Room and Printing Review	Cr 147,000			Cr 147,000	Cr 147,000	0
One off funding towards cost of roll out of waste pilot (Executive 1st Sept '10)				380,000	380,000	380,000
Other Changes	137,000			137,000	137,000	0
Total General	1,517,000	Cr 636,000	140,000	1,690,000	1,194,000	Cr 323,000
Grants included within Central Contingency Sum :-						
Children and Young People						
- Child Death Review Process	42,000	42,000		0	42,000	0
- Designated Teacher Funding	14,000	15,000		0	15,000	1,000
- Positive Activities for Young People	180,000	180,000		0	180,000	0
Family Intervention Programme & Parenting Project Grants						
- grant related expenditure	414,000	414,000		0	414,000	0
- additional specific grant	Cr 414,000	Cr 414,000		0	Cr 414,000	0
Targeted Mental Health in Schools						
- grant related expenditure	150,000	150,000		0	150,000	0
- additional specific grant	Cr 150,000	Cr 150,000		0	Cr 150,000	0
Integrated Working Grant						
- grant related expenditure	45,000	45,000		0	45,000	0
- additional specific grant	Cr 45,000	Cr 45,000		0	Cr 45,000	0
Youth Inspectors Funding						
- grant related expenditure	28,000	28,000		0	28,000	0
- grant related income	Cr 28,000	Cr 28,000		0	Cr 28,000	0
Surestart, Early Years & Childcare						
- grant related expenditure	3,102,000	3,102,000		0	3,102,000	0
- additional specific grant	Cr 3,102,000	Cr 3,102,000		0	Cr 3,102,000	0
National Extension of the Disabled Children's Access to Childcare (DCATCH)						
- grant related expenditure	89,000	89,000		0	89,000	0
- additional specific grant	Cr 89,000	Cr 89,000		0	Cr 89,000	0
Foundation Learning at Key Stage 4						
- grant related expenditure	88,000	88,000		0	88,000	0
- additional specific grant	Cr 88,000	Cr 88,000		0	Cr 88,000	0
Adult and Community Services						
- Mental Health Capacity Act	135,000	135,000		0	135,000	0
- Young People Substance Abuse (PPS)	107,000	107,000		0	107,000	0
Preventing Violent Extremism (PPS)						
- Grant related expenditure	195,000			138,190	138,190	Cr 56,810
- Reduction in Area Based Grant				56,810	56,810	56,810
- Additional Carers Grant	77,000	77,000		0	77,000	0
Renewal and Recreation						
- Economic Assessment Duty	65,000	40,000		25,000	65,000	0
- Climate Change	23,000	22,500		0	22,500	Cr 500
Corporate Services						
- Public Law Family Fees increase	34,000			34,000	34,000	0
- Community Call for Action	2,000			1,850	1,850	Cr 150
Total Grants	874,000	618,500	0	255,850	874,350	350
Increase in Area Based Grant funding:						
- January Guarantee (DCSF)	0	20,230			20,230	20,230
- Think Family	0			22,000	22,000	22,000
- LSC Staff Transfer Special Purpose Grant (DCSF)						
- grant related income	0	Cr 242,860			Cr 242,860	Cr 242,860
- grant related expenditure	0	283,000			283,000	283,000
Additional ABG Funding (26th Oct'10)						
- Local Authority Tenants' Satisfaction with Landlord Services		1,380			1,380	1,380
- School Improvement Partners				4,400	4,400	4,400
- Local Child Poverty Duties				48,200	48,200	48,200
- Petitions (see note 3)			19,729		19,729	19,729
New Specific Grants						
- Surestart Aiming High For Disabled Children						
- grant related income	0	Cr 25,000			Cr 25,000	Cr 25,000

