



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Graham Walton
graham.walton@bromley.gov.uk

DIRECT LINE: 020 8461 7743

FAX: 020 8290 0608

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EXECUTIVE

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Please see the attached report marked “to follow” on the agenda.

- 7 DRAFT BUDGET 2022/23 AND UPDATE ON THE COUNCIL'S FINANCIAL STRATEGY 22/23 TO 25/26 (Pages 3 - 110)**

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Report No.
FSD22001

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **12th January 2022**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2022/23 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2023/24 to 2025/26

Contact Officer: Peter Turner, Director of Finance
Tel: 020 8313 4338 E - mail: peter.turner@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report seeks approval of the initial draft 2022/23 Budget including the full year effect of changes agreed as part of the 2021/22 Council Tax report and savings approved during the year with the resultant impact on the Council's medium term "budget gap".
- 1.2 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. Details of the capital programme will be reported separately to the next meeting of the Executive.
- 1.3 PDS Committees views will also be sought and reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on the 2022/23 Council Tax and Adult Social Care precept levels.
- 1.4 The report provides details of the Provisional Local Government Finance Settlement 2022/23 which was published on 16th December 2021 and represents a one-year settlement only. The awaited Fair Funding Review and changes relating to the devolution of business rates, which could have a significant impact on future funding, have been delayed until at least 2023/24.
- 1.5 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2022/23 Council Tax report to the next meeting of the Executive.

2. RECOMMENDATIONS

2.1 The Executive is requested to:

- 2.1.1 Agree the initial draft 2022/23 Budget detailed in Appendix 7 including continuation of the iBCF hospital discharge funding reserve and setting aside New Homes Bonus funding for housing investment.**
- 2.1.2 Refer the initial draft 2022/23 Budget for each portfolio to the relevant PDS Committees for consideration.**
- 2.1.3 Note the financial projections for 2023/24 to 2025/26.**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2022/23 Budget.**
- 2.1.5 Delegate the setting of the schools' budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with the Schools Forum (see section 11).**
- 2.1.6 Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive.**
- 2.1.7 Agree the proposed contribution of £246,470 in 2022/23 to the London Boroughs Grant Committee (see section 10).**
- 2.1.8 Note the outcome of the Provisional Local Government Financial Settlement 2022/23 as detailed in the report.**
- 2.1.9 Note the budget gap remaining of an estimated £19.5m per annum by 2025/26 and that any decisions made for the 2022/23 Budget will have an impact on the future year projections.**
- 2.1.10 Note that any final decision by Executive on recommended Council Tax and Adult Social Care Precept levels to Council will normally be undertaken at the next meeting of Executive.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report

Corporate

Policy Status: Existing Policy

Making Bromley Even Better: Delivers on all of the key priorities

Financial

1. Cost of proposal: N/A
2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 4
3. Budget head/performance Centre: Council wide
4. Total budget for this head £177m Draft 2022/23 Budget (excluding GLA precept)
5. Source of funding: See Appendix 7 for overall funding of Council's budget

Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2022/23 Financial Control Budget to be published in March 2022
2. If from existing staff resources, number of staff hours – N/A

Legal

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

Procurement

1. Summary of Procurement Implications: None arising directly from this report

Customer Impact

1. Estimated number of users/beneficiaries (current and projected) - the Draft 2022/23 Budget includes the financial impact of the Council's strategies, service plans etc. which impact on all the Council's customers (including council taxpayers) and users of the services.

Ward Councillors Views

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

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

- 3.1 The Draft 2022/23 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 3.2 The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2022/23. It is important to note that some caution is required in considering any projections for 2023/24 to 2025/26 as this depends on the outcome of the Government's next Spending Review as well as the awaited impact of the Fair Funding Review and future plans relating to arrangements for business rates.
- 3.3 A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. . Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2021/22 (year to October 2021) is £127bn, with overall debt representing 95% of GDP, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues. The Spending Review provided a one- year settlement which leaves considerable uncertainties over future years.
- 3.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21. The 2021/22 and 2022/23 settlement provide additional funding, but this needs to be considered in the context of the 'new normal' and the considerable cost pressures facing local government. Austerity measures for future years will be a consideration but this is particularly problematic for the Government at the current time given the recessionary impact of the Covid situation and the need for a sustainable economic recovery. It is currently predicted that it could take 10 to 15 years to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario. Austerity measures remain a real possibility from say 2024/25 or 2025/26 as the Government will need to address the impact of the public finances from the Covid situation. Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results could lead to future real term funding reductions remaining for local government. Even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.
- 3.5 The financial forecast detailed in this report assumes that Government funding for local government will be broadly flat from 2023/24 and future years, despite local government cost pressures. Additional funding will be provided for Adult Social Reforms for 2023/24 to 2025/26 but such funding will be offset by additional costs

relating to new burdens/cost pressures from these changes. The Provisional Local Government Finance Settlement 2022/23 provides funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years.

- 3.6 An update on the economic situation which can impact on public finances is provided in Appendix 1. Further details of the outcome of the Spending Review 2021 and Provisional Local Government Finance Settlement 2022/23 are provided in Appendix 2.
- 3.7 The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.
- 3.8 Bromley has the second lowest settlement funding per head of population in 2022/23 for the whole of London, giving us £115 per head of population compared with the average in London of £303 – the highest is £522. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Further details are provided in Appendix 3. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £32.6m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents – the most recent response is included in Appendix 4. Despite being a low-cost authority, Bromley has achieved general savings of over £110m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

4. SUMMARY OF FINANCIAL FORECAST

- 4.1 Key issues include.
- 4.1.1 Two of the Council's main activities which are grant funded are schools and housing benefits. Both areas of spend continue to be ring-fenced.
- 4.1.2 A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures (e.g., the impact of the National Living Wage).
- 4.1.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.
- 4.1.4 Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £19.5m per annum by 2025/26. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 4.1.5 The reasons for the budget gap by 2025/26 include, for example:
- (a) inflation pressures partly offset by assumed council tax increase/adult social care

precept of 1% (1.99% per annum from 2023/24) leaving a balance required of £17.6m.

- (b) Growth/cost pressures of £42.9m, partly offset by mitigation of £27.2m resulting in a net additional cost of £15.7m.
- (c) Impact of reinstatement of highways maintenance of £2.5m per annum to revenue budget (previously capitalized).
- (d) Full year effect of Transformation Savings (£2.4m in 2022/23 increasing to £2.7m per annum in 2025/26).
- (e) Use of collection fund surplus reserve of £10m towards meeting the budget gap in 2025/26.
- (f) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (saving of £2m per annum);
- (g) Other variations of £1.6m (net reductions).

4.1.6 The above variations assume that there will not be Government funding reductions over the next four years and that the planned mitigation of growth pressures (see (b)) above is realised.

4.1.7 In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2025/26 partly due to net service growth/cost pressures. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

5. DRAFT 2022/23 BUDGET AND FINANCIAL FORECAST

5.1 Details of the latest financial forecast, including the Draft 2022/23 Budget, are shown in Appendix 5 and summarised in the table below:

	2022/23	2023/24	2024/25	2025/26
Variations Compared with 2021/22 Budget	£m	£m	£m	£m
Changes in Government Core Funding	-6.8	-4.1	-4.1	-4.1
Cost Pressures				
Increased costs (5% in 2022/23, 2.5% in 2023/24 and 2% from 2024/25)	11.3	18.8	25.1	31.5
Reinstatement of highways maintenance (previously capitalised)	2.5	2.5	2.5	2.5
Total Additional Costs	13.8	21.3	27.6	34.0
Income / Savings				
Interest on balances	0.8	1.0	1.0	1.0
Release general provision in contingency for significant uncertainty/variables	0.0	0.0	-2.0	-2.0
Funding of extra waste disposal costs from contingency	-0.4	-0.4	-0.4	-0.4
Reduction in central contingency provision for loss of car park income	-0.5	-0.5	-0.5	-0.5
Release of Education risk reserve to address offset cost pressures	-0.5	-0.5	-0.5	-0.5
Transformation Savings	-2.8	-2.6	-2.7	-2.7
CIL Funding Opportunities	-0.3	-1.0	-2.0	-2.4
Initial reduction (-) in freedom pass costs due to Covid period	-3.9	-1.4	3.2	3.2
Total Income / Savings	-7.7	-5.4	-3.9	-4.3
Other Changes (includes use of non-recurring funds)				
Real Changes and other Variations	0.8	0.3	0.5	0.1
Total Other Changes	0.8	0.3	0.5	0.1
COVID Funding				
Fall out of provision for additional cost pressures re Covid impact in 2021/22	-7.8	-7.8	-7.8	-7.8
Fall out of additional Government Funding to support further Covid cost impact in 2021/22	7.8	7.8	7.8	7.8
	0.0	0.0	0.0	0.0
Council Tax				
Reduction in council tax losses due to Covid period.	-0.5	-0.5	-0.5	-0.5
Collection Fund - fall out of use of fund in 2021/22 Budget	3.2	3.2	3.2	3.2
Collection Fund surplus 2020/21	-2.4	0.0	0.0	0.0
Est. increase in council tax base and increase in collection rate	-1.8	-1.8	-1.8	-2.5
Increase in ASC precept or Council Tax (assume 1% increase in 2022/23 and 1.99% per annum thereafter)	-1.8	-5.2	-8.8	-12.4
Total Council Tax	-3.2	-4.3	-7.9	-12.2
Growth/Cost Pressures including mitigation (see Appendix 6)				
Education	3.3	3.5	3.6	4.0
Children's Social Care	3.7	3.3	3.3	3.4
Adult Social Care	2.6	4.9	7.4	9.5
Public Health	0.4	0.4	0.4	0.4
Housing	-0.1	-1.3	-0.8	-0.4
Environment	0.6	0.1	-0.4	-0.4
Reduction in investment property income	0.4	0.2	0.2	0.2
Fall out of two-year additional provision for building maintenance	0.0	-1.0	-1.0	-1.0
Fall out of funding for loss of fees and charges income (COVID)	0.5	0.5	0.5	0.5
Building Infrastructure Fund	2.0	2.0	0.0	0.0
Total growth/cost pressures	13.4	12.6	13.2	16.2
Sub-total	10.3	20.3	25.4	29.5
Use of Covid earmarked reserves	-5.8	-4.6	-2.5	0.0
Use of previous Collection Fund Surplus to meet budget gap	-4.4	-11.4	-10.0	-10.0
Remaining "Budget Gap"	0.1	4.3	12.9	19.5

- 5.2 Appendix 5 highlights that the Council, in the medium term will have an underlying budget gap and will need to take action to ensure a statutory balanced budget is realised in future years.
- 5.3 The above table highlights that it has been possible to achieve a potential balanced budget for next year through increasing council tax/ adult social care precept by an illustrative 1%, utilising the Covid and collection fund reserves, the impact of transformation savings and other changes. This has been delivered despite the significant cost/growth pressures and high inflation and the ongoing Covid situation. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections from 2023/24 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and future Government plans relating to arrangements for business rates are awaited – these changes combined could have a significant impact on the Council's finances.
- 5.4 In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings of over £110m were realised since 2009/10. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

6. CHANGES SINCE THE 2021/22 BUDGET THAT IMPACT ON THE DRAFT 2022/23 BUDGET AND FINANCIAL FORECAST

- 6.1 The 2021/22 Council Tax report reported to Executive in February 2021 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 6.2 Provisional Local Government Finance Settlement 2022/23 – Core Funding**
- 6.2.1 The Local Government Finance Settlement 2022/23, which covered 2022/23 continues to provide a significant improvement in funding for local government and combined with 2021/22 represented the most positive funding proposal for local government since austerity began 11 years ago. The latest 2022/23 settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (1% increase) to support cost pressures in social care. It has also provided additional funding towards social care costs (£2.96m), inflation cover for the Council's business rate share (£1.18m) and a 'Services Grant' of £2.652m. The social care grant reflects the impact of the Council's ability to raise funding through the Adult Social Care precept – the more that can be raised the lower level of funding provided. The 'Services Grant is distributed through the existing national funding formula, but the Government has stated that it 'intends to work closely with local government on how best to use (the 'Services Grant') funding from 2023/24. This creates uncertainty on the extent this funding can be retained by the Council in future years and there may be an alternative 'levelling up' redistributed formula used. The Government have indicated that this funding is excluded from any baseline funding for transitional support relating to future changes to the funding system (Fair Funding Review). Therefore, the funding has been treated as one-off

for the Council's budgeting purposes, at this stage. No more additional funding has been promised by the Government in future years (except for social care reforms). The additional funding is welcomed but this has to be considered against the highest inflation levels for 10 years, ongoing impact of pandemic, increase in employer national insurance costs (1.25% to fund social care reforms) and ongoing cost/service pressures. Uncertainty remains on the level of funding for future years. Apart from the one-off services grant, the forecast assumes that the level of core grant funding will remain unchanged in future years.

6.3 Inflation

6.3.1 Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2022/23 Budget assumes contract price increases of 5.0%, in 2022/23 reducing to 2.5% in 2023/24 and 2% per annum from 2023/24, which compares with the existing CPI of 5.1% (7.2% for RPIX) - inflation is at its highest level for 10 years. The Bank of England have recently indicated that inflation is expected to increase to 6% by the summer and will revert back to target levels of 2% by mid-2024. Then financial forecast assumes inflation of 2.5% in 2023/24 reducing to 2% per annum from 2024/25. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.

6.4 Interest on Balances

6.4.1 Despite the recent decrease in the Bank of England base rate from 0.1% to 0.25%, the rates that the Council obtains from lending to banks are expected to stay flat in the coming months. For now, this will continue to mean that any options with regard to the reinvestment of maturing deposits have become seriously limited following bank credit rating downgrades and a continued general low interest rate environment. However, the Council remains 'locked in' to several fixed-rate two-year lending deals that will yield a higher rate of return until they mature during either 2022/23 or 2023/24.

6.4.2 The Council has also benefitted from its revised strategy that enable it to make alternative investments of up to £100m which have generated additional income, at a rate higher than that available from bank lending. This has included increasing lending to Housing Associations and additional sums being invested in a Multi-Asset Income Fund.

6.4.3 Owing to the very challenging economic outlook and continued low interest rate environment in the UK, taking into account the factors outlined above, the draft budget for 2022/23 assumes that this income from this source will decline from the previous year by £750k.

6.4.4 The Covid situation creates challenges for the banking sector relating to credit losses. The Bank of England indicated that banks could absorb around £200bn in credit losses should a doomsday economic scenario follow Covid – this is relevant as part of the treasury management income relates to lending to banks.

6.5 Central Contingency Sum – reduction in provision for risk/uncertainty

- 6.5.1 The Council retains a Central Contingency Sum as part of the overall budget which includes a provision for risk/uncertainty, allows for unforeseen costs and includes various significant costs not allocated to Portfolio Budgets at this stage. The financial forecast assumes the release of £2m per annum from 2024/25.
- 6.5.2 The Draft 2022/23 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.9m in 2022/23 rising to £27.3m per annum from 2025/26. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population changes and the potential impact of other public agencies identifying savings or new cost burdens which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. It will also assist in dealing with the ongoing uncertainty relating to the ongoing Covid situation. If the monies remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue. To illustrate the benefit of the investment approach the Council has potential income in 2022/23 totalling £13.6m from a combination of treasury management income and rents from investment properties. Without this income, equivalent service reductions may be required.

6.6 Transformation Savings

- 6.6.1 With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends' groups) and exploring opportunities around community-based place shaping led by the Council as a community leader. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of over £110m per annum since 2009/10 and the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income, but this alone will not be enough to meet the future years' budget gap. The key consideration is how the Council can balance the budget over the next four years. Considering the core statutory minimum service requirements, Chief Officers continue to undertake the transformational review across all services, focusing on higher spend services first with options being presented to future meetings. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.

6.6.2 The Councils Transforming Bromley includes key workstreams as follows:

- Environment and Public Protection
- Housing, Planning and Regeneration (including Transforming Property)
- Children's Services and Education
- Adult Social Care
- Professional Services
- Workplace Modernisation (including digitalisation)

6.6.3 The Draft 2022/23 Budget includes the full year effect of the Phase 1 and Phase 2 Transformation Savings, totalling £2,404k in 2022/23 increasing to £2,686k per annum from 2025/26).

6.6.4 More details of the savings are provided within Appendix 7. This key work continues, and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

6.7 Reduction in Freedom Pass Costs

6.7.1 The cost of the Council's contribution to the freedom pass scheme in 2022/23 is calculated taking into account the average number of journeys and costs of the previous two years. The past two years have been unprecedented in the history of the Freedom Pass scheme due to Covid 19. The restrictions and less demand for travel have significantly reduced journey volumes leading to a reduction of 37% in the settlement costs, compared with 2021/22. A reduction in passenger numbers, compared with pre pandemic levels, will continue to impact over the next two settlement years.

6.7.2 There may also be an impact arising from the 'new normal' which could reduce the number of trips made by freedom pass holders in the medium term.

6.7.3 The Draft 2022/23 Budget includes a real reduction in costs, after allowing for inflation, of £3,892k with estimated savings of £1,419k in 2023/24. These savings are based on early estimates/predictions and should be treated with some caution.

6.8 Council Tax Base

6.8.1 The Council's tax bases has been updated to reflect changes in properties compared with the previous year. The latest position indicates a tax base of 132,411 "Band D" equivalent properties for 2022/23, which assumes an allowance of 1.66% for non-collection (compares with 2.35% in 2021/22 Budget).

6.9 Covid Funding

6.9.1 The Government had provided unringfenced funding of £7,795k in 2021/22, which was included in the 2021/22 Budget, towards Covid related costs in 2022/23. No specific funding has been provided for 2022/23.

6.10 Cost/Growth Pressures and Mitigation

6.10.1 There remain significant cost/growth pressures impacting on education, high needs

transport, housing, adults and children’s social care as well as opportunities for the mitigation of costs.

6.10.2 The financial forecast elements are summarised below with more details in Appendices 6 and 7.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Growth/cost pressures	25,598	29,739	35,278	42,927
Mitigation	-14,881	-19,671	-22,570	-27,253
Net additional costs	10,717	10,068	12,708	15,674

6.10.3 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2023/24 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

6.11 Collection Fund Surplus and Covid Funding for Local Council Tax Support

6.11.1 It is a statutory requirement to maintain a Collection Fund at arm’s length from the remainder of the Council’s accounts.

6.11.2 For the purpose of Collection Fund accounting, the treatment of council tax and business rate surpluses and deficits is determined in the same way. Before the beginning of each financial year, billing authorities calculate their council tax requirement (including precepts) and their business rate income, and such payments are fixed and paid over the year towards the revenue budget. Any surplus or deficit on the collection fund as a result of income from council tax/ratepayers being more or less than originally estimated, are shared between the Council and the GLA (and in the case of business rates with central government). Any surplus/deficit generated is paid over the course of the second year (e.g., surplus for 2020/21 paid over 2022/23).

6.11.3 The collection fund had a non-recurring surplus of £3m reflected in the 2020/21 Provisional Final Accounts report to the Executive on 30th June 2021. The surplus was achieved mainly through anticipated good debt recovery levels, an increase in new properties in the borough and the ongoing impact of actions in response to the data-matching exercise on single person discounts. A sum of £2.4m will be allocated to the Council, with the £0.6m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council’s budget gap in 2022/23.

6.11.4 Given the uncertainty over the future of local government funding and the need to set aside resources to provide flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further, the collection fund surplus in previous years has, in some cases, been set aside within earmarked reserves. Given the scale of financial challenges continuing to face the Council in the medium term the financial forecast assumes part utilisation of the collection fund surplus set aside in earmarked reserves to support the revenue budget and reduce the estimated budget gap. The forecast assumes that the use of the collection fund surplus earmarked reserve is used to support the revenue budget with further contributions of £1.7m in 2022/23, £9.1m in 2023/24 and £10m per annum in 2024/25 and 2025/26 - this partly reflects an approach adopted previously to smooth out future years budget gap.

6.11.5 The Council was allocated £2.662m in 2020/21 and £2.3m in 2021/22 for Local Council Tax Support from Government This is unringfenced grant that was awarded in recognition of the additional cost of supporting households with financial difficulties as a result of the pandemic (cost of increase in council tax support claimants). As reported previously to Executive, owing to timing differences and the impact on the Collection Fund the equivalent amounts were set aside to compensate the General Fund in 2022/23 and 2023/24 respectively, which has been assumed in the Draft 2022/23 Budget and financial forecast.

