

PART 1 - PUBLIC

Decision Maker: **Renewal and Recreation Policy Development and Scrutiny Committee**

Date: **24th January 2011**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2011/12 BUDGET

Contact Officer: Claire Martin, Head of Finance
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Chief Officer: Director of Resources / Director of Renewal and Recreation

Ward: Borough wide

Reason for report

- 1.1 The prime purpose of this report is to consider the Portfolio Holder's Draft 2011/12 Budget which will incorporate cost pressures and additional saving options reported to Executive on 12th January 2011. Members are requested to consider the savings proposed and also identify any further action to be taken to reduce the cost pressures facing the Council over the next four years.
 - 1.2 Executive are requesting that each PDS Committee considers the proposals arising from the "The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues" report to the Executive on 12th January. Each PDS Committee is requested to provide comments, prior to Executive making recommendations to Council for the 2011/12 Budget. Details of the outcome of the Executive meeting will be circulated separately. Members are requested to consider this report with "The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues" report submitted to the Executive which can be accessed using the following link:
<http://cds.bromley.gov.uk/ieListDocuments.aspx?CId=121&MId=3301&Ver=4>
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2. RECOMMENDATIONS

2.1 The PDS Committee are requested to:

- (a) consider the savings options proposed by the Executive;
- (b) consider the update on the financial forecast and the Draft 2011/12 Budget proposals;
- (c) note the outcome of the Local Government Settlement which results in significant reductions in Government funding to the Council;
- (d) consider the cost pressures from 2011/12 to 2014/15;
- (e) consider how this committee can continue to contribute towards reducing the service pressures and opportunities to contribute towards a more sustainable budget position;
- (f) provide comments for the February meeting of the Executive on the Draft 2011/12 Budget.

Corporate Policy

Existing policy: Sound financial management

Financial

1. N/A
 2. Recurring cost
 3. Budget head: Renewal and Recreation Portfolio Budgets
 4. Total budget for this head: £19,917k Draft 2011/12 Budget
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Staff

1. Number of staff (current and additional) –335 (per Draft 2011/12 Budget).To be updated following finalisation of the Draft 2011/12 Budget
 2. If from existing staff resources, number of staff hours – N/A
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Legal

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

Estimated number of users/beneficiaries (current and projected) - The 2011/12 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.

3. COMMENTARY

- 3.1 At its meeting on 12th January 2011, Executive considered the initial Draft 2011/12 Budget, updates on the financial forecast, the delayed Local Government Financial Settlement and savings options for 2011/12 and 2012/13. Executive were also advised that there remain various issues that are outstanding where further information/clarification is awaited which could impact on the final 2011/12 Budget. Details of the outcome of the Executive meeting will be circulated separately.
- 3.2 The Executive previously considered updates on the Council's financial position at their meetings in July 2010 and December 2010. PDS Committees considered individual reports relating to grant funding and exit strategies for their respective Portfolios and the outcome was reported to Executive in July 2010. "The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues" report to the Executive highlighted that the national economic situation would result in significant reductions in Government funding for local authorities. This report referred to various key issues which include, for example:
- (a) Details of the losses in Government funding as part of the provisional finance settlement were summarised in Section 3.11 of the Executive report. The Director of Resources has reported at the meeting of the Executive net losses in Government grant of £14.3m in 2011/12 rising to £22m per annum by 2012/13. Bromley is going to have to continue to plan for reductions in net spending on services over and above any savings that are required to fund growth elsewhere in the budget;
 - (b) There continues to be significant financial pressures in several key service areas which also impact on future years. Examples include children's social care, waste (landfill tax), adults with learning and physical disabilities and the new carbon tax;
 - (c) The final implications of the Local Government Financial settlement are still awaited as some grant notifications are not due until mid January;
 - (d) The projections would be far worse without the savings previously approved by Executive and individual Portfolio Holders during 2010/11;
 - (e) The Council faces further reductions in Government funding from 2013/14, given the national state of public finances;
 - (f) There has been further recent growth identified, since the forecast report to the Executive in December, for adults with physical disabilities, children's social care, SEN transport and the new carbon tax;
 - (g) It is important to note that the budget submission is an initial budget for 2011/12 to enable consideration by Members prior to finalising the 2011/12 Budget but cannot be completed until the outcome of the most up to date impact of various cost pressures are known, including inflation, and further efficiency and other saving options are finalised;
 - (j) Further information relating to the report to the Executive is available in the Members' room in the form of a document titled "London Borough of Bromley - Draft 2011/12 Budget" and on One Bromley, under the section "Draft Budget Documents", using the link below:
http://onebromley/BA/Pub_Res/Pub_FMD/Pages/Budgeting.aspx
 - (k) Members are reminded that the presentation from the Members update session held in December 2010 provides more background information on the national scene and the potential impact on the Council's finances.
- 3.3 Details of the remaining 'budget gap' are included in the Supplementary Information submitted to the January meeting of the Executive (agenda item 8).
- 3.4 It is critically important that action is taken in future years to eliminate or substantially reduce growth in spending forecast to avoid untenable council tax rises. PDS Committees are requested to consider how they can continue to contribute towards addressing service

pressures and identify, for example, opportunities to enable a more sustainable budget position including identification of savings, potential efficiencies, income opportunities and consider any reprioritisation of services.