Item	Original Contingency Provision	Allocations				Variation to Original Contingency Provision
		Previously Approved Items	New Items Requested This Cycle	Items Projected for Remainder of year	Total Allocations/ Projected for year	
- grant related expenditure	£ 0	£ 25,000	£	£	£ 25,000	£ 25,000
- 14-19 Prospectus						
- grant related income	0	Cr 11,000			Cr 11,000	Cr 11,000
- grant related expenditure	0	11,000			11,000	11,000
- Fair Play Playbuilder						
- grant related income	0	Cr 18,000			Cr 18,000	Cr 18,000
- grant related expenditure	0	18,000			18,000	18,000
Use of WRAP monies						
- grant related expenditure	0	500,000			500,000	500,000
- additional revenue grant	0	Cr 500,000			Cr 500,000	Cr 500,000
Repairing Winter Damage						
- grant related expenditure	0	197,000			197,000	197,000
- Dept. of Transport grant	0	Cr 197,000			Cr 197,000	Cr 197,000
Youth Offending Team - intensive supervision and surveillance						
- grant related income	0	Cr 81,000			Cr 81,000	Cr 81,000
- grant related expenditure	0	81,000			81,000	81,000
Adult and Community Services						
Learning Disabilities Service	660,000	660,000		0	660,000	0
Learning Disabilities Campus Closure Programme - grant related expenditure	6,800,000	8,374,000			8,374,000	1,574,000
Learning Disabilities Campus Closure Programme - grant income	Cr 6,800,000	Cr 8,374,000			Cr 8,374,000	Cr 1,574,000
Physical Disabilities Service	200,000	200,000		0	200,000	0
Personal Care at Home (Based on national calculations)	700,000			0	0	Cr 700,000
Personal Care at Home alternative savings to be identified	Cr 700,000			0	0	700,000
Environmental Services						
Roll out of Waste Pilot (see note 4)	Cr 200,000		Cr 200,000	0	Cr 200,000	0
Recycling and composting for all roll out costs - revenue contribution to Savings on Waste Disposal (mainly reduction in waste tonnage)	0	Cr 756,000		0	Cr 756,000	Cr 756,000
Renewal & Recreation						
Planning Appeals - change in legislation	150,000			150,000	150,000	0
Potential loss of income re: land charges and building control (changes in regulations)	300,000	138,320		161,680	300,000	0
Resources						
One off funding of transitional costs for new ICT contract	0	0		374,000	374,000	374,000
Children and Young People						
Increase in social workers to reflect increase in case load	195,000	195,000		0	195,000	0
Southwark Judgement increasing cost of social care support for young adults	100,000			100,000	100,000	0
Total Grants	3,796,000	481,570	Cr 40,271	2,806,130	3,247,429	Cr 548,571
Increase in Area Based Grant funding	0	Cr 43,610			Cr 43,610	Cr 43,610
Further increase in Area Based Grant funding	0	Cr 72,329			Cr 72,329	Cr 72,329
GRAND TOTAL	3,796,000	365,631	Cr 40,271	2,806,130	3,131,490	Cr 664,510

Note 1 - Provision for uncertain items

Contract price inflation in excess of the 2.3% allowed for in the budget has been allocated to the following contracts:

	£'000
Waste Disposal	177
Street Cleansing	65
Exchequer Services	135
Information Systems	65
Waste Collection	40
Parking	20
	<u>502</u>

Note 2 - Street lighting - reduction in energy unit price

Members are requested to agree to drawdown £140k

Note 3 - Area Based Grant ~ Petitions

Members are requested to agree to drawdown £19,729k to enable moderngov work to be done upfront over the next year whilst staff resource are identified, this approach is supported by Paul Dale.