6.12 New Homes Bonus

6.12.1 As reported previously, the scheme was introduced to incentivise housebuilding by providing funding for all areas that allow new homes to be built. Over time the funding available has reduced and funding was expected to cease following the Fair Funding Review which has now been delayed. The overall funding available nationally has reduced in 2022/23. The Council is expected to receive £253k in 2022/23, compared with £707k in 2021/22. Given the priority to fund housing schemes, and that funding is non-recurring, the 2022/23 Draft Budget assumes that any funding received (£253k for 2022/23) will be set aside to assist in funding housing investment which ultimately will reduce the cost of homelessness in the longer term – this is consistent with the approach used as part of the 2021/22 Budget.

6.13 Improved Better Care Fund (iBCF) Funding – set aside

6.13.1 In March 2017, after the Council agreed its 2018/19 Budget, the Government agreed further iBCF non-recurring funding of £4.463m in 2017/18, £3.363m in 2018/19 and £1.677m in 2020/21. The utilisation of these monies required the joint agreement with Bromley CCG. As part of the 2021/22 Budget, the monies due that year were used to create a 'whole system reserve' that can be called to avoid any crisis in the joint health and social care systems. This can include, for example, utilising resources to aid hospital discharge when the clients still have complex needs. Many of our providers will not take people at this level of intensity without an enhanced payment - the reserve could be used to fund this. This effectively provides an expansion of winter pressures funding but will be used in other times of the year. The Draft 2022/23 Budget assumes that this arrangement continues, whilst iBCF funding remains.

6.14 Council Tax and Adult Social Care Precept

6.14.1 Government funding for local government takes into account the amount that can be raised locally through council tax and the adult social care precept. Therefore, there is an inherent assumption that local authorities will be increasing council tax and utilising the adult social care precept towards meeting costs and demographic pressures for social care. For Bromley, this change does not take into account any need to address low funding levels for the Council raised previously with the Government. Councils can still choose locally the level of council tax increase required, subject to referendum options. In calculating the Council's spending power, the Government has assumed that social care authorities will have an average council tax increase applying both the social care precept (for 2022/23 only) and general council tax increases every year. Members will need to consider the level of council tax and Adult Social Care precept increases towards funding the draft 2022/23 Budget and the impact in the medium and longer term. The Council could consider an overall council tax increase of up to 2.99% in 2022/23 (including adult social care precept of 1%), without the need for a referendum (see also Section 15).

6.15 ESTIMATED FINANCIAL IMPACT OF COVID-19

6.15.1 The Council has received significant financial support from Government during the Covid pandemic with funding provided in 2020/21 and 2021/22 – details of funding of £217m in 2020/21 and £86m in 2021/22 (total £303m) were reported in ‘Budget Monitoring 2021/22’ report to Executive on 24th November 2021. Further funding is expected since that report and we await the impact of the recent ‘Plan B’ which will result in further financial support from Government.

6.15.2 It is clear that there are potential additional cost pressures facing the Council due to the impact of the pandemic which includes for example:

- Ongoing impact of increase in referrals for children social care.
- ‘Long Covid’ effect on adult social care activity and costs.
- Potential increase in homelessness costs following end of furlough and national eviction ban.
- Reduced income remaining from car parking and other income sources.
- Ongoing challenges relating to debt recovery (partly due to required delay enforcement action for income recovery).

6.15.3 Some of these changes had been incorporated in the 2022/23 Budget but there remains uncertainty about the ongoing impact arising from the ‘new normal’. The Provisional Local Government Finance Settlement 2022/23 announced on 16th December provides no specific long COVID (or ‘new normal’) additional funding for local government in 2022/23.

6.15.4 Members previously approved a Covid recovery fund reserve of £10.273m in recognition of the medium-term impact of the pandemic and the need to meet the future year costs, from Government funding provided. Combined with unringfenced Government funding during 2021/22 (part utilisation of £2.771m), it is proposed that these resources are utilised to support the impact of Covid on the Council’s revenue budget between 2022/23 and 2024/25 providing total funding of £13.044m (£5.848m in 2022/23, £4.648m in 2023/24 and £2.548m in 2024/25).

6.15.5 Further details of Covid funding and associated costs were included in the ‘Budget Monitoring 2021/22’ report to Executive on 24th November 2021.

6.16 Real Changes – Various

6.16.1 The real changes in 2022/23 totalling £789k mainly relates to the impact of local elections (£700k) reducing to £52k per annum by 2025/26. Further details are reflected in the policy sheets in Appendix 7.

6.17 Business Rates (NNDR)

6.17.1 The original Government proposals indicated that the funding “baseline” will be reset in 2020 and every 10 years thereafter. The previously planned full devolution of business rates was to change to 75% (rather than 100%) of business rates and was expected to be implemented from 2021/22 with the reset, undertaken every 3 years, to commence in 2021/22.

6.17.2 The Secretary of State reported to the Housing, Communities and Local Government Select Committee on 8th November 2021 and advised that the 75% retention is off the table in the short term, and it is ‘important we proceed with caution because it

goes against the broader principle of levelling up because that works against the process of redistributing money to those who need it most, particularly in the wake of Covid, which has reinforced some inequalities.'

6.17.3 There is no fundamental reform of NNDR planned and consultation is awaited on the Online Sales Tax. There will be three-yearly revaluations from 2023 with transitional relief arrangements to be in place.

6.17.4 There will be new reliefs planned:

- New temporary relief for retail, hospitality, and leisure properties for 2022/23.
- A new 100% improvement relief from 2023/24.
- Targeted exemptions for eligible plant and machinery used in onsite renewable energy generation/storage.
- 100% relief for eligible heat networks from 2023 until 2035.

6.17.5 Changes to business rates retention and the implementation of the Fair Funding Review have been delayed.

6.17.6 The Council continues to retain a 30% share of local business rates with 37% retained by the Government and 33% retained by the GLA which has been reflected in the Draft 2022/23 Budget.

6.17.7 Executive agreed to join the London Business Rate Pool in 2018/19 which Members supported and provided additional income of £5.1m in 2018/19. The scheme provided the full (100%) devolution of business rates with the growth shared across London boroughs and the GLA. The Government had agreed to allow the continuation of the pilot for 2020/21 but reflecting a reduced share (75%) of business rates.

6.17.8 On 8th October 2019, the London Council's Leaders' Committee confirmed support to a pan-London business rate pool and the Mayor of London has agreed to give up the share of and net financial benefit to the GLA of this scheme. Although the incentives have significantly reduced compared with the previous pilot scheme there was a potential opportunity for the Council to have a share of any gains made across London for 2020/21. This was approved by the Executive on 15th January 2020.

6.17.9 The Covid situation since 2020/21 and its associated medium- term impact will affect the financial benefits and risks of the pooling scheme. It also created significant uncertainty in considering the continuation of the pool in 2021/22 and 2022/23. No London wide pooling arrangement was made for these two years.

6.18 Schools Funding

6.18.1 Details of the impact of changes in school funding and the associated implications for 2022/23 and future years are provided in Section 11 of this report.

6.19 Government Grants

6.19.1 The full details of the final grant settlement for 2022/23 relating to all the grants received by the Council are awaited. Details of the Provisional Local Government Settlement 2021/22 are shown in Appendix 2.

6.20. Building Infrastructure Fund

6.20.1 As part of the ‘Transforming Property – Creation of a £30m Disposal Programme’, report to Executive on 16 September 2020, work is ongoing to identify works required to the Council’s properties that will be retained by the Council and the initial assessment has indicated that additional funding is required to supplement the existing building maintenance programme. The Draft 2022/23 Budget and financial forecast includes additional provision of £2m in 2022/23 and £2m in 2023/24, to reflect initial funding for any key building works required. A full detailed assessment will be reported to a future meeting of the Executive, to be considered with the proposals from the Operational Property Review.

7. DETAILED DRAFT 2022/23 BUDGET

7.1 Detailed draft 2022/23 Budgets are attached in Appendix 7 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets will now be forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February. Further updated information will also be available for individual PDS Committees.

7.2 Appendix 7 sets out the draft 2022/23 budget for each Portfolio as follows:

- A summary of the Draft 2022/23 Revenue Budget per Portfolio
- A high-level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2022/23 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2020/21 expenditure, 2021/22 budget, 2022/23 budget and overall variations in planned spending between 2021/22 and 2022/23
- A summary of the main reasons for variations per Portfolio in planned spending between 2021/22 and 2022/23 together with supporting notes.

8. OPTIONS BEING UNDERTAKEN WITH A “ONE COUNCIL” APPROACH

8.1 As indicated elsewhere in the report, the Council will face future year cost and demographic pressures whilst Government funding is expected to remain ‘flat’ i.e. not keep pace with such costs. There remains uncertainty around future funding from 2023/24 following the awaited outcome of the Government’s ‘Fair Funding’ review. The Government assumption remains that alternatives to Government funding will be potential increase in taxation receipts generated by council tax (including social care precept) and, where possible, business rates. Details of options relating to increasing council tax and the social care precept are identified elsewhere in this report. There are also clear benefits to explore opportunities to increase (or recover) the council’s business rate base through economic development, identify invest to save opportunities as well as realise investment income as shown below.

8.2 Community Infrastructure Levy (CIL)

8.2.1 The Community Infrastructure Levy (CIL) represents a local levy on developments that local planning authorities can introduce to help fund infrastructure in the area. Following consideration by the Development Control Committee and the Executive, and

having progressed through examination in public, the Borough CIL came into effect in June 2021.

- 8.2.2 Income raised from developments will be allocated in accordance with the Council's Infrastructure Development Plan statement and an officer group is in place to develop a list of priorities. There is some flexibility in allocating income of up to 15% on neighbourhood community projects and up to 5% can be allocated towards the costs of administration.
- 8.2.3 Total CIL income of £0.4m is forecast next year, rising to c£3m in 2025/26. After allowing for funding community projects and administration, a sum of £0.32m has been allocated towards core service costs in 2022/23.
- 8.2.4 As the level and scope of future development is subject to local and regional economic and other factors, the actual level of future income each year will not necessarily be consistent with initial forecasts and may fluctuate from year to year.

8.3 Asset Review

- 8.3.1 As part of the Transforming Bromley Programme, the 'Transforming Property – Creation of a £30m Disposal Programme report to the Leader, following pre scrutiny by the Executive, Resources, Commissioning and Contract Management Committee on 10th September 2020 referred to a fundamental asset review seeking to:
- Optimise value and maximise capital receipts.
 - Identify opportunities for disposal.
 - Confirm properties which provide value to the community and remain in essential use.
- 8.3.2 A key consideration is whether the Council's current assets add value to service delivery or income generation. Within any consideration it remains important to recognise that assets can make a significant non-financial contribution which is beneficial to the Council and the wider community. This review will determine whether there are specific council sites that can be prioritised for housing provision to help reduce cost pressures on the homelessness budget as well as opportunities to generate capital receipts from disposals to fund the Council's capital programme priorities.

8.4 Growth Fund

- 8.4.1 A key priority for the Council is economic development/regeneration. This is essential, particularly with the need to assist in the recovery from the Covid situation and its impact on the community. Economic development/regeneration creates employment opportunities, potentially reduces the cost of council tax support and generates income through business rates and potentially new homes bonus. There will be other opportunities to support economic development through the Community Infrastructure Levy and Section 106 monies set aside for employment opportunities.
- 8.4.2 Funding of £39.15m was set aside with total uncommitted funding of £12m remaining.

8.5 Investment Fund

8.5.1 The Council has also set aside an Investment Fund which was originally used primarily for property investments to enable the Council to achieve sustainable investment income which exceeds treasury management rates. Funding of £104.8m was set aside, including a contribution of £20.3m from the Council's capital programme. There remain uncommitted monies for other potential schemes of £12.5m.

8.6 Utilisation of the Growth/Investment Fund to support Housing and Regeneration Investment

8.6.1 A breakdown of spend to date and approved schemes for the Growth and Investment Funds were included in Appendix D of the 'Capital Programme Monitoring – 2nd Quarter 2021/22' report to the Executive on 24th 2021.

8.6.2 As reported in January 2020, utilisation of the remaining uncommitted Growth and Investment Fund monies was to be prioritised for housing and, given the Covid situation impacting on the community, there is also a need to consider regeneration investment.

8.7 Housing

8.7.1 The Council continues to face increased pressure from those presenting as homeless and, without a sufficient supply of accommodation, the Council faces no alternative but to utilise costly nightly rate accommodation. Despite all efforts to increase the supply of accommodation coming through housing association partners and private sector options this supply continues to be insufficient to meet the level of need and is likely to slow further as a result of COVID-19. Demand is also forecast to increase following financial pressures on households and evictions restarting.

8.7.2 Whilst the focus on preventative measures has assisted in slowing the rate of growth in temporary accommodation (TA) use, options are extremely limited and increasing pressure is being seen from households faced with homelessness.

8.7.3 Projecting forward, this pressure looks set to continue meaning that without new affordable housing supply, numbers and the length of stay in TA will continue to rise. The housing transformation plan sets out the need for approximately 1,000 affordable units in addition to anticipated new supply to mitigate against the costs of temporary accommodation. To date, five schemes have been approved, and funding allocated for the provision of around 109 modular housing units at the following sites:

	York Rise	Burnt Ash	Anerley	Bushell Way	West Wickham	Total
Number of units	35	25	10	25	14	109
	£'000	£'000	£'000	£'000	£'000	£'000
Estimated scheme cost (incl. land value)	6,000	5,162	2,548	5,199	3,343	22,252
Financed by:						
Earmarked reserves	6,000					6,000
GLA grant		2,500	1,000	2,500	840	6,840
Section 106 contributions		523	340	523	356	1,742
Internal borrowing		2,139	1,208	2,176	2,147	7,670
	6,000	5,162	2,548	5,199	3,343	22,252

- 8.7.4 To meet the Housing Transformation target for the provision of 250 units, a further 141 units will be required. Based on the average costs above, this is likely to require further funding of around £29m.
- 8.7.5 Funding will also be required for the development or acquisition and refurbishment of 600 affordable homes also included in the Transformation work. This will be considered as part of the delivery vehicle options appraisal that is currently in progress, including through the Housing Revenue Account (see section on HRA below).
- 8.7.6 In addition to the housing development work referred to above, the Council has recently agreed two 'self-financing' acquisition schemes:
- 77 properties with Beehive have been purchased. This scheme is funded by Beehive borrowing the funds for acquisition of the properties, which are then leased to the Council for use as affordable housing.
 - Around 250 properties are expected to be purchased through the Meadowship Homes joint venture with Orchard & Shipman (subject to acquisition prices), also for use as affordable housing. This scheme is funded through a £67m finance facility from Pensions Insurance Corporation (PIC) and £20m funding from the Council.
- 8.7.7 Officers are exploring the option to expand these schemes and are considering the potential for other 'self-financing' development and acquisition schemes. Any such schemes will reduce future funding requirements to meet the target number of affordable homes detailed above.

8.8 Regeneration Investment

- 8.8.1 The pandemic continues to put pressure on the Culture & Regeneration Division, both in terms of the resources needed to support local businesses and distribute grants, in addition to the relatively new demands to deliver housing, but also in terms of unprecedented disruption to the construction industry, as well as the wider leisure and culture sectors and supply chains, as the impact of Covid continues to take effect.
- 8.8.2 The first Council adopted Regeneration strategy in 2020, continues to be a springboard for growth and rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. Building on this, the Council also adopted the first ever Economic Development strategy, setting out a proactive approach to taking advantage of the opportunities a changing landscape provides. A strong and stable economy benefits the Council financially; increased access to wealth for residents and businesses reduces reliance on additional public services and supports a sustainable base for future Council income. Historically Bromley has benefitted from a robust local economy, but in recent times we have seen changing work and travel patterns challenging Bromley's place as a leading local economy.
- 8.8.3 The pandemic has highlighted failings in our local economy, and growth challenges, that were already present and being experienced pre-Covid, but have been accelerated as a result of business closures and changing habits both in terms of the experience economy and working from home. This is predominantly effecting our larger town centres, with Bromley Town Centre experiencing 12% vacancies, but is also experienced in other areas with limited investment in high quality office space, and elevated vacancies in the industrial submarket.
- 8.8.4 In terms of wider strategic regeneration, as set out in the Regeneration Strategy, there

are Council owned buildings that will require significant capital investment over a number of years. There will be challenges over where capital investment is prioritised as the Council works through where demands on services are changing as well as the changes in residents' behaviours as we emerge from the pandemic, such as how town centres are used and in particular the growing importance of leisure and culture provision (in its broadest sense) to support retail. There will be opportunities to use our assets for catalysing the market.

- 8.8.5 Additionally, the pandemic has seen an unprecedented rise in construction costs related to materials and labour shortages, presenting a new need to consider stimulating local labour. Whilst Bromley's prudent approach to capital programme management has enabled strong fiscal management of projects so far, there continue to be risks for the Council that are associated with large capital projects, including: construction industry inflation, cost overruns, unforeseen delays, and the long term security of funding resources, potentially including financing costs. Where schemes are reliant on capital receipts and housing sales, then there is also the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability, although a health check of the programmes to date has highlighted, that because of strong foundations Bromley is in a strong place to build on this work and weather these challenges.
- 8.8.6 Making use of Council owned assets and land has enabled strong development programmes. The Council has also secured significant sums of GLA grants towards building homes. Whilst in-house delivery is very strong, it is important that the Council secures investment from, and partners with, developers to deliver strategic regeneration and economic development plans faster, whilst transferring risk from the Council. Working with development partners and leveraging in funding in town centres where there is likely to be the most needed change will be a key priority.
- 8.8.7 The Covid situation has placed serious financial pressures on our culture and leisure sectors, as it has nationally. The recovery of the local economy will in part be reliant on the Borough's cultural offer and what attracts people to live, work and visit Bromley. The culture and leisure sectors are intrinsically key to our growth ambitions as they form part of the creative economy, which accounts for 1/6 of London's jobs and is growing at a rate four times faster than the rest of the economy. From ensuring town centres are not just places to shop, but places that offer experiential opportunities, whether that is through theatres, cinemas, museums, or other cultural offers. Bromley is well placed to respond and should continue to support our cultural offer and maximise use of our important heritage assets, however this will require significant investment and difficult decisions from the Council as to directing resources. A key priority will be working with stakeholders to leverage in funding where possible as well as developing our relationships with big business, marketing the borough as an attractive place for relocation and growth.
- 8.8.8 Investment in our infrastructure is essential for:
- A thriving local economy
 - Local employment
 - Business sustainability
 - A place where businesses want to be established
 - An area that people want to live, work and visit
 - A Borough that is open to develop, but continues to protect the unique character, green spaces and heritage.

- Improved digital connectivity, support residents and businesses to be better connected.

8.9 Investment Income

8.9.1 The 2022/23 draft budget for income includes properties purchased to date from the Investment Fund and the Growth Fund and there is further income relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). This provides a budgeted income of £10.8m. Income from treasury management investments of £2.8m combined with income from investment properties, potentially provides a total investment income of £13.6m. The strategy of generating additional investment income has helped reduce the budget gap by an equivalent amount.

8.9.2 The Council's investments span a wide variety of options with the majority of income from commercial properties. Apart from lending to banks, housing associations and various local authority's other investment choices include a £40m investment in a property fund and £60m in Multi Asset Income Funds which represents a medium term (3 to 5 years) investment opportunity. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk. The Council also undertook secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative.

8.9.3 The Council will explore using low-cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3-to-5-year period. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.

8.9.4 A prudent approach to budgeting and the front-loading of savings has enabled a longer-term approach to generate further income and deliver spend to save from the additional resources available, as well as mitigate against significant risks, to provide a more sustainable financial position in the longer term. Given the significant benefits of achieving sustainable investment income/savings, which protects key services, this approach should continue, where possible. The Council has now prioritised future investment monies for housing and regeneration.