4. DRAFT 2011/12 BUDGET

- 4.1 Details of the draft level of the 2011/12 Budget for each Portfolio were included in the report titled “The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues”. Members of the Executive were advised that there would be further significant changes as part of finalising the 2011/12 Budget and the draft policy sheets excluded the impact of changes in Government funding and the impact of savings submitted separately to the Executive. Further details are provided in section 3.16 of the Executive report.
- 4.2 The scale of funding reductions and the late financial settlement make this an exceptional year for setting the budget with a higher level of uncertainty compared with previous years. These factors have impacted on the reporting arrangements for PDS Committees compared with previous years.
- 4.3 Members are requested to bring “The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues” report to this meeting.

5. CHIEF OFFICER COMMENTS

- 5.1 Cotmandene and Mottingham shops
In response to the withdrawal of the £70k grant funding from CYP following the reduction in Government grant from the 1st April 2011, management measures have been taken to ensure that running costs are reduced to compensate for the reduction. The Centre Managers post at Mottingham was not filled and is now covered by the Projects and Partnership Manager. Further cost savings are being sought in consultation with staff to ensure that the budget for the two centres is balanced as from the 1st April 2011.
- 5.2 Field Studies Centre
Following the announcement by the coalition government that the Flexible New Deal programme would be replaced by the Work Programme, the Field Studies Centre has been working with the Governments Prime Contractors with a view to continuing in its current sub contracting role. Ultimately, this position will be the subject of a separate report to Members later this year setting out the terms of any potential role. The discussions that have been held to date also include utilising both Mottingham and Cotmandene Shops which would further reinforce their long term financial stability. Should the Field Studies Centre be unsuccessful in it’s bid to act as a sub contractor to a main Prime contractor then it would effectively close in July 2011. Financial provision has already been allocated to cover the costs of staff redundancies and closing the Centre.
- 5.3 Adult Education Centre
For the current academic year efficiencies and savings of £310k have had to be identified to balance the budget following the reduction in the Skills Funding Agency Grant. It is not yet known what the grant settlement will be for the forthcoming academic year but it is anticipated that it will be lower than the current level and therefore further savings will have to be identified to meet any reduction in grant.
- 5.4 Income from Planning Applications
Planning fees are currently projected to show a deficit of £348k for the year due to a reduction in the volume of planning applications and again this is being contained by keeping posts

vacant and reducing other expenditure. The situation is dependent on the economic situation and any improvements would relieve the budget pressure.

5.5 Income from Building Control

Income from building control notices and first inspection is currently £200k below budgeted income for the first eight months of the year due to a fall in the number of building projects started during this period. This is currently being partly offset by reductions in expenditure and by holding posts vacant.

5.6 A summary of the savings options relating to the Renewal and Recreation Portfolio is shown in the table below:

Summary of Savings Options	2011/12	2012/13
	£'000	£'000
Recreation	30	858
Planning	107	261
Adult Education Centre	15	18
Portfolio Total	152	1,137

5.7 Further analysis of these savings options is included within Appendix 1 and more detail will be provided verbally at the meeting.

6. POLICY IMPLICATIONS

6.1 The Council's key priorities are included within the Council's "Building a Better Bromley" statement and include:

- Safer Communities
- A Quality Environment
- Vibrant, thriving town centres
- Supporting independence, especially of older people
- Ensuring all children and young people have opportunities to achieve their potential
- An Excellent Council

6.2 "Building a Better Bromley" refers to aims/outcomes that include "remaining amongst the lowest council tax levels in Outer London" and achieving "sustainable council tax and sound financial strategy".

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are contained within the overall report

8. LEGAL IMPLICATIONS

8.1 The delivery of some budget options will be dependant on consultation and formal decisions outside of the budget setting process. The Council has to set a lawful balanced budget before 11th March which will include contingencies to cover such items.

9. PERSONNEL IMPLICATIONS

- 9.1 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.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	<p>The Local Government Finance Settlement 2011/12 to 2012/13 and Related Budget Issues – Executive 12th January 2011;</p> <p>Base Budget level 2011/12 and Update on Council's Financial Position 2011/12 to 2014/15 – Executive 8th December 2010;</p> <p>Update on Council's Financial Position 2011/12 to 2014/15 – Executive 21st July 2010.</p> <p>Draft Estimates file held in the ES/R & R Finance section</p>