Note 4 - Recycling and composting for all - roll out costs

Members are requested to agree to drawdown £200k

Note 5 - Provision for NJC 1% pay award

See page 6 ~ item 3.11.2

Description	2010/11 Latest Approved Budget £'000	Variation To 2010/11 Budget £'000	Potential Impact in 2011/12
Residential and Domiciliary care - Older people	23,361	332	The full year of the net overspend in domiciliary and residential care is forecast to be £622k. However as the reablement service grows it is anticipated that lower planned hours for new clients will contribute around £200k towards partially offsetting these costs, which along with reduced costs from tighter eligibility criteria of £150k will reduce the full year overspend to £272k.
Domiciliary & Residential Care - Physical Disabilities	3,408	384	Pressure is continuing for PD services and the full year effect of the current overspend is anticipated to be £591k. Management action is in place to review packages, increase referrals to the re-ablement team and maximize income contributions from health and this is expected to produce savings of £200k and reduce the net overspend to £391k.
Residential & Domiciliary Care - Learning Disabilities	16,802	(30)	There is a small underspend anticipated in 2010/11, but based on clients placed during the year, a full year overspend of £618k will arise in 2011/12. This does not take account of new clients coming through transition next year which is included in a growth bid to the Star Chamber. This is partially offset by an anticipated underspend of £20k on the budget for domiciliary care for people with learning disabilities based on current numbers.
Residential Care - Mental Health	2,766	(46)	The full year effect of the 2010/11 underspend will produce a saving of £150k to contribute towards pressures in the older peoples services.
SEN & Inclusion	7,287	100	SEN Transport is currently projected to be £100k overspent. - This is due to the growing number of exceptionally high cost pupils, a trend that is likely to increase the £100k overspending this year, and likely to increase in future years.
Children's Placement Projections	8,181	1,614	The current overspend is likely to have implications beyond the current year. The Southwark judgement (please see Early Warning in Appendix 4B) is adding significantly to placement costs. This is being continuously assessed and monitored. Any overspending in 2011/12 will be contained in the total CYP budget allocation, to the extent that it has not been factored into the four year forecast.
Safeguarding & Social Care Division	20,277	205 (salaries element)	The factors behind this overspending are detailed in Appendix 4B and are likely to continue for the foreseeable future into future years. Any overspending in 2011/12 will be contained in the total CYP budget allocation, to the extent that it has not been factored into the four year forecast.
Parking (net controllable)	(5,702)	400	Income from the Hill, Westmoreland & Civic Centre car parks are £276k below budget for April to Oct but in line with the actual income received for the same seven months last year. If usage continues at this level it is projected that the shortfall of income for these car parks will be £460k. Income from other surface car parks is also projected to be £50k down at the year end. These projected figures include the effect of the VAT increase which will increase the deficit by £22k in 2010/11 and £88k in 2011/12. A surplus of £110k is projected for PCN income due to more effective use of resources relating to mobile & static CCTV cameras and improved performance of the parking contractor.
Waste Management (net controllable)	15,765	(55)	Disposal tonnage is 7,700 tonnes below the budgeted amount for April to Oct resulting in an underspend of £565k. At this stage it is projected that the year end variation will be 11,500 tonnes with a potential full year underspend of £840k as a direct result of the recession. Other variances total Dr £18k. Total variation of £Cr 822k reduced to Cr £66k after transferring £756k to central contingency.
Planning & Renewal (net controllable)	2,616	74	Income from planning applications has reduced due to the economic climate and a shortfall of £374k is projected for 2010/11. This level of shortfall may continue into 2011/12 if the recession continues however there are indications that activity is increasing. To reduce the shortfall, 4.13fte posts are being held vacant and running expenses have been cut (Cr £300k). If activity increases then posts will be filled using agency staff to give flexibility if application numbers dip.
Building Control income Running expenses	(1,118) 1,056	170 (244)	Income from building control is expected to be £200k below budget due to the economic climate. Activity has picked up compared to the first seven months in 2009/10. 4.48fte posts are being held vacant to partly offset the deficit. A sum of £138k has been drawn down from contingency to account for the effect of legislation changes for building control. New guidance from CIPFA means that charges will have to be set to recover chargeable costs. £74k provision no longer needed has been written back to revenue.
Glades rent income	(2,585)	600	The latest information received from the management company (CSC) for the Glades Shopping Centre indicates that a reduction in rent income of £600k is likely for 2010/11 as a result of a fall in trading due to the economic downturn in the retail sector. This situation is unlikely to improve until 2012/13 and then only marginally. Information is provided by CSC quarterly and this projection will continue to be updated if the position changes, given the current economic climate this is likely.
Other budgets	144,727	(2,276)	
Total	213,480	896	

SECTION 106 RECEIPTS

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (e.g. provision of affordable housing, healthcare facilities & secondary school places). The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council were as follows:

31 March 2010 £'000	Service	Income £'000	Expenditure £'000	Transfers to / from Capital £'000	30 Sept 2010 £'000
Revenue					
489	Highway Improvement works	2	-	-	491
5	CCTV	-	-	-	5
30	Road safety schemes	-	-	-	30
45	Local economy & Town Centres	-	-	-	45
67	Parking	-	-	-	67
40	Community facilities (to be transferred to capital)	-	-	-	40
-	Education	47	-	(47)	-
-	Housing	725	-	(725)	-
216	Healthcare Services	42	-	-	258
35	Landscaping	-	-	-	35
10	Other	-	-	-	10
<u>937</u>		<u>816</u>	<u>-</u>	<u>(772)</u>	<u>981</u>
Capital					
582	Local Economy & Town Centres #	-	260	-	322
904	Education	-	-	47	951
1,680	Housing	-	85	725	2,320
860	Community facilities	-	-	-	860
<u>4,026</u>		<u>-</u>	<u>345</u>	<u>772</u>	<u>4,453</u>
<u><u>4,963</u></u>		<u><u>816</u></u>	<u><u>345</u></u>	<u><u>-</u></u>	<u><u>5,434</u></u>

Local Economy & Town CentresOrpington Library

On 15th December 2009, the Council agreed the relocation of Orpington Library, to be funded in part by S106 receipts. This will be reflected in the table as funding is drawn down during the course of the Orpington Library relocation scheme.

In addition to the sums above, £19k is being held as a bond and £10k of £15k has been received to be held for a period of 5 years for maintenance of roadways if required.