8.10 HRA and Respective Future Budget Planning

8.10.1 In July 2020 Council approved the setting up of a Housing Revenue Account (HRA) for the provision of affordable housing. Although there is no longer a requirement to submit an HRA business plan to the government, it is not only good practice for authorities to prepare HRA business plans but under self-financing there is a need for the HRA to have a detailed business plan for service and financial planning, and to sustain the assets and ensure that debts can be serviced.

8.10.2 As three of the sites above (Burnt Ash Lane, Anerley Town Hall Car Park and Bushell Way) are due to be complete before the end of the 2021/22 financial year, an indicative budget will be prepared and reported to a future meeting. Work is currently ongoing to produce budgets for other costs such as communal area cleaning etc and related service charge income.

8.10.3 Officers are currently working to develop the initial 30-year business plan. Future reports will be presented for the consideration of business cases for individual sites

and the adoption of the HRA business plan.

- 8.10.4 By appropriating the land from the General Fund into the HRA, the market value of the land is charged to the HRA. Although this is not an actual capital receipt, it does mean that the General Fund can incur more capital expenditure without needing to borrow through an adjustment to the Capital Financing Requirement. Further details of the impact on capital financing will be covered in the HRA 30-year business plan and annual treasury management strategy reports.

8.11 Review of Fees and Charges

- 8.11.1 There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. Chief Officers will continue to review fees and charges during 2022/23 to identify opportunities to reduce the future years 'budget gap'.

8.12 Invest to Save

- 8.12.1 The Invest to Save earmarked reserve was approved by Council in October 2011, with an initial allocation of £14m, to enable "loans" to be provided for Invest to Save initiatives, with advances to be repaid within a "reasonable" period and on-going revenue savings to contribute towards reducing the budget gap. Five schemes have been approved to date with a total approved sum of £9.9m to be advanced from the fund (the most significant of which was the street lighting replacement scheme at £8.5m). As at 31st March 2021, the actual balance on the Fund stood at £18.2m. To date, full year effect savings in excess of £1m have been achieved on the five schemes.

8.13 Commissioning and Procurement

- 8.13.1 The Council will continue to identify opportunities for contract savings including the review of inflation provision and repackaging of contracts and re-negotiation to secure the best value for the Council.
- 8.13.2 In the last few years significant savings have been delivered through commissioning of services. There are cost pressures identified in the financial forecast but all opportunities to identify commissioning savings whilst protecting key services will be explored to assist in reducing the Council's "budget gap".
- 8.13.3 It remains key that commissioning plans, through the transformation programme are in place across services to identify options for most effective service delivery, identifying future changes, evidence any necessary cost pressures, provide mitigation options for addressing cost pressures and identifying demographic pressures. This will include options around innovative service delivery, providing key services at a lower cost and exploring partnership, external funding and commercial income opportunities.

8.14 Managing Rising Demand

- 8.14.1 Apart from supply side improvement there remains the need to manage future demand by ensuring there is a focus on outcomes rather than service delivery which includes the need to rethink the relationship between the citizen and the service. More collaborative working with other public agencies will help to ensure that the most effective outcomes can be delivered whilst resources are reducing.

8.15 Adult Social Care Reform

8.15.1 The Government published on 15th September 2021 the Build Back Better: Our Plan for Health and Social Care'. This included a new health and social care levy of 1.25% added to National Insurance contributions from April 2022 onwards. Although initial funding will be used to clear NHS backlogs, funding will be provided for the capping of care costs to be implemented from October 2023. There will be a cap on care costs of £86,000 which represents the maximum someone would pay towards their cost of care. There are changes to the means-test limits and individuals would still pay the 'hotel costs' for residential care, irrespective of the cap, when they can afford it. The Government announced as part of the publication that they expect demographic and unit cost pressures to be met through Council Tax, the social care precept and longer-term efficiencies. There is funding provided of £804k in 2022/23 for the Capping of Care Costs and Fair Cost of Care reform to cover preparation costs. This may increase to £8m per annum by 2024/25 {cap and means test (£5.6m) and fair cost of care (£2.4m)}, but this will depend on the distribution formula to be used. Although this represents additional funding for local government there will be significant reductions in income to the council from these reforms as well as additional commissioning costs which may more than offset this grant funding. This funding also covers the setting up costs. There is likely to be a significant shortfall of funding in meeting this new responsibility in the longer term with potential Fair Cost of Care additional costs of between £10m and £15m per annum. Although the financial forecast assumes that the changes will be fully funded at this stage, whilst a more detailed assessment is required, this represents a significant financial risk to the Council

8.15.2 A White Paper on social care reform was published on 1st December 2021 which included, for example, offering more choice, control and independence for care users, information on workforce reform, inspection and quality assurance, integrated housing support and integration with health services. A further integration with health paper is awaited.

8.15.3 There are further monies allocated to Department of Health and Social Care which mainly relate to the White Paper reforms (£1.8bn over period 2022/23 to 2024/25 Some of the monies will be allocated to the NHS, as well as local government but the split is not known at this stage. National funding identified to date includes

- At least £300m to provide integrated housing.
- At least £150m for technology and digitalisation
- At least £500m for workforce training and qualifications.
- Up to £25m to support unpaid carers.
- £30m for innovation of support and care.
- At least £5m to help people understand care and support available.
- More than £70m to improve the delivery of care and support services
- Use of the balance (around £720m) yet to be determined.
- Details of how this funding will be allocated and requirements are awaited.

8.16 Integration with Health

8.16.1 The Council is working with the Bromley borough-based board (linked with South East London CCG) to explore opportunities for any further delivery of local

integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the pooling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.

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

8.16.3 A new Integrated Care System (ICS) will be created from April 2022 providing a new combined South East London ICS. The changes will be monitored closely to identify the risks/opportunities that may arise to meet the 'Making Bromley Even Better Priorities'.

8.17 Identifying Further Savings

8.17.1 The scale of savings required in future years cannot be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended consequence' of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2022/23 Budget represents the third year of savings from the Transformation Programme (see section 6.7). This key work continues, and further proposals will be reported to Members as part of addressing the four-year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

8.18 Core Statutory Minimum Requirements

8.18.1 Local Authorities undertake numerous functions and provide a wide range of services. Some are mandatory and some are discretionary. We cannot stop carrying out functions where we are under a duty to deliver that function or service.

8.18.2 Where services are statutory, there may be a duty to provide a relevant service, but in both personal and general services there is scope for interpretation on whether level or type of provision has discharged the duty or not. Sometimes because of contractual obligations or the creation of a legitimate expectation then a local authority cannot easily stop providing discretionary services.

8.18.3 In addition many of the non-statutory services provided by Bromley fall into the following categories

- They deliver income to the Council – examples being the discretionary ceremonies part of the registrars' service, adult education and aspects of treasury management.

- They reduce expenditure in statutory services, for example, certain non-statutory homelessness prevention work and aspects of environmental services enforcement.
- Certain support services are integrally linked to the delivery of core council functions e.g., IT.

8.18.4 Bromley has undertaken several pieces of work to align its services closely with its statutory duties. This work which identifies statutory and non-statutory services contributes to the key Transformation work and each individual work stream is addressing the extent of the statutory service and savings proposed.

8.18.5 As part of any core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

8.19 Pension Fund

8.19.1 Using benchmark data across LGPS universe, the overall pension fund performance was ranked 2nd in the LGPS universe for the year to 31st March 2021, 2nd over 3, 20 and 30 years, 1st over 5 and 10 years. In addition to winning the LGPS Investment Performance of the year in 2017 and 2018 (assets under £2.5bn) and being runners up and 'Highly Commended' in 2019 and 2020 respectively, Bromley also won the Pensions, Treasury and Asset Management Award 2019 and Achieving Excellence in Asset Management at CIPFA's Public Finance Awards, recognising the consistent high performance of the Fund as well as top decile performance in treasury management. The impact of the outstanding performance has resulted in the Council's pension fund now being assessed by the Council's Actuary as 'fully funded' reducing the cost impact on the Council's General Fund. The outcome of the Actuarial Valuation was reported to Pensions Investment Sub Committee on 30th January 2020.

8.20 Balancing the Budget

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

9. FUTURE LOCAL AUTHORITY LANDSCAPE

9.1 In September 2021, the Local Government Association estimated that councils in England currently face costs of around £8bn by 2024-2025 simply to keep vital services functioning at their current levels. They compiled the information taking into account the future pressures faced by councils but advised that it does not account all of the ongoing demands on councils. They concluded that from its analysis that funding from council tax alone will not meet the significant financial pressures facing local services in the coming years.

9.2 A mid December 2021 article in the Local Government Chronicle include a headline '20-30 councils in active discussions over government support'. The Government has already sent in commissioners into a few Councils and 10 authorities had already agreed exceptional financial support (capitalisation direction funding). The

capitalisation direction allows Councils to fund revenue spending from borrowing or capital receipts, subject to spending limits, which is not a sustainable solution.

- 9.3 It is clearly becoming more financially challenging for local government. There will be an increasing risk of Section 114's being issued, and Nottingham City Council has become the third council in the last 12 months to issue a Section 114, although it related to use of HRA monies.
- 9.4 The findings from a Zurich Municipal's customer research in conjunction with You Gov, on current and future changes in the public and voluntary sector, identified from Society of Local Authority Chief Executives (SOLACE) that 'the fiscal picture coupled with rising demand feels the most immediate and existential threat'. In addition, they referred to 'public money provided essential economic support during the pandemic but ultimately that funding (most of it from borrowing) will have to be repaid and difficult choices to be made.'
- 9.5 The National Audit Office reported on 'Local Government finance in the Pandemic' and as part of their summary stated 'the pandemic has in turn placed significant pressure on local authorities' finances, which in many cases were already under strain going into the pandemic'.
- 9.6 The Institute of Fiscal Studies referred to the benefits of the Government front loading funding for existing services given ongoing Covid pressures, but subsequent freeze means local taxes (council tax) will need to take much of the strain after that point. They concluded that there is likely to be cuts to some council services without further funding from government, given rising costs and demands.
- 9.7 Local Government cannot afford the future unless it changes what it does. Changes for the future will need to include operational mergers between authorities for services, greater use of private and voluntary sector, devolution of powers and funding to local authorities as community leaders, a fundamental change in the role of State and implementing opportunities to join up with health and other public agencies (community budgets etc.). Any major change may require the investment of one-off resources. After the delivery of cost savings and efficiency, there is a greater need for transformation, demand management and income enhancement. The scale of the funding challenges may also result in the need to stop or reduce services in the longer term.
- 9.8 Bromley remains "better placed" to deal with the ongoing challenges but needs to ensure that early decisions are made and adequate reserves are retained to ensure sustainable finances in an increasingly difficult financial landscape. The retention of an adequate level of reserves is key to ensure that Bromley can prepare for future funding challenges and to deal with increasing financial uncertainty including the impact of the local government finance reforms. The Council is seeking fairer funding from Government and the response to the Fair Funding Review consultation paper is attached in Appendix 4. The Leader, Portfolio Holder for Resources, Commissioning and Contracts, Chief Executive and Director of Finance have met previously with Government ministers to discuss seeking a fairer funding deal for Bromley and its residents and have followed up the matter with local MPs. The Council previously secured non-recurring transitional grant funding of £4.2m in recognition of the funding issues faced by the Council.

9.9 Fair Funding Review /Devolution of Business Rates

- 9.9.1 The Secretary of State reported to the Housing, Communities and Local Government Committee on 8th November 2021 and stated ‘we are looking to see what headroom we have for a redistribution of funding to better reflect the additional needs and responsibilities that local government has in those areas where it does not ... have the same resilient council tax base or the same level of business rates on which to draw ... not as crude as seeking to help local authorities in the north ... but if it had to be boiled down to a single sentence, that is very much something in my mind’. The 2022/23 ‘Services Grant’ will not be part of a local authorities baseline funding and may be used as part of any transitional funding towards a new funding regime. Any future financial funding projections needs to be treated with caution from 2023/24 as there continues to be uncertainty about the replacement funding mechanism for local government, now delayed until at least 2023/24.
- 9.9.2 Local Governments funding arrangements were previously expected to experience their most significant reform for over two decades. The awaited outcome remains unclear. Any changes made are expected to include transitional arrangements that will impact on any ‘winners’ or ‘losers’ amongst Councils. The financial forecast assumes no financial changes from this review.
- 9.9.3 The 2021 Spending Review and subsequent 2022/23 Provisional Local Government Finance Settlement has provided a settlement, generally better than expected, and would provide a short-term “lifeline” for some local authorities and the government needs to ensure the long-term survival of councils with sustainable long- term funding.

10. LONDON BOROUGH GRANTS COMMITTEE

- 10.1 London Councils require formal notification of the Council's agreement to their contribution for 2022/23. The London Councils Grants Committee has proposed a Budget for 2022/23 comprising total expenditure of £6.668m.
- 10.2 Bromley's contribution to this Committee was £247,274 in 2021/22. The proposed contribution for 2022/23 is £246,470 which represents a reduction of £804 compared with 2021/22.
- 10.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2022/23 budget. If it is not agreed by the 1st February 2022, the overall level of expenditure is deemed to be the same.

11. THE SCHOOLS BUDGET

- 11.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring-fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 11.2 The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING					
	Schools	High Needs	Early Years	Central	Total
	£'000	£'000	£'000	£'000	£'000
2021/22	237,832	59,923	23,343	2,134	323,232
2022/23 (provisional)	245,142	67,379	21,748	2,091	336,360
Variation	7,310	7,456	-1,595	-43	13,128

- 11.3 The figures in the table above are provisional and subject to change once DfE issue any updates in due course.
- 11.4 The Schools Block has risen by £7.3m. This is due to an increase in the per pupil unit of funding and increases in the population figures. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools. Moreover, DfE has introduced a central payment mechanism for Schools Business Rates in 2022/23 and therefore a further deduction will be made for this.
- 11.5 There has also been an announcement of additional supplementary grant of £7.1m for 2022/23 for schools. This is to provide support for the costs of the Health and Social Care Levy and wider costs. This will be distributed as a separate grant in 2022/23 only as the intention is to integrate this into the DSG from 2023/24 onwards.
- 11.6 The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue has been acknowledged, and further funding committed for 2022/23.

The DSG allocation has resulted in an increase in high needs block funding of £7.5m for Bromley. £2.4m of this amount was announced in the spending review to cover additional costs that local authorities and schools will face in the coming year, which were not foreseen when the original high needs block allocations were calculated, including the Health and Social Care Levy. The remaining £5.1m is due to the increases in per pupil funding and the increase in pupils themselves.

- 11.7 Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover, future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2023/24.
- 11.8 Early Years funding has decreased by £1.6m. Dfe have increased the part time equivalent (PTE) rates by 21 pence per hour for 2-year-old funding and 17p per hour for 3 and four year old funding for 2022/23. This has increased the grant by £783k. However there has been a considerable drop in numbers through the census data, resulting in a grant loss of £2.4m. There is uncertainty about the figures to the COVID pandemic and the pupil counts so this should be taken with some caution. Early Years DSG is adjusted in year to take account of take up during the year, so the figure will change as the financial year progresses. It is hoped take up will increase and if this is the case, the funding will be adjusted by DfE.
- 11.9 The Central Block has decreased by £43k. The per pupil rate fell by 2.5% (the equivalent of a loss of £53k). £10k of additional grant was received due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £410k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2022/23 bringing the total Council core funding to £460k.

12. GENERAL AND EARMARKED RESERVES

- 12.1 Excluding monies set aside for schools, insurance fund, government grants (technical accounting requirement), deferred business rates and council tax relief funding and health, the Council has earmarked reserves remaining of £175.6m as at 31/3/2021 and general reserves of £20m. Full details are included in the Provisional Final Accounts 2020/21, Executive, 30th June 2021. Appendix 4 of the 2021/22 Council Tax report highlighted the Council's approach to utilising reserves and the significant value in retaining reserves. The Council Tax report refers to the level of reserves needs to be adequate to ensure the longer-term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the medium-term budget deficit facing the Council. Inflation, new burdens, growth/cost pressures, uncertain medium- and longer-term impact of the Covid situation and assumed flat lining of future Government funding will create significant budget gaps. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.
- 12.2 The Council has set aside previous years collection fund surpluses totalling £31.8m (which is normally credited to revenue budgets) as well as a financial management and risk reserve of £10m (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any longer-term utilisation of one-off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.
- 12.3 The Council also has a Central Contingency sum to cover risk/uncertainty in the future included in the base budget. However there remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings not realised, uncertain impact of the Covid situation and, as in the past, enable funding of member initiatives and investment opportunities. Historically the contingency is reviewed later in the year as part of finalising the following year's budget and after departmental savings/growth and mitigation has been considered. The updated financial forecast assumes the release of £2m per annum in 2024/25 to directly support the revenue budget.
- 12.4 The "Capital Programme Monitoring 2011/12 and Annual Capital Review 2012 to 2016" report to the February 2012 meeting of the Executive identified the long-term financial implications of the capital Programme. The report identified that abandoning the current agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council's entire general reserves being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07. However, given the ongoing financial constraints and limited opportunities to reduce costs in the medium term, this approach was reconsidered to provide capital funding for investment in planned highway maintenance funded by capital receipts.
- 12.5 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term.

Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

13. ISSUES FOR FUTURE YEARS

13.1 The key issue to consider is the need to ensure long term sustainable finances to help ensure the Council can provide priority services in the longer term. Any final proposals as part of the 2022/23 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2022/23 but to also deal with the medium-term financial position as well. Even allowing for the options in this report a budget gap of £19.5m per annum remains from 2025/26. Some of the measures identified in section 8 of this report will enable flexibility to provide a more sustainable financial position for future years. The financial outcome will also depend on the final decisions made on council tax levels.

13.2 The Provisional Local Government Finance Settlement 2022/23 represents a significant financial improvement in funding but does not represent a medium-term settlement. Although significant additional funding has been provided, this has to be considered in the context of increasing inflation, additional national insurance cost for employers, cost/growth pressures and the ongoing impact of COVID. There is no increase in core funding identified beyond 2022/23. These factors combined with the awaited Fair Funding Review and uncertainty on changes in business rates arrangements results in the Council continuing to face financial uncertainty relating to the future funding landscape. The Council is better placed than many other authorities because of the history of robust financial management and ensuring best use of resources. The financial strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and addressing budget deficits during this uncertain period.

14. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

14.1 Details of council tax and funding levels between councils are shown in Appendix 3.

14.2 Bromley's council tax is amongst the lowest in outer London.

14.3 Using 2022/23 funding information, if Bromley received the average grant funding for London, its annual income would increase by £63m. If the Council had the average council tax levels for the 4 other lowest grant funded councils, the Council would receive additional income of £32.6m.

14.4 Despite being a low-cost authority, Bromley has achieved savings of over £110m since 2009/10 but it becomes more challenging to achieve further savings with a low-cost base.

14.5 Bromley has retained a low council tax despite lower levels of grant funding. This has been achieved by maintaining a below average spending base. It is important to recognise that the pattern of spending in Bromley restricts the options facing Members. One of the key issues in future year budgets will be the balance between spending, taxation and charges and service reductions in an organisation starting from a low spending base.

15. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

15.1 The Mayor of London's draft consolidated budget was published on 22nd December

2021. It includes a proposed precept increase of 8.8% but this assumes that the Government will allow a £20 increase to fund transport services by agreeing revised referendum limits.
- 15.2 The final GLA precept for 2022/23 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 24th February 2022.
- 15.3 For 2022/23 every £1m change in income or expenditure causes a 0.6% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.75m.
- 15.4 As part of the Localism Act, any council tax increase of 2% or above (excludes ASC precept) in 2022/23 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £150k. The one- off cost of a referendum is estimated to be £700k.
- 15.5 The Government has enabled Councils up to 2022/23 to have a council tax precept of up to 1% per annum to specifically fund adult social care (a 1% increase in council tax equates to £1.75m additional income per annum) – this has been reflected in the funding from Government. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 1.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 3% without the need for a council tax referendum. The Government introduced this change in recognition of the cost pressures facing social care authorities. The financial forecast assumes this precept could not continue beyond 2023/24. Members will be requested to consider applying the precept as part of the 2022/23 Council Tax report to the Executive on 9th February 2022.

16. CONSULTATION

- 16.1 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 9th February 2022 meeting of the Executive. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 28th February 2022 where the 2022/23 Budget and Council Tax will be agreed.
- 16.2 Prior to finalising the 'School's Budget' the Education, Children and Families Portfolio Holder will consult with the Schools' Forum.
- 16.3 Consultation papers will also be sent to local business representatives for their views and comments. Other examples of consultation will include consultation on specific budget proposals.

17. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 17.1 There remain risks in meeting the 'budget gap' arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, implications of the Covid situation and the impact of Government Policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council's Corporate Risk Register shows that 'Failure to deliver a sustainable financial strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet

budget' is the highest risk the Council is facing.

- 17.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 8. The level of balances held, and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

18. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 18.1 The draft 2022/23 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

19. POLICY IMPLICATIONS

- 19.1 The Draft 2022/23 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

20. PERSONNEL IMPLICATIONS

- 20.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2022/23 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

21. LEGAL IMPLICATIONS

- 21.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance Act 1992 (as amended) requires the Council to set an amount of Council Tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of Council Tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.
- 21.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 21.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 21.4 Executive is being requested to delegate the setting of the schools' budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.

- 21.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfill by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 21.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2021/22 Council Tax report to be reported to the February meeting of the Executive.

22. CONCLUSION

- 22.1 One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service changes in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.
- 22.2 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management will enable the Council to provide a potential balanced budget for 2022/23. There will be significant challenges as the Council is a low-cost authority and the position will need to be regularly reviewed particularly as there are risks relating to further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2023/24 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their “cash envelope”.
- 22.3 There is uncertainty on the future arrangements for devolution of business rates and the awaited Government’s ‘Fair Funding’ review which may result in new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2023/24 whilst the forecast assumes that Government funding will remain at a standstill. Financial challenges are expected to continue beyond the financial forecast period. The continuation of long-term financial planning as part of the Medium-Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.
- 22.4 The Council will continue to seek a fairer financial settlement on behalf of the residents

of the Borough and the report has referred to some of the work undertaken in the current financial year. The contribution of local MPs has also assisted in this arrangement.

- 22.5 There will continue to be increasing financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic issues which creates uncertainty over the longer-term direction of the Government’s public expenditure plans. It is probable that the situation will remain volatile in the medium term requiring ongoing change in our detailed approach, but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction. In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities (including regeneration) and mitigate against the cost pressures currently being forecast. It is important to consider actions now that address the “budget gap” in the medium term to enable the Council to ‘live within its means’.

Background documents	<p>Capital Programme Monitoring – 2nd Quarter 2021/22, Executive, 24th November 2021</p> <p>Budget Monitoring 2021/22, Executive, 24th November 2021</p> <p>Treasury Management – Quarter 2 Performance 2021/22 and Mid-year Review, Resources, Commissioning and Contracts Management Portfolio Holder and Council, 18th November 2021 and 6th December 2021</p> <p>Provisional Final Accounts 2020/21, Executive, 30th June 2021</p> <p>2021/22 Council Tax, Executive 10th February 2021</p> <p>Transforming Property – Creation of a £30m Disposal Programme, Leader following pre scrutiny by E, R&C PDS on 10th September 2020</p>
Financial Considerations	Covered within overall report

Update on Economic Situation which can impact on Public Finances

Economic Context

1. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2021/22 (year to October 2021) is £127bn, with overall debt representing 95% of GDP, maintaining a level not seen since the early 1960s. Although the economy has grown stronger than expected earlier in the year the latest Covid outbreak will impact on GDP growth. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues.

2. The key economic and fiscal headlines, for the UK, from the Spending Review 2021 are summarised below:
 - Annual increase in inflation (CPI) is projected to be 4% in 2022/23, 2.6% in 2023/24, 2.1% in 2024/25 and 2% in 2025/26 and 2% in 2026/27
 - Annual increase in inflation (RPI) is projected to be 5% in 2022/23, 3.4% in 2023/24, 2.8% in 2024/25, 2.8% in 2025/26 and 2.9% in 2026/27
 - Annual increase in Gross Domestic Product (GDP) is projected to be 6% in 2022/23, 2.1% in 2023/24, 1.3% in 2024/25, 1.6% in 2025/26 and 1.7% in 2026/27
 - Debt as a percentage of GDP is projected to be 98.2% in 2022/23, 97.9% in 2023/24, 97.8% in 2024/25, 94.7% in 2025/26 and 90.5% in 2026/27

New fiscal rules have been announced:

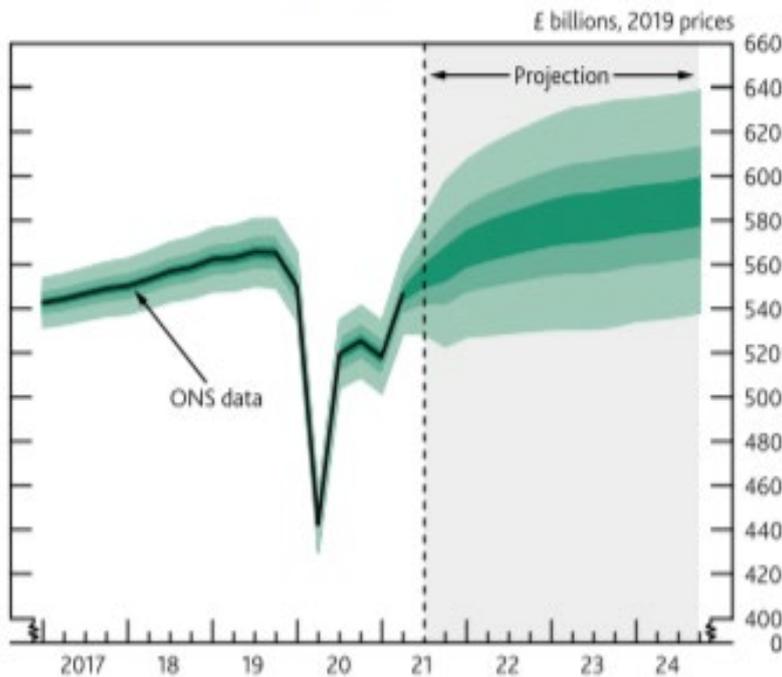
 - Underlying public sector net debt must as a percentage of GDP be falling; and
 - The government should only borrow to invest, with everyday spending funded from taxation.

3. These targets should be met by the third year of any forecast period, which gives the government time to respond to any economic shocks. 3% of GDP will be allocated to capital investment, and the government must "keep welfare spending on a sustainable path". The Chancellor summarised his fiscal rules as, "sound public finances and a stronger economy".

4. There are still economic risks that the Chancellor has to manage. He began by outlining the continued inflationary pressures within the economy (the Office for Budget Responsibility {OBR} is forecasting that inflation will continue at 4% over the next year). Some of the measures announced will help to mitigate the impact of price increases (e.g., freezing fuel and alcohol duties). The Chancellor re-affirmed his commitment to managing inflation, with a letter sent to the Bank of England confirming the 2% inflation target.

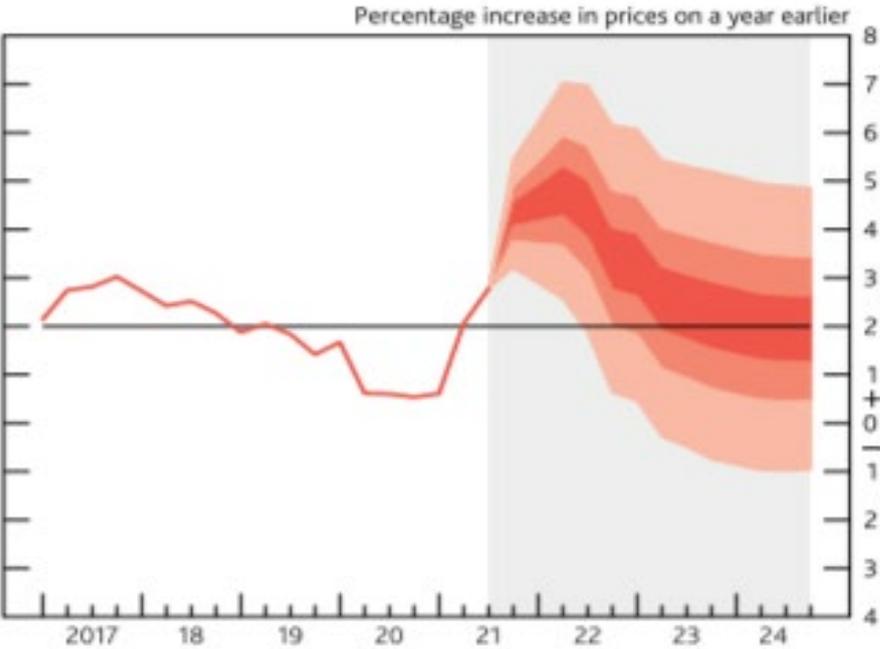
- The Office for Budget Responsibility (OBR) predict that the UK economy growth forecast is expected to stabilise to 1.7% in 2026/27. The Bank of England's Monetary Policy report (November 2021) provides the following projections for GDP growth:

Chart 1.1: GDP projection based on market interest rate expectations, other policy measures as announced



- Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services in the future could result in a likely real term funding reductions remaining for local government or creating a situation where costs and demographic pressures facing local government are not matched fully by changes in government funding.
- Bromley's core funding had been reduced in real terms by 75% compared with 63% (England) over the course of the 10 years up to 2019/20, with some limited respite from 2020/21 to 2022/23. The Government view new flexibilities including, for example, Adult Social Care Precept as a means to increase council tax to fund social care cost and demographic pressures
- OBR predictions indicate CPI inflation expected to be at 4% in 2022/23 - RPIX tends to have a rate of up to 1% higher. The views of economic commentators vary on expected inflation levels. The Bank of England's inflation report (November 2021) provides the following projections for CPI inflation

Chart 1.4: CPI inflation projection based on market interest rate expectations, other policy measures as announced



- 9. The Bank of England recent reported that inflation (CPI) is expected to increase to 6% during 2022.

Provisional Local Government Finance Settlement 2022/23 and Spending Review 2021

Issues Affecting Local Government

Council Tax Levels

- Council tax and ASC precept limits remain, for 2022/23, at 2% (referendum limit) and 1% respectively.
- Additional ongoing funding for Bromley:
 - Funding for social care (adults and children) totalling £2.960m
 - Additional core funding of £1.183m
 - (combined total of above of £4.143m)

General Funding

- A one off '2022/23 Services Grant' of £2.652m for next year, which will not be part of baseline funding from 2023/24, and the future redistribution of the national allocation will be utilised for transitional support as part of any future Fair Funding Review.
- Although extra funding is identified above, the funding will need to be considered in the context of monies needed to support new burdens (national insurance increases, national living wage increase above inflation etc.), Covid impact (there is no additional specific funding for Long Covid etc.), higher inflation and service/cost pressures.

Adult Social Care Reform

- Adult Social Care Reform funding in 2022/23 of £804k as part of preparing for the Capping of Care Costs and Fair Cost of Care. This may increase to £8m per annum by 2024/25 {cap and means test (£5.6m) and fair cost of care (£2.4m)}, but this will depend on the distribution formula to be used. Although this represents additional funding for local government there will be significant reductions in income to the council from these reforms as well as additional commissioning costs which may more than offset this grant funding. This funding also covers the setting up costs. There is likely to be a significant shortfall of funding in meeting this new responsibility in the longer term with potential fair cost of care additional costs of between £10m and £15m per annum.
- There are further monies allocated to Department of Health and Social Care (£1.8bn over period 2022/23 to 2024/25) which may be utilised to fund other reforms impacting on local government including the Social Care White Paper. Some of the monies will be allocated to the NHS, as well as local government but the split is not known at this stage. National funding identified to date includes:
 - At least £300m to provide integrated housing
 - At least £150m for technology and digitalisation
 - At least £500m for workforce training and qualifications
 - Up to £25m to support unpaid carers
 - £30m for innovation of support and care
 - At least £5m to help people understand care and support available
 - More than £70m to improve the delivery of care and support services
 - Use of the balance (around £720m) yet to be determined
 - Details of how this funding will be allocated and requirements are awaited.

Business Rates

There are changes to business rates but no decision on their long-term future. There will be reliefs, discounts and cuts in the multiplier that will be worth £7bn over 3 years which include:

- The planned increase in the business rates multiplier has been cancelled (worth £4.6bn). The multiplier was due to be increased by 3.1%, in line with the September increase in the Consumer Price Index (CPI). Local authorities will receive “cap compensation” funding in the usual way.
- 50% discount for retail, hospitality, and leisure sectors (up to a maximum of £110,000) (worth £1.7bn).
- Other reforms, including more frequent revaluations (from 2023), and investment reliefs to encourage green investment and premises improvements (any increase in rates payable delayed for 12 months) (worth £750m). These changes will affect uplift in valuations, which will be handled administratively by the Valuation Office Agency (VOA) – but will also affect local government because growth in rates will take longer to be recognised.

Other issues

Public Health Funding is expected to receive normal inflationary increases (rather than match increases in NHS funding) and the funding is expected to remain ring fenced

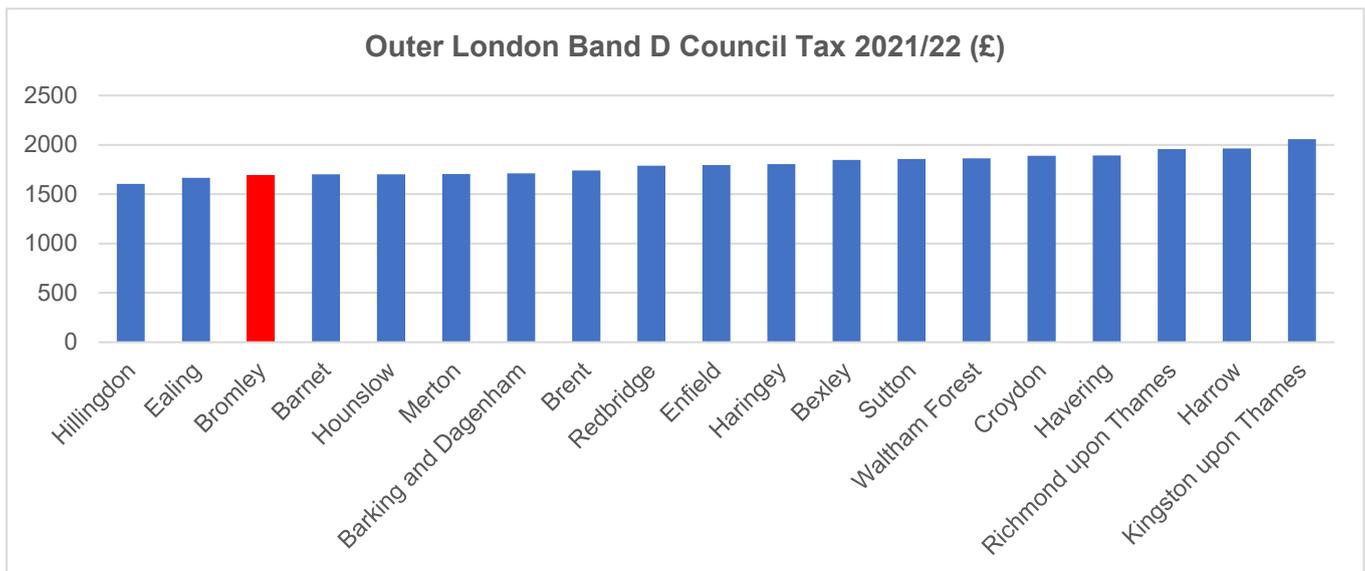
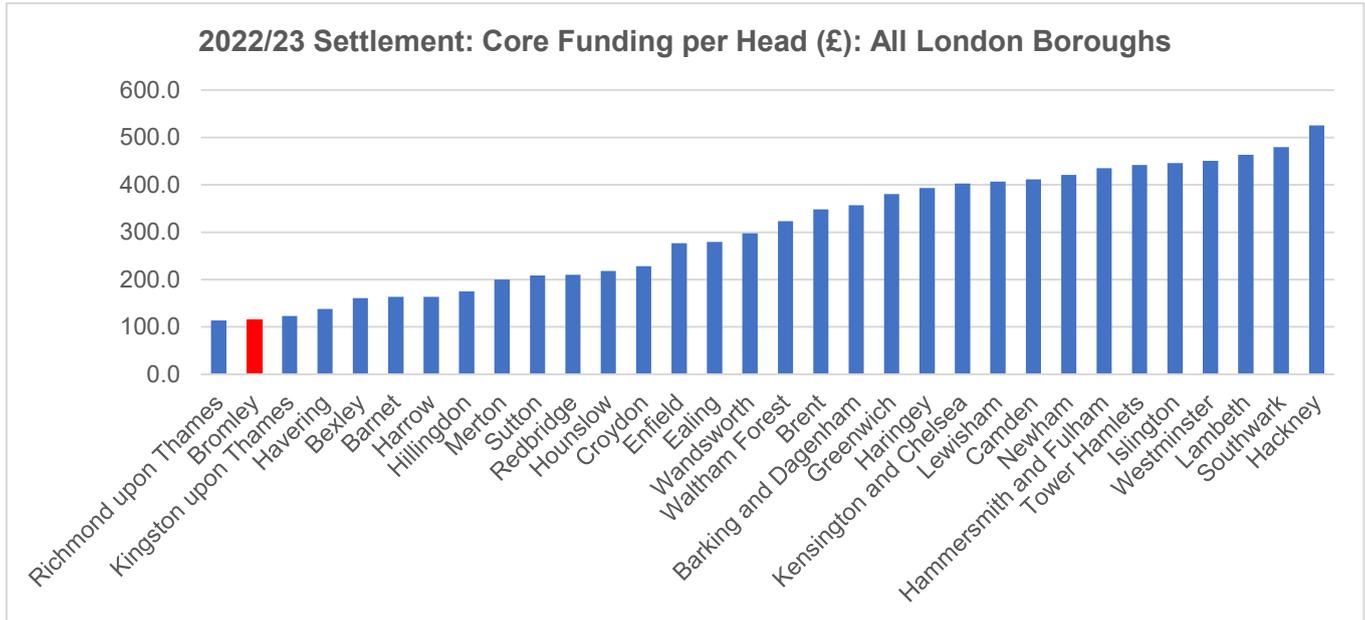
The Spending Review will restore schools’ per-pupil funding to 2010 levels in real terms. Therefore, an increase in funding will be provided but this simply maintains 2010 funding levels in real terms.

Allocations for the first round of bids from Levelling-Up Fund have been announced (£1.7bn out of the £4.8bn total).

The public sector pay freeze will not continue, and the intention is to return to the usual system of independent pay commission recommendations for ‘fair and affordable’ pay rises separate over the whole Spending Review period (not part of local government pay reviews).

The minimum wage will be increased to £9.50 per hour, accepting the Low Pay Commission’s recommendation – an increase of 6.6%.

Council Tax Levels and Government Funding



1. The above graphs illustrate that the Council has achieved a low council tax level despite low levels of Government funding. This has been achieved by retaining below average spending levels.
2. Using 2022/23 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £63m
3. Bromley were to set its Council Tax at the average level of the lowest four settlement recipients then it would receive additional income of £32.6m



Financial Services

Civic Centre, Stockwell Close, Bromley BR1 3UH

Telephone: 0208 464 3333

Direct Line: 0208 313 4338

Email: peter.turner@bromley.gov.uk

Fax: 020 83134335

Internet: www.bromley.gov.uk

The Correspondence and Enquiry Unit
HM Treasury
1 Horse Guards Parade
London
SW1A 2HQ

30th September 2021

Email: public.enquiries@hmtreasury.gov.uk

Dear Sir/Madam

Comprehensive Spending Review Representation

The London Borough of Bromley welcomes the opportunity to provide comments in advance of the Spending Review 2021 which will clearly have an impact on the future Local Government Finance Settlement 2022/23. It is important that this response is considered in the wider context of historic local government funding cuts, increasing demand for our services and the longer-term impact of Covid-19 situation ('New Normal').

We welcomed the continuation of the second year (2021/22) of no overall funding reductions, following 10 years of significant funding reductions and the recognition that further financial support is needed for local authorities to deal with the Covid situation in 2021/22, given its impact on local government. Although it provided a one-year settlement, with uncertainty remaining from 2022/23, it was a positive outcome. We welcome how the Government has adapted to address the funding of the Covid situation impacting on local government, but this must continue to be kept under regular review because of the financial risk inadequate funding creates.

In terms of meeting the budget challenges in future years, the Council faces significant cost pressures relating to homelessness, educational high needs (SEN), adults and children's social care, inadequately funded new burdens, uncertainty on inflation (any increases above the Bank of England target have a significant impact on the Council's finances) and the wider impact of the 'new normal' following the Covid-19 situation. There remains the issue of inadequate funding to address the impact of Covid-19 in the current year relating to income from fees and charges as well as the financial risks relating to income from council tax and business rates. Even if the level of government grant funding available to the Council no longer reduces, these cost pressures, partly linked to demographic changes, need to be funded which results in an ongoing need to address a significant 'budget gap' that cannot be met by council tax increases alone.

There is a national recognition that Social Services is underfunded. One of Bromley's cost pressure relates to adult social care and it remains essential that a fundamental solution is found to address funding. The Prime Minister has recognised the need to address this and his comments, reported in the press on 14th January 2020, indicate that action will be taken to address the significant funding issue for social care. We welcome the Government's

commitment to provide additional funding for the NHS. Rt. Hon. Matt Hancock, whilst Secretary of State for Health and Social Care, had previously announced a commitment of £33.9 billion per annum by 2023/24 being given to the NHS and further funding for NHS buildings. It is well recognised that there is a high degree of interdependency between health and social care services and any lack of funding for social care could have a detrimental impact on the NHS and vice versa. Funding solutions are required for social care to provide a whole systems solution which also includes children's social care.

The recent announcements on health and social care, although welcome, provide no assurances on funding necessary to future meet growth/cost pressures and it is important to recognise the wider commissioning cost impact on local authorities. The Council would welcome any opportunity to contribute to the impact of the changes and how we can work together with health to find real funding solutions. The funding announced by Government, initially available for the NHS over three years may simply compensate for a loss of income from the changes in the new care cap arrangements rather than provide funding for additional core social care costs. We are seeking direct additional funding to support the demographic and other cost pressures impacting on adult social care. The increase in employers' national insurance costs could result in significant cost increases from providers particularly as we are a commissioning authority.

Luke Hall, the previous Parliamentary Under-Secretary of State for Housing, on 5th February 2020 referred to the Government 'are committed to fixing the crisis in social care once and for all' ensuring we have a 'long term solution'. He also stated that 'it is absolutely true that councils face pressures on adult and children's care services'.

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

We welcome the review of children's social care launched by the Education Secretary in January 2021 which 'will set out to radically reform the system' and ask that this thoroughly considers the cost pressures on children's social care and the need for adequate funding to improve children's lives.

We also welcome on the work to review ways of addressing high needs funding, but it is important that any solution recognises that the majority of Council's schools are academies. It is essential that solutions are found as Bromley, like many authorities face a DSG deficit due to funding shortfalls compared with the significant increase in high need provision required.

Key asks for the Spending Review 2021 and its associated impact on funding for Bromley are:

- It should recognise or reward efficient, low-cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis.

- The negative revenue support funding adjustment is clearly not 'fit for purpose' and should continue to be removed if it is necessary for the existing funding formula to continue whilst the outcome of the Fair Funding Review is awaited.
- It needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London.
- It should recognise that authorities with a low-cost baseline should not have to face a higher proportion of cuts to funding as part of any future austerity plans and thus recognised/compensated in any future funding arrangements.
- Remove restrictions that prevent local authorities from raising or spending their own resources - we need more flexibility in place to make the best use of our resources for our residents.
- Social Care responsibilities (Improved Better Care Fund) should be determined by adult social care formula (e.g., Bromley had lost significant additional funding as a result of the revised formula). In addition, the Government should provide direct funding support to meet growth/cost pressures in adult social care rather than a part reliance on local authorities raising council tax through the Adult Social Care precept towards meeting such costs.
- We are experiencing increased pressures on our homelessness budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels remaining low means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. The Spending Review outcome should recognise Bromley's (as well as a few other areas) cost pressures relating to homelessness.
- We are facing significant cost pressures on children and adults social care and high needs (covered elsewhere in this submission) which has not been fully reflected in previous funding settlements.
- Prior to the pandemic Bromley's population was expected to increase by more than the national average by 2030 - funding is currently not reallocated based on population growth and Bromley has a higher increase in over 65 years of age (18.9%) compared with rest of London (12.1%). Using GLA central estimates, between 2017 and 2037 over 65's are expected to increase by 44.4% and over 90's by 123.8% with an overall population increase of 18.8% during that period. Although the future population projections remain uncertain following Brexit and the impact of the pandemic, we expect Bromley's overall population to continue to increase which can include, for example, the impact of a migration from inner London – the future funding should reflect this.
- Should have mechanisms in place to ensure new burdens are adequately funded.
- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of

country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income.

- The relative size of the Needs and Resource amounts are ultimately set by MHCLG (now DLUHC) on the basis of judgement - can some of the unique factors for Bromley be reflected in this to ensure low cost-efficient authorities are not penalised?
- We have previously raised our concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is critical that these points are addressed as part of the future Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements.
- We request that the changes made by previous governments to give local authorities more control over the funding be reconsidered. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding is welcomed (although it does not cover associated transport costs), there remains a risk of longer-term potential costs being ultimately met by the council taxpayer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council taxpayer is required to fund special educational needs transport costs of around £6m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.
- Recognises the true financial impact of essential highways maintenance and repair in a geographically large borough with an extensive road network.
- Recognition of the medium and longer-term impact of the impact of Covid-19 on local government costs (expected to increase) and income (expected to reduce). There would be further cost pressures arising from any recessionary impact on the economy from the Covid-19 situation. This has had a significant detrimental effect on the Councils budget challenges. We will also be seeking an adequate level of funding for 2022/23 and future years to reflect the ongoing impact of Covid-19 even when the pandemic lapses – we have estimated, for example, that Long Covid for adult social care has increased costs by £2.6m per annum. There are many other examples, including increase cost of waste (more residents working from home) and children's social care (impact of period of school closures, mental health issues etc.).
- Although many commentators predicted a spike in inflation followed by a fall to Bank of England target levels (2% CPI), we face the highest inflation level since March 2012 (recently reported 3.2% annual increase) and it is projected to increase beyond 4% in 2022. Each 1% increase in inflation adds around £3m per annum to Council's costs. It is therefore important to recognise that even a cash freeze on funding would represent a significant real term reduction, given existing inflation levels. Any settlement for local government needs to reflect the impact of the latest inflation projections.

The above does not reflect all the asks and we recognise that the Government will continue to work with local authorities to undertake the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities – the awaited outcome of this work also creates significant financial uncertainty in future financial planning to support key services. We recognise that this review is an opportunity to resolve the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

It is critical that Government recognise the underfunding of existing services, provide additional resources, and remove restrictions that prevent local authorities from raising or spending their own resources. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the future Fair Funding review and move to 75% business rate retention locally (subject to business rate review) to fundamentally review the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, various changes from the Social Work Act, extended support to care leavers to the age of 25 years old, the lifting of the public sector pay cap, indexation and equalization of guaranteed minimum pensions, deprivation of liberty, changes to national insurance costs, national living wage and, more recently, the Homelessness Reduction Act which have only been part funded. Many new burdens have not been adequately funded, if at all. DLUHC (previously MHCLG) have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2021/22. However, the further cost pressures on children's social care and homelessness (consequence of welfare reform, impact of limiting local housing allowances and potential implications of universal credit) have not been fully recognised and have resulted in a significant additional cost burden which is not recognised by the funding provided.

Looking further ahead, Bromley would still face a period of significant uncertainty with the awaited Fair Funding Review, the move to 75 percent Business Rates Retention and the awaited Comprehensive Spending Review which could represent a new 'cliff edge' in financial planning terms. We ask that the precedent of early sight of funding allocations (which was provided by SR 19) be available as soon as possible to assist in financial planning for next year. At the time of writing this letter, financial planning remains problematic as it remains unclear what level of funding the Council will receive which is essential to allow sufficient time to forward plan and consult on key budget decisions. Local authorities must by law have a balanced budget and Government funding remains a key determinant for the budget position facing the Council. We seek that early indications of funding are provided to enable the Council to plan budget decisions effectively. Even a minimum funding guarantee for next year, whilst the outcome of the Spending Review is unknown, it is essential to make the right budget decisions and ensure we can achieve a balanced budget effectively.

We support the need for the future funding system to be less complex, transparent, provide certainty and be responsive to changes in demand. The key outcome needs to be adequate funding for the future sustainability of Bromley to meet the key services that matter to our residents and taxpayers. As the National Audit Office reported, as part of its Financial Sustainability of Local Authorities 2018 report, the Government 'must set out at the earliest

opportunity a long-term financial plan for the (local government) sector that includes sufficient funding to address specific service pressures and secure the sector's future financial sustainability'.

Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Although the last two years financial settlements have been helpful, we need a sustainable medium-term settlement at this year's Spending Review.

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

Bromley's local MP's have highlighted concerns about an ongoing poor financial settlement for Bromley and the need for a fairer system that rewards efficient low-cost councils and provides a 'fairer' level of funding in recognition of the needs of residents and council taxpayers. Sir Bob Neil MP made comments in Parliament, following the 2021/22 Local Government Finance Settlement and referred to Bromley being a 'very low cost authority - an efficient authority. That has been a problem since I sat in the Minister's place and had to deal with these matters. The system does not incentivise efficiency, of itself, in the local government financial settlement. There is no financial incentive in the system to keep costs low and no recognition of historical financial efficiency. If an authority has a low-cost base to start with, it does not get rewarded for that; it can potentially be penalised, given the system depends to a greater extent on uprating. Authorities like mine are very happy to cooperate with the Department in finding ways forward from our own experience in these matters'. Gareth Bacon, MP referred to 'my Orpington constituency is part of the London Borough of Bromley, which, like other local authorities, faces significant uncertainty about funding from 2022-23 onwards, dealing with rising demands and the new normal following the covid situation. This year, the NHS will receive a multi-year settlement. When can a commitment be made by the Government to provide three or four-year financial settlements, which will be crucial in providing value for money for residents and service users, for local government into the future?'

A combination of historic core grant reductions combined with new burdens not fully funded and increasing demand for services, immense pressure on adult and children's social care costs, high needs including transport, ageing population levels, the significant impact of homelessness pressures, meeting inflation costs and the medium-term impact of Covid-19 (i.e. 'New Normal') means it is becoming increasingly difficult to sustain the scale of previous funding reductions imposed on us. During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum. Prior to the outcome of the 2019 Spending Round, it would have reduced by 75% compared with 63% (London and England) in real terms over the course of the decade. Although the additional funding announced for 2020/21 and 2021/22 was welcomed and represented the best settlement for 10 years, there remains uncertainty on funding levels for 2022/23 and beyond which makes medium and long-term financial planning more problematic.

Bromley faced a four year "budget gap" of around £14m by 2024/25, following the 2021/22 Local Government Settlement but the ongoing costs pressures and the longer-term impact of Covid 19 could result in the 'budget gap' doubling to £28m plus - a significant "budget gap" remains. London Councils and Local Government Association (at the national level) have reported that significant savings are required by local authorities to plug the funding

gap which is not sustainable in the longer term without further significant funding. It is essential that Ministry for Levelling Up, Housing and Communities reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the future local government settlement, following the Spending Review 2021. Examples of further Bromley specific cost pressures (by no means comprehensive) are attached with this letter.

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite overall significant funding reductions. This provides a greater challenge for a low-cost authority like Bromley. This highlights the importance of considering the full impact of any changes affecting local government. The Government should consider reviewing the role and duties of local government to match the potential resources available.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low-cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However, this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high-cost authorities.

In 2021/22, Bromley has the 2nd lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications have not been reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £64m in 2021/22.

We acknowledge that the reform of business rates and Fair Funding review will provide opportunities to fundamentally review how local government is funded in the long term but the current system for funding local government is unsustainable. The next Spending Review needs to consider the funding requirements for local government to meet key services that matter to our residents and taxpayers and linked with the Fair Funding Review. There should not be an outcome that simply results in a redistribution of existing government funding without considering the impact of cost pressures and new burdens and the limitations in generating alternative income. While the future Fair Funding Review is a welcome opportunity to address the best method to distribute resources, there is no escaping the inadequacy of the resources it distributes when compared with the totality of demand - the Spending Review is a key opportunity to put local government on a sustainable footing. Local government has received a disproportionate share of funding reductions when compared with total public and departmental spending.

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

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

We welcomed the additional funding for 2020/21 and 2021/22 as the first step towards a more sustainable financial settlement. If this year's Spending Review and future Fair Funding enables a more sustainable funding approach it would be welcomed and enable

the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to taxpayers and council tax payers.

The Government previously introduced four-year funding which was welcomed but we now face a situation of significant uncertainty of funding for 2022/23 and beyond. There needs to be sufficient time to plan for 2022/23 and future years and a key consideration for financial planning is the level of Government funding available. As indicated earlier in this letter, any early indications of the likely settlement, or at least an early minimum funding guarantee whilst the outcome of the Spending Review is awaited would assist in financial planning and reducing financial uncertainty. It is important to recognise that no organisation of any size can be expected to operate efficiently without multiple years assurance about its level of income - this would include any government funding.

There have been well publicised Section 114 notices and the Government has provided 'exceptional financial support' through a capitalisation direction to 11 local authorities. This recognises the increasing difficulty in achieving sustainable finances in local government without adequate funding support from Government. The Society of Local Authority Chief Executives (SOLACE) undertook a survey in August 2021 and found 9 out of 10 local authority chief executives and senior managers are extremely concerned their council can adequately meet the needs of their residents, businesses and communities in the next three to five years, based on current funding levels. The LGA estimated a funding gap of £8bn by 2025. Bromley is seeking a fairer level of funding to support our community, recognising that despite being an efficient council with robust financial management there remains significant lack of funding to support us, compared with other authorities.

To allow for sufficient time to meet statutory council tax deadlines and our annual billing deadlines, it is important that the final 2022/23 Local Government Finance Settlement is published as early as possible to provide sufficient time to make key decisions which can be implemented before the beginning of the new financial year.

We recognise the difficulties the Government faces in predicting future economic activity with the impact of Covid-19 and Brexit to consider which will affect future fiscal revenues and the potential impact of this inflationary period. The Government may need more time to make more accurate future predictions and reducing uncertainty in forecasting three-year funding plans – we hope there would be greater certainty if it is delayed till the middle of next year. Given the need for an indication of funding for local government to enable budget decisions to be made in sufficient time we would recommend a 'rollover plus' commitment for a further year (2022/23) and the 'plus' covers providing funding for new burdens, recognising higher inflation and demographic and other cost pressures. We would prefer a medium-term financial settlement but should be provided with at least minimum funding guarantees if a one-year settlement is provided. The National Audit Office warned that short term funding only 'creates risks for value for money as it encourages short term decision making'

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to contribute in advance of the Spending Review 2021.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Turner', is enclosed within a light grey rectangular border.

Peter Turner
Director of Finance
London Borough of Bromley

Appendix 1 of the letter

Examples of further Bromley specific cost pressures and potential new burdens – please note this list is by no means exhaustive

Children's Social Care

There has been a significant rise in referrals and the care population with unprecedented levels of mental health cases being identified, partly due to Covid impact. There has also been an increase in late entrants to care with very complex issues resulting in high-cost support. There remains a lack of secure accommodation available resulting in an increase of alternative higher cost support with an impact on court applications providing higher costs.

Afghan Refugees – New Burdens

The provision of short- term funding support without addressing longer term funding could create financial challenges which will be dependent on the impact of the provision of housing, social care, educational and welfare support, particularly for very vulnerable migrants. New burdens should be accompanied by longer term financial support to reflect the associated costs.

Adult Social Care

There is ongoing pressure on the social care sector to costs to ensure they continue to recruit and retain hard working care staff. Any increase in costs, without government financial support, will put enormous financial pressures on care providers who will simply pass the costs to the commissioners/local authorities. The problem is not going to go away. A well-funded care sector and a well remunerated care staff is important for the NHS. Adequate funding to support quality staff is required in the social care sector as well as within NHS, particularly recognising the interdependency to provide 'whole system' support to residents.

'Health and Wellbeing' (including mental health) for our residents and although we have been successful in utilising resources available there needs to be a more joined up approach with the health sector which includes adequate funding as well as more direct support within the NHS whilst seeking to provide a seamless approach.

Public Health – Funding New Burdens

The Covid-19 Contain Framework: a guide for local decision-makers sets out, amongst others, the new roles and responsibilities of local authorities. and highlights that LAs' local outbreak management plans are central to the next phase of the response of enduring transmission.

These new health protection roles and responsibilities are listed below:

- Responsibility for ongoing surveillance and monitoring
- Outbreak management
- Contact tracing
- Management of (Variants of Concern) VOCs and (Variants of Interest) VOI
- Provision of expert advice to different Council departments, partners and providers (Covid -19 response service)

- Targeted testing
- Non-Pharmaceutical Interventions (NPIs) to prevent further spread of infection.
- Support for recovery through provision of interventions to mitigate wider impacts of Covid-19 e.g. mental health and wellbeing
- Focus on inequalities and support for the vulnerable and those with the most complex needs
- Support for vaccination programmes and vaccine hesitancy

These functions are currently being delivered using short-term funding or by re-focusing the work of Public Health staff. However, a more sustainable model will need to be found with sufficient and long-term funding.

Housing

To highlight the challenges and the need for adequate and fairer funding to Bromley, the current situation is as follows:

- Just under 2000 approaches from those facing difficulties in first 6 months of this year.
- This needs to be considered in context of reducing housing association lettings – less new build but also reduced re-lets. In addition, housing association affordable rent levels are often not affordable. This is placing increased reliance on temporary accommodation – with on average a £6,500 per ‘year top up’ from the Council required to secure accommodation (whether via leasing or nightly paid arrangements - both are costly).
- Market analysis undertaken which shows that households cannot secure accommodation locally to maintain social networks/education/employment within Local Housing Allowance levels and are therefore approaching the Council for assistance – the overriding reason for approach to Council is the need for affordability.
- The benefit cap combined with affordable rents is also acting as a disincentive for larger households to downsize in housing association accommodation as they face losing an assured tenancy on social housing rental levels for a smaller tenancy at a higher rent on a fixed term tenancy. This is ultimately placing greater pressure and costs on the Council securing larger temporary accommodation units.
- Current net increase in temporary accommodation usage is averaging 15 per month
- We are actively seeking to develop our own sites to address supply, but many are complex and grant funding, whilst welcomed, is still not sufficient to make figures stack up on more complex sites.

With regards to temporary accommodation there needs to be a review of the subsidy arrangements as they are not keeping pace with the market – there is always a need for some temporary accommodation provision.

The Council actively finds ways of dealing with the housing challenges providing innovative ways working with the private sector to provide housing solutions. A recent example includes, undertaking a joint venture with the private sector to secure up to 300 affordable housing units.

Despite these solutions there is a need to recognise the ongoing cost pressures and the level of funding required to meet housing needs – this should be reflected in the Spending Review and the local government finance settlement for 2022/23

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Bromley's Budget Requirement in 2021/22 (before funding from Formula Grant) @	216,186	216,186	216,186	216,186	216,186
Formula Grant and Business Rate Share	-40,874	-40,874	-40,874	-40,874	-40,874
	175,312	175,312	175,312	175,312	175,312
Additional core funding		-1,183	-1,183	-1,183	-1,183
Additional social care grant		-2,960	-2,960	-2,960	-2,960
Market sustainability and Fair Cost of Care Fund and Capping of Care Costs		-804	-5,628	-8,040	-8,040
Grant related expenditure for above		804	5,628	8,040	8,040
One off 2022/23 Services Grant		-2,652	0	0	0
Changes in Government Core Funding		-6,795	-4,143	-4,143	-4,143
Cost pressures					
Increased costs (5% in 2022/23, 2.5% in 2023/24 and 2% from 2024/25)		9,787	17,343	23,596	29,969
Increase in employer national insurance (including outsourced services)		1,500	1,500	1,500	1,500
		11,287	18,843	25,096	31,469
Reinstatement of highways maintenance (previously capitalised)		2,500	2,500	2,500	2,500
Total additional costs		13,787	21,343	27,596	33,969
Income/Savings					
Interest on balances		750	1,000	1,000	1,000
Release general provision in contingency for significant uncertainty/variables (per 2021/22 ctax report)		0	0	-2,000	-2,000
Funding of extra waste disposal costs from contingency		-400	-400	-400	-400
Reduction in central contingency provision for loss of car park income		-500	-500	-500	-500
Release of Education risk reserve to address offset cost pressures		-500	-500	-500	-500
Transformation Savings		-2,832	-2,610	-2,686	-2,686
CIL Funding Opportunities		-320	-1,000	-2,000	-2,400
Initial reduction (-) in freedom pass costs due to Covid period		-3,892	-1,419	3,206	3,206
		-7,694	-5,429	-3,880	-4,280
Other changes					
Real Changes and other Variations		789	271	492	52
		789	271	492	52
Council Tax					
Reduction in council tax losses due to Covid period		-548	-548	-548	-548
Collection Fund - fall out of use of fund in 2021/22 Budget		3,242	3,242	3,242	3,242
Collection Fund surplus 2020/21		-2,400	0	0	0
Est. increase in council tax base and increase in collection rate		-1,753	-1,753	-1,753	-2,503
		-1,459	941	941	191
Fall out of provision for additional cost pressures re Covid impact in 2021/22		7,795	7,795	7,795	7,795
Additional Government Funding to support further Covid cost impact in 2021/22		-7,795	-7,795	-7,795	-7,795
Growth/Cost Pressures including mitigation					
- Education		3,335	3,478	3,638	3,970
- Children's Social Care		3,716	3,341	3,342	3,353
- Adults Social Care		2,569	4,915	7,375	9,526
- Housing		-86	-1,349	-830	-358
- Public Health		400	400	400	400
Reduction in car park income, waste costs and other changes		600	100	-400	-400
Fall out of two year addt provision for building maintenance		0	-1,000	-1,000	-1,000
Building Infrastructure Fund		2,000	2,000	0	0
Reduction in investment property income		366	183	183	183
Fall out of funding for loss of fees and charges income (COVID)		500	500	500	500
Total growth/cost pressures		13,400	12,568	13,208	16,174
Budget Requirement		187,340	200,863	209,526	217,275
2021/22 Council Tax Income	-175,312	-175,312	-175,312	-175,312	-175,312
Increase in ASC precept or Council Tax (assume 1% increase in 2022/23 and 1.99% per annum thereafter)		-1,753	-5,242	-8,800	-12,429
Budget Gap before use of one off collection fund surplus and Covid reserve		10,275	20,309	25,414	29,534
Use of earmarked reserves					
Use of Covid earmarked reserve towards funding Covid cost pressures		-5,848	-4,648	-2,548	0
Collection Fund surplus to meet future years budget gap (included in 2021/22 council tax report)		-1,700	-9,111	-10,000	-10,000
Release of Government funding towards additional council tax support costs (held in reserve)		-2,662	-2,300		
		-10,210	-16,059	-12,548	-10,000
Revised Budget Gap		65	4,250	12,866	19,534

1) 1) The above forecast assumes for illustrative purposes a 1% increase in ASC precept/ Council Tax for 2022/23 and 1.99% increase to Council Tax for the following years

2) The above forecast assumes continuation of the following income set aside as an earmarked reserve:

(a) In 2021/22 the Budget assumed that the one off money relating to IBCF due to fall out in 2021/22 was utilised to support hospital discharge costs impact on social care costs. As that funding is still available it is proposed that these monies continue to be set aside (£1.68m)

(b) New Homes Bonus monies are estimated at £253k and it is assumed that these monies will continue to be set aside for housing projects

3) The forecast above includes the outcome of the Provisional Local Government Settlement announced on 16th December 2021. There are various elements of funding still awaiting, including public health, better care fund, rough sleepers and troubled families funding.

GROWTH AND MITIGATION

SUMMARY	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
GROWTH (excel DSG)	25,781	29,739	35,278	42,927
MITIGATION	-14,881	-19,671	-22,570	-27,253
NET	10,900	10,068	12,708	15,674

CHILDREN'S SOCIAL CARE

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	ORIGINAL BUDGET 2021/22 £'000
GROWTH					
FYE effect of 2021/22 (placements)	3,327	3,327	3,327	3,327	19,635
Additional staff in Staying Together Team	100	100	100	100	162
Growth in SGO payments	125	250	375	500	1,567
SGO staffing	75	75	75	75	628
THRIVE workers	80	80	80	80	628
Fostering staffing	75	75	75	75	1,104
Additional children social care resources to reflect 'additional caseload due to covid impact	200	200	0	0	3,424
Leaving care numbers increase	186	376	214	225	2,211
RAS Social Workers	490	490	490	490	2,042
Parenting worker	40	40	40	40	961
Recruitment and retention of social workers	150	150	150	150	349
	4,848	5,163	4,926	5,062	
MITIGATION					
Placements due to predicted numbers	-363	-953	-615	-640	19,635
Step down	-166	-166	-166	-166	4,526
Additional inhouse foster carers	-78	-78	-78	-78	4,526
Additional CCG contribution	-100	-200	-300	-400	-2,350
Commissioning Efficiencies	-250	-250	-250	-250	4,526
Reduction in ISW assessments	-50	-50	-50	-50	162
Reduction in inhouse foster placements and increase in adoption grant	-75	-75	-75	-75	4,421
Additional foster carers	-50	-50	-50	-50	4,526
	-1,132	-1,822	-1,584	-1,709	
NET GROWTH	3,716	3,341	3,342	3,353	

EDUCATION - DSG

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	ORIGINAL BUDGET 2021/22 £'000
GROWTH					
Placements including post 16	3,100	5,950	9,405	12,860	87,281
Estimated DSG b/fwd	4,300	3,060	1,843	1,769	0
SALT/OT	180	180	180	180	149
Additional specialist college costs (staying extra year due to Covid)	450	450	450	450	0
	8,030	9,640	11,878	15,259	
MITIGATION					
Alternative Provision savings on service delivery	-220	-380	-397	-410	-87,281
Additional high needs grant announced/estimated	-4,250	-6,250	-7,850	-9,450	-87,281
Additional high needs grant for additional pupil numbers	-500	-1,000	-1,500	-2,000	-87,281
Free special school	0	-167	-362	-478	0
Estimated c/forward of DSG	-3,060	-1,843	-1,769	-2,921	0
	-8,030	-9,640	-11,878	-15,259	
NET GROWTH	0	0	0	0	

EDUCATION - RSG

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	ORIGINAL BUDGET 2021/22 £'000
GROWTH					
SEN Transport additional demand and retender costs	3,256	3,831	4,357	4,867	5,528
Decrease in Central DSG allocation	50	100	150	200	410
EHCP Coordinator/Statutory Assessment	123	123	123	123	1,228
Education Psychologists	90	100	100	100	815
	3,519	4,154	4,730	5,290	

MITIGATION

Capitalise revenue costs (funded through basic needs capital grants)	-65	-65	-65	-65	-140
Route planning reduction at 6%	0	-299	-299	-299	0
Reprocurement of SEN transport arrangements	0	0	-166	-166	0
Internal Fleet Delivery	TBC	TBC	TBC	TBC	0
Travel training 15 in first year and then 30 per year	-46	-183	-377	-550	110
Reduction in new SEN transport take up from 36% to 30%	-73	-129	-185	-240	5,528
	-184	-676	-1,092	-1,320	

NET GROWTH

	3,335	3,478	3,638	3,970
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ADULT SOCIAL CARE	2022/23	2023/24	2024/25	2025/26	ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000	£'000	£'000
Growth					
ACM - Placements - 21/22 FYE	2,445	2,445	2,445	2,445	25,871
Learning Disabilities - 21/22 FYE	1,991	1,991	1,991	1,991	38,666
Mental Health - 21/22 FYE	45	45	45	45	7978
ACM - Memory And Cognition Growth	0	0	0	0	0
National Living Wage	300	800	1,600	2,500	0
Support living contract increases following tender	164	164	164	164	18,066
Learning Disabilities Growth	974	2,439	3,985	5,541	38,666
Recruitment and retention - increase flexibility in salaries budget	150	150	150	150	24,238
	6,069	8,034	10,380	12,836	
Mitigation					
Increase Uptake In Shared Lives	-310	-310	-310	-310	38,666
Preparing for adulthood support	0	-439	-485	-600	0
Over delivery of £1m savings	-150	-150	-150	-150	-1,000
Accommodation strategy for LD	0	0	-150	-250	0
Savings from Dom care contracts	-240	-420	-510	-600	13,525
Use of IBCF funding from previous years	-1,400	-400	0	0	0
Use of Covid funding in central contingency	-1,400	-1,400	-1,400	-1,400	0
	-3,500	-3,119	-3,005	-3,310	
Net Growth	2,569	4,915	7,375	9,526	

PUBLIC HEALTH	2022/23	2023/24	2024/25	2025/26	ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000	£'000	£'000
Growth					
Historic use of underspends that can no longer be achieved to support CSC	600	600	600	600	0
Increased responsibilities for health protection	160	160	160	160	0
Health Improvement and Prevention	50	50	50	50	0
Drugs and Alcohol Young People	50	50	50	50	0
Drugs and Alcohol Adults	100	100	100	100	0
Sexual Health PrEP commissioning	113	113	113	113	0
	1073	1073	1073	1073	
Mitigation					
Public Health Grant Increase (Estimated)	-214	-214	-214	-214	14,971
Test and Trace Grant	-259	0	0	0	0
Mitigation of growth to be identified	-200	-200	-200	-200	0
Use of Public Health reserve (transitional) - review in 3 years time	0	-259	-259	-259	0
	-673	-673	-673	-673	
Net Growth	400	400	400	400	

HOUSING	2022/23	2023/24	2024/25	2025/26	ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000	£'000	£'000
Growth					
Placements	1,116	2,232	3,348	4,464	15,549
Housing posts regraged	160	160	160	160	1,944
	1,276	2,392	3,508	4,624	
Mitigation (excluded from Transformation savings)					
Housing development programme	-1,189	-2,289	-3,022	-3,022	
Housing acquisition programme	-693	-1,260	-1,685	-1,685	
	-1,882	-3,549	-4,707	-4,707	15,549
Sub total	-606	-1,157	-1,199	-83	
Mitigation savings rephased	520	-192	369	-275	15,549
Net growth	-86	-1,349	-830	-358	

<u>ENVIRONMENT</u>	2022/23	2023/24	2024/25	2025/26	ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000	£'000	£'000
Car parking Income	-200	-700	-1,200	-1,200	-6,281
Ongoing impact of Covid-19 on waste disposal volumes	800	800	800	800	9,271
	600	100	-400	-400	
Mitigation	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
<u>Total</u>	600	100	-400	-400	

<u>RESOURCES</u>	2022/23	2023/24	2024/25	2025/26	ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000	£'000	£'000
Income from Investment Properties	366	183	183	183	Cr 9,169
Potential reduction in income recovery/rent variations (Covid impact)	0	0	0	0	
	366	183	183	183	
Building Maintenance	0	-1,000	-1,000	-1,000	0
<u>Total</u>	10,900	10,068	12,708	15,674	

SUMMARY OF DRAFT 2022/23 REVENUE BUDGET - PORTFOLIO

2021/22 Draft Budget £'000	Portfolio/Item	2022/23 Draft Budget £'000
94,789	Education	101,717
Cr 87,281	Less costs funded through Dedicated Schools Grant*	Cr 92,411
7,508	Sub total	9,306
38,416	Childrens Social Care	42,173
73,985	Adult Care and Health	80,654
31,750	Environment & Community Services Portfolio	34,281
2,474	Public Protection and Enforcement	2,638
15,094	Renewal, Recreation and Housing	14,467
34,473	Resources, Commissioning & Contracts Management	33,275
1,888	Non Distributed Costs & Corporate & Democratic Core	1,284
205,588	Total Controllable Budgets	218,078
11,443	Total Non Controllable Budgets	11,506
Cr 853	Total Excluded Recharges	Cr 900
216,178	Portfolio Total	228,684
Cr 9,878	Reversal of Net Capital Charges	Cr 9,878
Cr 3,591	Interest on General Fund Balances	Cr 2,841
-	Contribution to Carbon Neutral Initiatives Fund	
707	Contribution to Utilisation of New Homes Bonus for Housing	253
1,911	Utilisation of Prior Year Collection Fund Surplus/Set Aside	
14,880	Central Contingency Sum	16,584
	Levies	
464	- London Pensions Fund Authority*	472
247	- London Boroughs Grants Committee	247
262	- Environment Agency *	267
321	- Lee Valley Regional Park *	327
221,501	Sub Total	234,115
Cr 707	New Homes Bonus	Cr 253
Cr 40,874	Business Rate Retention	Cr 40,874
	Additional core funding	Cr 1,183
Cr 5,153	Collection Fund Surplus (previous years)	Cr 4,100
	Council tax support - collection fund surplus	Cr 2,662
	One off 2022/23 Services Grant	Cr 2,652
548	Collection Fund Losses (net of grant)	
	Ctax base	Cr 1,753
	Additional social care grant	Cr 2,960
	Funding Covid cost pressures from Earmarked Reserve	-548
175,315	Bromley's Requirement (excluding GLA)	177,130

* The highlighted budgets above are still in draft with final allocations still awaited.

DRAFT REVENUE BUDGET 2022/23

	Education, Children & Families	Adult Care & Health	Environment & Community Services	Public Protection and Enforcement	Renewal, Recreation & Housing	Resources, Commissioning & Contracts Management	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	36,323	16,560	7,168	2,624	9,606	16,987	89,268
Premises	1,000	220	7,191	41	488	4,944	13,883
Transport	9,361	146	127	40	50	30	9,753
Supplies and Services	43,179	6,067	9,179	223	1,322	6,792	66,761
Third Party Payments	70,870	119,700	37,258	1,177	25,323	14,909	269,237
Transfer Payments	6,356	9,228	-	-	84,058	6,173	105,814
Income	Cr 113,810	Cr 73,967	Cr 25,076	Cr 783	Cr 106,301	Cr 14,025	Cr 333,961
Controllable Recharges	Cr 1,800	2,701	Cr 1,565	Cr 684	Cr 78	Cr 1,281	Cr 2,707
Capital Charges/Financing	-	-	-	-	-	30	30
Total Controllable Budgets	51,479	80,654	34,281	2,638	14,467	34,558	218,078
Capital Charges/Financing	1,279	201	5,192	-	Cr 420	3,626	9,878
Repairs, Maintenance & Insurance	391	360	1,969	6	443	Cr 1,542	1,628
Property Rental Income	Cr 76	Cr 127	Cr 472	-	Cr 906	1,582	0
Not Directly Controllable Budgets	1,594	434	6,689	6	Cr 883	3,666	11,506
Recharges In	12,353	18,975	9,669	2,100	7,321	18,409	68,826
Total Cost of Service	65,425	100,064	50,639	4,744	20,905	56,634	298,410
Recharges Out	Cr 3,419	Cr 13,784	Cr 7,469	Cr 1,283	Cr 1,816	Cr 41,957	Cr 69,726
Total Net Budget	62,007	86,280	43,170	3,461	19,089	14,677	228,684

2022/23 CENTRAL CONTINGENCY SUM

£'000

General

Provision for Unallocated Inflation		3,353
General provision for risk/uncertainty		3,500
Provision for increase in employer national insurance-outsourced services		910
Provision for risk/uncertainty relating to volume and cost pressure		2,871
Increase in cost of homelessness / impact of welfare reforms		1,825
Universal credit roll out - impact on claimant fault overpayment recoveries		750
Tackling troubled families - Expenditure		628
Tackling troubled families - income	Cr	628
Growth for waste services		187
Set aside for homeless prevention initiatives		424
Set aside for homeless prevention initiatives - funding	Cr	424
Rough Sleeping Initiative		104
Rough Sleeping Initiative - funding	Cr	104
Deprivation of Liberty		118
Planning appeals - changes in legislation		60
Property Valuation		100
Legal support - childcare and adults social care		170
Provision for agency workers contract savings	Cr	260
Building Infrastructure Fund		2,000
Provision for potential loss of car park income		500
Property income recovery/rent variations		500
		<u>16,584</u>

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO**DRAFT REVENUE BUDGET 2022/23 - SUMMARY**

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
	Childrens Social Care				
1,313,365	Bromley Youth Support Programme	1,656,750	34,030	24,420	1,715,200
6,316,744	CLA and Care Leavers	6,838,900	207,520	1,201,380	8,247,800
855,862	Early Intervention and Family Support	1,236,150	79,730	(6,440)	1,309,440
16,643,722	Fostering, Adoption and Resources	17,778,140	696,110	4,000	18,478,250
3,684,004	Referral and Assessment Service	3,597,970	76,050	490,000	4,164,020
2,460,591	Safeguarding and Care Planning East	2,868,980	70,990	50,000	2,989,970
6,033,773	Safeguarding and Care Planning West	5,502,600	172,400	199,440	5,874,440
(1,019,195)	Safeguarding and Quality Improvement	(983,540)	227,440	150,000	(606,100)
36,288,868		38,495,950	1,564,270	2,112,800	42,173,020
	Education Division				
201,632	Access and Inclusion	183,900	101,320	(41,770)	243,450
(422,993)	Adult Education Centres	(448,220)	(3,060)	1,000	(450,280)
0	Early Years	0	0	0	0
37,334	Other Strategic Functions	776,670	76,050	(414,380)	438,340
(27,506)	Primary Schools	(6,530)	467,560	(461,030)	0
644,386	Schools & Early Years Commissioning and QA	735,360	899,820	(901,620)	733,560
(1,301,088)	Schools Budgets	(1,444,140)	(3,214,320)	3,147,620	(1,510,840)
0	Secondary Schools	0	146,070	(146,070)	0
6,826,758	SEN and Inclusion	7,706,850	1,250,350	878,600	9,835,800
20,750	Special Schools & Alternative Provision	(30,790)	631,430	(600,640)	0
127,266	Strategic Place Planning	103,400	7,370	(67,510)	43,260
(30,449)	Workforce Development & Governor Services	(27,190)	1,960	(2,080)	(27,310)
6,076,091		7,549,310	364,550	1,392,120	9,305,980
42,364,958	TOTAL CONTROLLABLE	46,045,260	1,928,820	3,504,920	51,479,000
8,892,445	TOTAL NON CONTROLLABLE	1,582,460	11,660	(250)	1,593,870
8,531,142	TOTAL EXCLUDED RECHARGES	9,000,290	0	(66,310)	8,933,980
59,788,544	PORTFOLIO TOTAL	56,628,010	1,940,480	3,438,360	62,006,850

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2022/23

Ref		VARIATION IN 2022/23		ORIGINAL
		£'000	£'000	BUDGET 2021/22 £'000
1	2021/22 BUDGET		56,628	
2	Increased Costs		1,940	
	Movements Between Portfolios/Departments			
3	Ex-CFA Recharge		61	1,514
4	Domestic Abuse Service Commissioning		38	179
5	Centralisation of Training Budgets	Cr	34	34
6	Transfer of Transport Function to Education		144	5,528
			<u>209</u>	
	Real Changes			
	<i>Growth</i>			
7	FYE effect of Placements from 2021/22		3,327	19,635
8	SEN Transport additional demand and costs		3,256	5,528
9	Referral and Assessment social workers		490	2,042
10	Additional children social care resources to reflect additional caseload		200	3,424
11	Leaving care number increases		186	2,211
12	Recruitment and retention of social workers		150	349
13	Growth in SGO's payments		125	1,567
14	EHCP Coordinator/Statutory Assessment		123	1,228
15	Additional staff in Staying Together Team		100	162
16	Education Psychologists		90	815
17	THRIVE Workers		80	628
18	SGO Staffing		75	628
19	Fostering Staff		75	1,104
20	Decrease in Central DSG allocation		50	410
21	Parenting Worker		40	961
			<u>8,367</u>	
	<i>Mitigation</i>			
22	Travel Training 15 in first year and then 30 a year	Cr	46	110
23	Reduction in ISW assessments	Cr	50	162
24	Additional foster carers	Cr	50	4,526
25	Staffing costs charged to Basic Need grant	Cr	65	140
26	Reduction in new SEN Transport take up from 36% to 30%	Cr	73	5,528
27	In house foster placements and increase in adoption grant	Cr	75	4,421
28	Additional in house foster carers	Cr	78	4,526
29	Additional CCG Contribution	Cr	100	2,350
30	Step Down	Cr	166	4,526
31	Commissioning efficiencies	Cr	250	4,526
32	Placements due to predicted numbers	Cr	363	19,635
33	Release of Education Risk Reserve	Cr	500	500
34	Allocation of unringfenced Covid funding from Reserves	Cr	3,000	4,816
			<u>4,816</u>	
	<i>Transformation Programme Savings</i>			
35	Adult Education		1	502
36	Contact Centres	Cr	40	64
37	Emergency Foster Placement	Cr	79	4,526
38	Transport Services Policy	Cr	137	5,528
			<u>255</u>	
39	Variations in Recharges		Cr	66
40	2022/23 DRAFT BUDGET		<u>62,007</u>	

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

Movements Between Portfolios/Departments

- 3 Ex-Education Funding Agency (EFA) Adult Clients (Dr £61k)
The inflationary increase in the costs of ex-ESFA funded clients with Learning Disabilities in Adult Social Care is funded by an increased recharge to DSG.
- 4 Domestic Abuse Service Commissioning (Dr £38k)
Additional budget required to support the commissioning of the domestic abuse service for another year. Contributions have been made by Adult Social Care, Public Health and Housing with the remaining contribution coming from CSC within existing resources
- 5 Centralisation of Training Budgets (Cr £34k)
Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers.
- 6 Transfer of Transport Function to Education (Dr £144k)
The transport function has been centralised within Education during 2021/22 and this adjustment reflects the transfer of the staff and running costs previously located within ASC and Environment portfolios

Real Changes

Growth

- 7 FYE effect of Placements from 2021/22 (Dr £3,327)
The full year effect of 2021/22 pressures on Children Social Care placements is £3,327k. This has been reduced by management action expected to be taken
- 8 SEN Transport additional demand costs (Dr 3,256k)
Additional funding is required to support the increase in the numbers of pupils and costs of the service. Increases in EHCP's of 17% over the last 2 years have meant increased volumes of children on transport. Costs have also increased as due to the impact of COVID, there is a shortage of workers to drive the clients
- 9 Referral and Assessment social workers (Dr £490k)
This is to permanently create a 7th team in RAS due to a 24% increase in referrals. Caseload have continued to hover around the 900-1,000 contacts per month and this will keep caseloads within the caseload promise
- 10 Additional children social care resources to reflect additional caseload (Dr £200k)
Additional staffing for a period of two years (2022/23 and 2023/24) in the safeguarding teams to deal with increasing caseload issues
- 11 Leaving care number increases (Dr £186k)
Children Social Care has been seeing an increase in the number of people they support in Leaving Care that has increase the costs they are incurring. The demographic make up of the children are seeing more 16/17 year olds coming through the system and into Leaving Care.
- 12 Recruitment and retention of social workers (Dr £150k)
Due to the difficulties in recruiting and retaining social workers additional budget is required to reduce the need for costly temporary/agency staff and to keep more permanent social worker staff
- 13 Growth is SGO's payments (Dr £125k)

Growth identified in Children Social Care in regards to the increase costs and use of Special Guardianship Orders. There has been a 66% increase in referrals in SGO's and a 32% increase for Req 24 assessments

14 EHCP Coordinator/Statutory Assessment (Dr £123k)

The request for EHC Needs Assessments continue to increase significantly, together with the increase for EHC Plans that require resources to manage the statutory process. To meet our statutory duty, the local authority must seek to complete an assessment for the need within 14 weeks and if agreed the EHC Plan within 20 weeks. The additional posts realise this and keep caseload benchmarked to slightly above average

15 Additional staff in Staying Together Team (Dr £100k)

This will expand the team by increasing the number of staff the Council has who work with families with children at risk of entering care

16 Education Psychologists (Dr £90k)

The requests for EHC Needs Assessments continue to increase significantly, together with the increase of EHC Plans that require resources to manage the statutory process. There is a greater demand for Educational Psychologists and additional post is required to meet this demand. The growth is also the continuation of the recruitment and retention policy in order to retain staff and avoid costly temporary / agency staff the pay structure will be more in line with the market and will therefore attract slightly higher costs

17 THRIVE Workers (Dr £80k)

The service is increasing and developing the support the Council has for working with children with mental health and wellbeing problems

18 SGO Staffing (Dr £75k)

Due to the current pressures within the SGO team and the explanation detailed in No. 8 above, additional staffing is required to meet the ongoing demand.

19 Fostering Staff (Dr £75k)

To assist in the increased workload from the rise in the number children going into foster care placements. Enquiries have increased by 167% and it is crucial that when an enquiry takes place, it is responded to immediately so as to not miss any potential carers. This funding will also be used to further increase marketing capabilities.

20 Decrease in Central DSG allocation (Dr £50k)

There is an expected reduction in the Central Services Block of the Dedicated Schools Grant (DSG) funding. The growth covers the loss of grant and maintains the current service levels

21 Parenting Worker (Dr £40k)

Additional specialist Youth Offending Service (YOS) worker

Mitigation

22 Travel Training 15 in first year and then 30 a year (Cr £46k)

By training some of the SEN pupils at Special schools to use pupil transport, it will give them greater freedom and independence as well as reducing the pressure on the SEN transport budget

23 Reduction in ISW assessments (Cr £50k)

Relates to number 9 above. Due to the increase in staffing it is anticipated that there will be a lower demand for Independent Social Worker Assessments (ISW's)

24 Additional foster carers (Cr £50k)

Relates to number 11 above. The service expect the recruitment of additional in house foster carers above and beyond current budget levels

25 Staffing costs charged to Basic Need grant (Cr £65k)

Following a review, additional costs have been identified that can be charged to the Capital Basic Needs Grant, thus reducing the burden on revenue funding.

26 Reduction in new SEN Transport take up from 36% to 30% (Cr £73k)

The service is working on ways to reducing the number of new children, in percentage terms, coming into the SEN Transport service, with these plans coming on stream during the year financial year

- 27 In house foster placements and increase in adoption grant (Cr £75k)
relates to number 10 above. The service would expect the growth above to result in additional in house foster carers (as opposed to IFA's) and generate additional Adoption Support Grant funds
- 28 Additional in house foster carers (Cr £78k)
Recruitment of additional in-house foster carers above and beyond current budget levels
- 29 Additional CCG Contribution (Cr £100k)
It is assumed that due to changes in the number and health needs of the children the local authority look after, there will be additional income coming in from Bromley CCG
- 30 Step Down (Cr £166k)
Continuation of the savings by further utilising the Step Down programme team
- 31 Commissioning efficiencies (Cr £250k)
Due to the contracts that the service has entered into, it is expected that the costs of placing Children into placements will be reduced going forward
- 32 Placements due to predicted numbers (Cr £363k)
It is expected that the total number of children that Bromley currently look after will reduce during the year and lessen the pressure on the overall placements budget
- 33 Release of Education Risk Reserve (Cr £500k)
The Risk reserve was originally set up to alleviate any DSG pressures, particularly in High Needs. However legislation no longer allows for Council contributions and so this can now be removed
- 34 Allocation of unringfenced Covid funding from Reserves (Cr £3,000k)
Funding of £3m from unringfenced Covid funding carried forward through reserves has been added to the 2022/23 budget for the additional costs relating to the impact of Covid-19 on the CEF portfolio

Transformation Programme Savings

- 35 Adult Education (Dr £1k)
Slight reduction in the transformation savings due to one off savings in 2021/22
- 36 Contact Centres (Cr £40k)
Income generated from the reorganisation of the service and the selling of contact space to other authorities
- 37 Emergency Foster Placement (Cr £79k)
Assuming a steady stream of placements across the financial year being able to be diverted from IFA's and offsetting the costs of retaining 3 emergency carers
- 38 Transport Services Policy (Cr £137k)
Changes to Personal Budgets and Independent Travel training initiatives
- 39 Variations in Recharges (Cr £66k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Controllable Recharges	Capital Charges/Financing	Total Controllable £
Childrens Social Care										
Bromley Youth Support Programme	1,991,750	146,340	32,100	168,960	105,550	0	Cr 630,900	Cr 98,600	0	1,715,200
CLA and Care Leavers	3,363,580	0	33,380	1,522,140	1,103,200	4,922,810	Cr 2,705,740	8,430	0	8,247,800
Early Intervention and Family Support	2,689,250	311,870	25,750	357,640	184,230	0	Cr 192,260	Cr 2,067,040	0	1,309,440
Fostering, Adoption and Resources	2,305,200	0	8,940	264,520	20,840,090	28,050	Cr 4,343,550	Cr 625,000	0	18,478,250
Referral and Assessment Service	3,968,640	0	6,380	133,920	8,320	46,760	0	0	0	4,164,020
Safeguarding and Care Planning East	2,338,730	0	8,090	143,970	463,030	36,150	0	0	0	2,989,970
Safeguarding and Care Planning West	3,587,900	0	18,760	19,180	1,611,400	1,265,550	Cr 171,950	Cr 456,400	0	5,874,440
Safeguarding and Quality Improvement	3,056,450	0	10,420	1,058,760	22,590	0	Cr 4,256,610	Cr 527,710	0	606,100
	23,301,500	458,210	143,820	3,699,090	24,338,410	6,299,320	Cr 12,301,010	Cr 3,766,320	0	42,173,020
Education Division										
Access and Inclusion	2,276,750	0	81,090	337,650	916,900	0	Cr 217,820	Cr 3,151,120	0	243,450
Adult Education Centres	1,357,170	168,580	1,420	273,570	0	1,160	Cr 2,263,200	11,020	Cr	450,280
Early Years	0	0	0	0	0	0	0	0	0	0
Other Strategic Functions	200,660	0	840	444,610	3,621,610	0	Cr 122,480	Cr 3,706,900	0	438,340
Primary Schools	0	0	0	10,661,320	0	0	Cr 372,010	Cr 10,289,310	0	0
Schools & Early Years Commissioning and QA	1,748,820	83,730	6,200	1,061,220	19,750,910	0	Cr 904,770	Cr 21,012,550	0	733,560
Schools Budgets	0	0	0	263,070	0	0	Cr 92,971,420	Cr 91,197,510	Cr	1,510,840
Secondary Schools	0	0	0	5,911,450	0	0	Cr 2,389,550	Cr 3,521,900	0	0
SEN and Inclusion	7,108,500	289,820	9,127,710	4,511,770	22,222,950	55,170	Cr 2,163,380	Cr 31,316,740	0	9,835,800
Special Schools & Alternative Provision	0	0	0	15,957,960	0	0	Cr 63,830	Cr 15,894,130	0	0
Strategic Place Planning	296,450	0	0	40,960	0	0	0	Cr 294,150	0	43,260
Workforce Development & Governor Services	33,080	0	160	16,700	19,210	0	Cr 40,910	Cr 55,550	0	27,310
	13,021,430	542,130	9,217,420	39,480,280	46,531,580	56,330	Cr 101,509,370	1,966,180	0	9,305,980
	36,322,930	1,000,340	9,361,240	43,179,370	70,869,990	6,355,650	Cr 113,810,380	Cr 1,800,140	0	51,479,000

Service area	Capital Charges/Financing £	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Childrens Social Care								
Bromley Youth Support Programme	102,000	56,420	Cr 68,850	89,570	435,670	2,240,440	Cr 65,760	2,174,680
CLA and Care Leavers	0	8,970	0	8,970	534,820	8,791,590	0	8,791,590
Early Intervention and Family Support	123,000	16,820	0	139,820	541,570	1,990,830	Cr 15,440	1,975,390
Fostering, Adoption and Resources	0	3,960	0	3,960	1,972,550	20,454,760	0	20,454,760
Referral and Assessment Service	0	9,610	0	9,610	504,490	4,678,120	Cr 110,230	4,567,890
Safeguarding and Care Planning East	0	4,440	0	4,440	306,540	3,300,950	0	3,300,950
Safeguarding and Care Planning West	0	38,280	Cr 7,490	30,790	628,930	6,534,160	0	6,534,160
Safeguarding and Quality Improvement	0	3,750	0	3,750	1,145,890	543,540	0	543,540
	225,000	142,250	Cr 76,340	290,910	6,070,460	48,534,390	Cr 191,430	48,342,960
Education Division								
Access and Inclusion	0	4,100	0	4,100	577,450	825,000	Cr 538,320	286,680
Adult Education Centres	150,000	80,210	0	230,210	361,470	141,400	Cr 2,970	138,430
Early Years	0	0	0	0	39,320	39,320	Cr 39,320	0
Other Strategic Functions	0	10,430	0	10,430	423,070	871,840	Cr 449,850	421,990
Primary Schools	504,000	97,820	0	601,820	2,870	604,690	Cr 60,040	544,650
Schools & Early Years Commissioning and QA	0	31,000	0	31,000	517,520	1,282,080	Cr 78,190	1,203,890
Schools Budgets	0	0	0	0	1,474,840	36,000	Cr	36,000
Secondary Schools	0	3,420	0	3,420	830	4,250	Cr 4,250	0
SEN and Inclusion	11,000	14,770	0	25,770	1,775,210	11,636,780	Cr 1,000,770	10,636,010
Special Schools & Alternative Provision	389,000	6,750	0	395,750	1,034,880	1,430,630	Cr 1,041,590	389,040
Strategic Place Planning	0	370	0	370	58,300	101,930	Cr 7,300	94,630
Workforce Development & Governor Services	0	90	0	90	16,380	10,840	Cr 4,590	15,430
	1,054,000	248,960	0	1,302,960	6,282,140	16,891,080	Cr 3,227,190	13,663,890
	1,279,000	391,210	Cr 76,340	1,593,870	12,352,600	65,425,470	Cr 3,418,620	62,006,850

ADULT CARE & HEALTH PORTFOLIO**DRAFT REVENUE BUDGET 2022/23 - SUMMARY**

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
	Adult Social Care				
20,188,997	Assessment and Care Management	23,788,490	1,609,870	1,175,040	26,573,400
0	Carers	0	3,610	0	3,610
83,208	Direct Services	94,260	21,540	Cr 50,910	64,890
37,198,820	Learning Disabilities Services	38,665,490	1,727,130	1,228,410	41,621,030
7,733,786	Mental Health Services	8,019,250	305,090	Cr 131,010	8,193,330
775,437	Placement and Brokerage	828,250	28,600	51,400	908,250
1,506,203	Quality Assurance & Safeguarding	1,606,100	52,060	26,780	1,684,940
67,486,450		73,001,840	3,747,900	2,299,710	79,049,450
	Integrated Commissioning Service				
Cr 24,050	Better Care Fund	Cr 25,440	Cr 644,670	644,670	Cr 25,440
0	Improved Better Care Fund	0	0	0	0
0	Information & Early Intervention	0	131,680	Cr 131,680	0
1,243,863	Integrated Commissioning Service	1,378,430	46,220	Cr 81,260	1,343,390
1,219,813		1,352,990	Cr 466,770	431,730	1,317,950
Cr 136,790	Public Health	Cr 140,570	39,690	387,500	286,620
68,569,473		74,214,260	3,320,820	3,118,940	80,654,020
3,400,520	TOTAL NON CONTROLLABLE	439,350	9,350	Cr 14,450	434,250
5,149,370	TOTAL EXCLUDED RECHARGES	4,990,700	0	200,890	5,191,590
77,119,363	PORTFOLIO TOTAL	79,644,310	3,330,170	3,305,380	86,279,860

ADULT CARE AND HEALTH PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2022/23

Ref	VARIATION IN 2022/23		ORIGINAL BUDGET 2021/22 £'000
	£'000	£'000	
1	2021/22 BUDGET		79,644
2	Increased Costs		3,330
	Movement Between Portfolios / Departments		
3	Cr	78	Cr 78
4	Cr	61	Cr 1,514
5	Cr	24	
6	Cr	19	Cr 19
		Cr 182	
	Real Changes		
	<i>Growth & Mitigation identified for 2022/23 as part of the 2021/22 Budget Process</i>		
7	Cr	310	38,666
8	Cr	68	13,525
		Cr 378	
	<i>Growth</i>		
9		45	7,978
10		50	
11		50	
12		100	
13		113	
14		150	24,238
15		160	
16		164	18,066
17		300	
18		600	
19		974	38,666
20		1,991	38,666
21		2,445	25,871
		Cr 7,142	
	<i>Mitigation</i>		
22	Cr	1,400	
23	Cr	1,000	
24	Cr	259	
25	Cr	240	13,525
26	Cr	214	14,971
27	Cr	200	
28	Cr	150	Cr 1,000
		Cr 3,463	
29			201
30		Cr 14	
31	2022/23 DRAFT BUDGET		86,280

ADULT CARE & HEALTH PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

2 Increased Costs (Dr £3,330k)

Inflation of £3,330k has been allocated to budgets for 2022/23. An estimated rate of 2% has been applied to pay budgets and 4% to non-pay budgets. In addition, funding has been allocated for the National Insurance increase effective from 1st April 2022.

Movement Between Portfolios / Departments

3 Transfer of Transport Team to Education (Cr £78k)

The transport function has been centralised within Education during 2021/22 and this adjustment reflects the transfer of the two posts previously located within Integrated Commissioning.

4 Learning Disabilities ex-ESFA recharge to Dedicated Schools Grant (DSG) (Cr £61k)

The inflationary increase in the costs of ex-ESFA funded clients with Learning Disabilities in Adult Social Care is funded by an increased recharge to DSG.

5 Domestic Abuse Service Commissioning (Cr £24k)

Additional budget required to support the commissioning of the domestic abuse service for another year. Contributions have been made by Adult Social Care, Public Health and Housing with the remaining contribution coming from CSC within existing resources.

6 Centralisation of training budgets (DSG) (Cr £19k)

Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers.

Real Changes

Growth & Mitigation identified for 2022/23 as part of the 2021/22 Budget Process

7 Increase uptake of the Shared Lives service (Cr £310k)

Shared Lives is a cost effective service and the further expansion of the scheme will both help to mitigate cost pressures and care for service users in a supportive setting where a high level of independence is

8 Commissioning (Cr £68k)

Savings arising from ensuring more cost effective services are being commissioned for service users to mitigate growth in demand.

Growth

9 Mental Health - full year effect of the 2021/22 overspend (Dr £45k)

The full year effect of the 2021/22 overspend on Mental Health services is £45k and this has been funded in the 2022/23 budget.

10 Health Improvement and Prevention (Dr £50k)

Programme support to the clinical team in managing the health improvement and prevention functions.

11 Drugs and Alcohol Young People (Dr £50k)

Throughout the pandemic, our provider have seen not only a significant growth but also a sharp rise in complex cases with safeguarding issues such as hidden harm of parental substance dependence. This can no longer be contained through innovation and by adopting different ways of working.

12 Drugs and Alcohol Adults (Dr £100k)

Similar to the Young People Service, there has been a significant growth in demand during the pandemic. Our provider has also seen an unprecedented increase in individuals who require the costly Tier 4 in-patient detoxification and residential rehabilitation service. This trend is set to continue and the current budget is not sufficient to meet this need.

13 Sexual Health Pre-Exposure Prophylaxis (PrEP) commissioning (Dr £113k)

There are additional costs of the roll out of routine HIV PrEP commissioning which became a local authority responsibility in 2020/21. Initially this was funded by a specific grant, which was rolled up into the 2021/22 Public Health grant allocation.

14 Recruitment & retention of social workers (Dr £150k)

Adult Social Care recruitment and retention initiatives were implemented in 2019/20. The intention of the scheme is to improve recruitment and retention of professional staff and mitigate risks associated with vacant posts, over-reliance on locum staff and high levels of staff turnover. The percentage of permanent staff has now increased to 82% with a number of posts currently out for advert now that the new structure is in place, This percentage is therefore expected to further improve. Additional flexibility of £150k for salary increases for qualified social work staff has been included 2022/23.

15 Increased responsibilities for health protection (Dr £160k)

The Covid-19 pandemic has also brought along increased health protection responsibilities at local level. Local outbreak management plans are central to the next phase of the response of enduring transmission, which will require an ongoing Health Protection and Contact Tracing function which ties in with the rest of the Recovery Plan.

16 Supported living contract increases following tender (Dr £164k)

Contracts associated with 16 learning disability supported living properties have been retendered resulting in increased costs as reported to Executive in September 2021. Part of this has been funded through inflation, with £164k further funding required.

17 National Living Wage (Dr £300k)

Provision of £300k has been included in the 2022/23 budget to offset the impact of changes to the National Living Wage above inflation allocated above.

18 Historic use of underspends that can no longer be achieved to support Children Social Care (CSC) (Dr £600k)

Recurrent savings required from Public Health to support pressures in Children Social Care which can no longer be achieved.

19 Learning Disabilities - 2022/23 Growth (Dr £974k)

There are demand-related pressures on the Learning Disabilities budget in 2022/23 arising mainly from transition clients and increased client needs and complexity.

20 Learning Disabilities - full year effect of the 2021/22 overspend (Dr £1,991k)

The full year effect of the 2021/22 overspend on Learning Disabilities services is £1,991k and this has been funded in the 2022/23 budget.

21 Assessment & Care Management - full year effect of the 2021/22 overspend (Dr £2,445k)

The full year effect of the 2021/22 overspend on services for service users requiring Physical Support, Sensory Support, or Support with Memory and Cognition is £2,445k and this has been funded in the 2022/23 budget.

Mitigation

22 Use of Improved Better Care Fund (IBCF) from previous years to mitigate growth (£1,400k)

It is anticipated there will be an underspend of £1,400k on IBCF in 2021/22. It is proposed to carry this funding forward to 2022/23 to part mitigate the growth pressures above. This is a non-recurrent funding source.

23 Allocation of unringfenced Covid funding from Reserves (Cr £1,000k)

Funding of £1m from unringfenced Covid funding carried forward through reserves has been added to the 2022/23 budget for the additional costs relating to the impact of Covid-19 on Adult Social Care services.

24 Test and Trace Grant (Cr £259k)

An element of the Test and Trace Grant has been allocated to be carried forward to 2022/23 to help mitigate Public Health cost pressures as a result of the Covid-19 pandemic. This will be replaced in future years by transitional use of the Public Health reserve.

25 Savings from domiciliary care contracts (Cr £240k)

This is the estimated savings that will be achieved in 22/23 from the new domiciliary care contracts as reported to Executive in June 2021.

26 Public Health Grant Increase (Cr £214k)

The Public Health pressures detailed above will be partly mitigated by expected continuation of the 2021/22 increase in the Public Health Grant which included funding for PrEP as announced in March 2021.

27 Mitigation of Public Health growth to be identified (Cr £200k)

To further mitigate the Public Health pressures, a savings target of £200k has been included in the draft 2022/23 budget with specific savings items to be identified.

28 Full year effect increase of £1m ASC savings in 2021/22 budget (Cr £150k)

An additional £150k in savings has been identified from the original 2021/22 budget saving of £1m.

Variations in Capital Charges, Recharges & Rent Income

29 Variations in Recharges (Dr £201k)

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

30 Variations in Rent Income (Cr £14k)

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

ADULT CARE & HEALTH PORTFOLIO
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£			£
Adult Social Care										
Assessment and Care Management	8,421,720	195,900	39,100	4,326,180	43,840,250	4,352,120	Cr 19,094,680	Cr 15,507,190	0	26,573,400
Carers	0	0	0	0	93,890	0	Cr 0	Cr 90,280	0	3,610
Direct Services	1,369,640	100	74,880	94,230	43,700	0	Cr 516,490	Cr 1,001,170	0	64,890
Learning Disabilities Services	1,407,980	23,650	14,930	53,770	46,062,830	4,657,520	Cr 4,290,630	Cr 6,309,020	0	41,621,030
Mental Health Services	117,130	0	0	Cr 306,000	8,383,890	217,870	Cr 211,890	Cr 7,670	0	8,193,330
Placement and Brokerage	992,180	0	7,850	2,260	0	0	Cr 94,040	0	0	908,250
Quality Assurance & Safeguarding	1,522,240	0	1,430	240,260	5,860	0	Cr 84,850	0	0	1,684,940
	13,830,890	219,650	138,190	4,410,700	98,430,420	9,227,510	Cr 24,113,690	Cr 23,094,220	0	79,049,450
Integrated Commissioning										
Better Care Fund	0	0	0	0	7,815,920	0	Cr 24,976,210	17,134,850	0	Cr 25,440
Improved Better Care Fund	0	0	0	1,677,000	209,400	0	Cr 8,903,240	7,016,840	0	0
Information & Early Intervention	0	0	0	0	3,671,860	0	Cr 418,110	Cr 3,253,750	0	0
Integrated Commissioning Service	1,277,430	0	3,060	47,820	242,160	0	Cr 103,270	Cr 123,810	0	1,343,390
	1,277,430	0	3,060	1,724,820	11,939,340	0	Cr 34,400,830	20,774,130	0	1,317,950
Public Health										
Public Health	1,452,090	0	4,500	Cr 68,690	9,329,930	0	Cr 15,451,990	5,020,780	0	286,620
	1,452,090	0	4,500	Cr 68,690	9,329,930	0	Cr 15,451,990	5,020,780	0	286,620
	16,560,410	219,650	145,750	6,066,830	119,699,690	9,227,510	Cr 73,966,510	2,700,690	0	80,654,020

Service area	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Adult Social Care								
Assessment and Care Management	31,000	189,660	Cr 100,120	120,540	7,463,430	34,157,370	Cr 2,829,760	31,327,610
Carers	0	0	0	0	92,000	95,610	Cr 92,000	3,610
Direct Services	0	4,520	0	4,520	0	69,410	Cr 6,940	62,470
Learning Disabilities Services	125,000	134,580	0	259,580	4,301,160	46,181,770	Cr 5,768,690	40,413,080
Mental Health Services	45,000	22,290	Cr 27,100	40,190	219,580	8,453,100	Cr 1,695,340	6,757,760
Placement and Brokerage	0	0	0	0	0	908,250	0	908,250
Quality Assurance & Safeguarding	0	2,740	0	2,740	55,200	1,742,880	Cr 1,105,400	637,480
	201,000	353,790	Cr 127,220	427,570	12,131,370	91,608,390	Cr 11,498,130	80,110,260
Integrated Commissioning Service								
Better Care Fund	0	0	0	0	25,440	0	0	0
Improved Better Care Fund	0	0	0	0	0	0	0	0
Information & Early Intervention Programmes Team	0	0	0	0	153,040	153,040	Cr 153,040	0
	0	4,710	0	4,710	6,376,230	7,724,330	Cr 2,132,510	5,591,820
	0	4,710	0	4,710	6,554,710	7,877,370	Cr 2,285,550	5,591,820
Public Health								
Public Health	0	1,970	0	1,970	289,190	577,780	0	577,780
	0	1,970	0	1,970	289,190	577,780	0	577,780
	201,000	360,470	Cr 127,220	434,250	18,975,270	100,063,540	Cr 13,783,680	86,279,860

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

DRAFT REVENUE BUDGET 2022/23 - SUMMARY

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
574,595	Transport Operations and Depot Management	741,770	21,780	Cr 170,030	593,520
574,595	Transport Operations and Depot Management	741,770	21,780	Cr 170,030	593,520
	Street Scene & Green Spaces				
1,010,475	Arboriculture Management	732,090	24,800	Cr 900	755,990
Cr 188,666	Business Support and Markets	Cr 79,940	Cr 6,050	21,180	Cr 64,810
1,239,893	Management and Contract Support	1,415,650	42,210	111,420	1,569,280
5,876,409	Parks and Green Spaces	5,725,640	242,330	104,570	6,072,540
5,656,016	Street Environment	5,684,760	228,170	79,100	5,992,030
230,298	Street Regulation	227,580	6,560	Cr 3,600	230,540
17,935,238	Waste Services	18,514,850	750,500	387,370	19,652,720
31,759,663		32,220,630	1,288,520	699,140	34,208,290
	Traffic, Parking & Highways				
6,132,601	Highways (Including London Permit Scheme)	6,240,430	219,310	2,350,580	8,810,320
Cr 8,013,640	Parking	Cr 7,574,450	110,580	Cr 2,000,060	Cr 9,463,930
Cr 35,634	Traffic & Road Safety	132,140	1,020	Cr 1,010	132,150
Cr 1,916,673		Cr 1,201,880	330,910	349,510	Cr 521,460
30,417,585		31,760,520	1,641,210	878,620	34,280,350
7,276,062	TOTAL NON CONTROLLABLE	6,618,480	56,870	13,540	6,688,890
2,511,419	TOTAL EXCLUDED RECHARGES	2,111,500	0	88,310	2,199,810
40,205,066	PORTFOLIO TOTAL	40,490,500	1,698,080	980,470	43,169,050

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2022/23

Ref	VARIATION IN 2022/23		ORIGINAL BUDGET 2021/22 £'000
	£'000	£'000	
1 2021/22 BUDGET		40,491	
2 Increased Costs		1,698	
Full Year Effect of Allocation of Central Contingency			
3 Contract inflation uplifts within Street Scene and Green Space Services		448	25,514
Movements Between Portfolios/Departments			
4 Centralisation of Training Budgets	Cr	12	11
Real Changes			
<i>Other Real Changes</i>			
5 Reinstatement of the Highways Maintenance revenue budget		2,500	0
6 Absorption of Inflation Increase for NRSWRA Income		42	Cr 1,066
7 Increase in Waste Collection Costs to reflect growth in number of properties		44	7,571
8 Increase in Residual Waste Disposal Costs to reflect growth in number of properties		44	9,271
9 Increase in Recyclate Waste Disposal Costs to reflect growth in number of properties		19	1,415
10 Absorption of Inflation Increase on Recyclates Income		<u>37</u>	Cr 919
<i>Growth</i>			
11 Increase in Residential Waste Disposal Volumes		800	9,271
12 Allocation from the COVID Grant Earmarked Reserve	Cr	800	
13 Increase to the Car Parking Income target	Cr	200	Cr 6,281
<i>Transformation Programme Savings</i>			
14 Energy cost savings from the Street Lighting LED Conversion Programme	Cr	179	1,406
15 Full year effect of additional income from Moving Traffic Contraventions	Cr	<u>1,796</u>	Cr 5,417
16 Variations in Recharges		19	
17 Variations in Rent Income		14	
18 2022/23 DRAFT BUDGET		<u>43,169</u>	

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

2 Increased Costs (Dr £1,698k)

Inflation has been allocated to budgets for 2022/23. An estimated rate of 2% has been applied to pay budgets and 4% to non-pay budgets. There has also been an adjustment for increased National Insurance contributions.

Full Year Effect of Allocation of Central Contingency

3 Contract inflation uplifts within Street Scene and Green Space Services (Dr £448k)

The actual inflation indexation for Waste Services, Street Environment and Grounds Maintenance contracts exceeded that assumed when the 2021/22 budgets for those services were approved, and a draw down of additional budget of £448k to cover these increased costs was agreed from Central Contingency during the year. The split across the services was: £265k Waste Services; £77k Street Environment; £106k Grounds Maintenance.

Movements Between Portfolios/Departments

4 Centralisation of Training Budgets (Cr £12k)

Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers.

Real Changes

5 Reinstatement of the Highways Maintenance revenue budget (Dr £2,500k)

The highway investment project was completed in 2020/21 and this adjustment restores the revenue budget to its previous level. However, a further review and business case will be undertaken, taking into account an updated borough-wide condition survey to determine the state of the footway and carriageway assets. This will allow an assessment to be made of the requirement and funding options for future planned and reactive works. The outcome of this review will be reported to Members for consideration.

6 Absorption of Inflation Increases for NRSWRA Income (Dr £42k)

Estimates are prepared on the basis that inflation is added to both income and expenditure. As NRSWRA are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.

7 Increase in Waste Collection Costs to reflect growth in number of properties (Dr £44k)

The refuse and recycling collection contract is based on the number of residential premises rather than bins or volumes collected. The additional costs reflect the anticipated increase in new properties in 2022/23.

8 Increase in Residual Waste Disposal Costs to reflect growth in number of properties (Dr £44k)

The additional costs for the waste disposal contract reflect the anticipated increase in tonnage of residual waste generated from new properties in 2022/23

9 Increase in Recyclate Waste Disposal Costs to reflect growth in number of properties (Dr £19k)

The additional costs for the waste disposal contract reflect the anticipated increase in tonnage of recyclate waste generated from new properties in 2022/23

10 Absorption of Inflation Increase on Recyclates Income (Dr £19k)

Inflation applied to sale of recyclates which is not inflated via contract (relates to market indices).

Growth

11 Increase in Residential Waste Disposal Volumes (Dr £800k)

One ongoing effect of Covid-19 has been a significant increase in the amount of waste collected from residential properties and needing to be processed. This is due to the ongoing and anticipated longer term impact of changes to working habits, with an apparent step-change in flexible and home working, along with an increase in home deliveries, both of which factors have resulted in more waste being generated.

12 Allocation from the COVID Grant Earmarked Reserve (Cr £800k)

During 2021/22 LBB received COVID general support grant. After allocation to those services impacted by COVID restrictions and measures the residual budget was placed into earmarked reserves in order to further support services during future years. £800k of this reserve has been allocated to fund the above increase in residential waste disposal volumes.

13 Increase to the Car Parking Income target (Dr £200k)

During 2020/21 and early 2021/22 the use of car parks and on street parking spaces was severely affected by Covid-19 restrictions on town centres and changes to working patterns, resulting in a significant loss of income. The income budget for 2021/22 was subsequently reduced by £1.2m to reflect this marked change, although some longer term, partial recovery of this income stream is anticipated as usage hopefully continues to increase across all sectors. Therefore £200k has been restored to the income target for 2022/23 to reflect this.

Transformation Programme Savings

14 Energy cost savings from the Street Lighting LED Conversion Programme (Cr £179k)

In July 2021, Executive agreed to roll out phase 3 of this programme funded from the Invest to Save reserve to replace all remaining street lights with low energy LED lamps. Although revenue budget savings for this phase estimated at £183k will not start to accrue until 2025/26, savings are now being generated from phase 2 of the programme which will be completed during 2021/22. It is now anticipated that this phase will result in projected energy savings of £179k from 2022/23, with eventual total full year savings from phases 2 and 3 of over £0.5m per annum expected.

15 Full year effect of additional income from Moving Traffic Contraventions (Cr £1,796k)

Implementation of this scheme was approved by the Executive in September 2020, with full year net additional income estimated at £3.1m from 2023/24. As the scheme was rolled out during October and November 2021, the budget for 2021/22 reflected the part year impact of £1,173k, therefore the budget for 2022/23 needs to be increased by £1,796k to reflect the anticipated increase in income for the year.

16 Variations in Recharges (Dr £19k)

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

17 Variations in Rent Income (Dr £14k)

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

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Controllable Recharges	Capital Charges/Financing	Total Controllable £
Transport Operations and Depot Management										
Transport Operations and Depot Management	301,780	209,670	22,590	134,800	0	0	Cr 75,320	0	0	593,520
	301,780	209,670	22,590	134,800	0	0	Cr 75,320	0	0	593,520
Street Scene & Green Spaces										
Arboriculture Management	267,460	108,940	7,080	419,360	0	0	Cr 46,850	0	0	755,990
Business Support and Markets	281,490	13,210	730	188,860	0	0	Cr 549,100	0	0	Cr 64,810
Management and Contract Support	1,570,480	0	4,160	34,640	0	0	0	Cr 40,000	0	1,569,280
Parks and Green Spaces	134,340	4,348,230	5,100	53,270	1,977,230	0	Cr 185,630	Cr 260,000	0	6,072,540
Street Environment	179,950	12,080	9,330	476,440	5,322,350	0	Cr 8,120	0	0	5,992,030
Street Regulation	212,600	0	13,460	10,480	0	0	Cr 6,000	0	0	230,540
Waste Services	239,720	35,530	16,940	134,590	27,314,950	0	Cr 8,032,410	Cr 56,600	0	19,652,720
	2,886,040	4,517,990	56,800	1,317,640	34,614,530	0	Cr 8,828,110	Cr 356,600	0	34,208,290
Traffic, Parking & Highways										
Highways (Including London Permit Scheme)	1,522,540	1,283,200	30,750	7,190,720	0	0	Cr 1,169,000	Cr 47,890	0	8,810,320
Parking	811,660	1,179,770	2,260	489,180	2,642,630	0	Cr 14,680,570	91,140	0	Cr 9,463,930
Traffic & Road Safety	1,645,880	0	14,510	46,270	0	0	Cr 323,120	Cr 1,251,390	0	132,150
	3,980,080	2,462,970	47,520	7,726,170	2,642,630	0	Cr 16,172,690	Cr 1,208,140	0	521,460
	7,167,900	7,190,630	126,910	9,178,610	37,257,160	0	Cr 25,076,120	Cr 1,564,740	0	34,280,350

Service area	Capital Charges/Financing £	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Transport Operations and Depot Management								
Transport Operations and Depot Management	33,000	124,640	Cr 11,920	145,720	457,310	1,196,550	Cr 1,232,360	Cr 35,810
	33,000	124,640	Cr 11,920	145,720	457,310	1,196,550	Cr 1,232,360	Cr 35,810
Street Scene & Green Spaces								
Arboriculture Management	0	438,090	0	438,090	116,810	1,310,890	Cr 584,830	726,060
Business Support and Markets	0	740	0	740	200,340	136,270	Cr 242,080	Cr 105,810
Management and Contract Support	0	2,770	0	2,770	257,460	1,829,510	Cr 1,297,450	532,060
Parks and Green Spaces	290,000	804,090	Cr 388,690	705,400	584,170	7,362,110	Cr 1,002,740	6,359,370
Street Environment	39,000	6,470	0	45,470	909,840	6,947,340	Cr 196,400	6,750,940
Street Regulation	0	570	0	570	83,040	314,150	Cr 309,620	4,530
Waste Services	20,000	570	0	20,570	3,613,640	23,286,930	Cr 2,424,400	20,862,530
	349,000	1,253,300	Cr 388,690	1,213,610	5,765,300	41,187,200	Cr 6,057,520	35,129,680
Traffic, Parking & Highways								
Highways (Including London Permit Scheme)	4,389,000	560,170	Cr 20,360	4,928,810	2,550,200	16,289,330	Cr 283,680	16,005,650
Parking	421,000	27,470	Cr 51,520	396,950	459,900	Cr 8,607,080	212,330	Cr 8,394,750
Traffic & Road Safety	0	3,800	0	3,800	435,860	571,810	Cr 107,530	464,280
	4,810,000	591,440	Cr 71,880	5,329,560	3,445,960	8,254,060	Cr 178,880	8,075,180
	5,192,000	1,969,380	Cr 472,490	6,688,890	9,668,570	50,637,810	Cr 7,468,760	43,169,050

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DRAFT REVENUE BUDGET 2022/23 - SUMMARY

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
	Public Protection				
370,242	Community Safety	401,230	15,380	8,770	425,380
573,446	Mortuary & Coroners Service	580,030	23,200	0	603,230
1,455,721	Public Protection	1,413,600	66,670	Cr 16,510	1,463,760
2,399,409		2,394,860	105,250	Cr 7,740	2,492,370
	Emergency Planning				
137,137	Emergency Planning	141,280	4,150	480	145,910
137,137		141,280	4,150	480	145,910
2,536,546		2,536,140	109,400	Cr 7,260	2,638,280
378,805	TOTAL NON CONTROLLABLE	5,930	200	0	6,130
927,635	TOTAL EXCLUDED RECHARGES	810,000	0	7,010	817,010
3,842,986	PORTFOLIO TOTAL	3,352,070	109,600	Cr 250	3,461,420

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2022/23

Ref	VARIATION IN 2022/23		ORIGINAL
	£'000	£'000	BUDGET 2021/22 £'000
1	2021/2 BUDGET		
		3,352	
2	Increased Costs		
		110	
	Movements Between Portfolios/Departments		
3	Centralisation of Training Budgets	Cr 7	7
4	Variations in Recharges	7	
5	2022/23 DRAFT BUDGET	3,462	

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

2 Increased Costs (Dr £110k)

Inflation has been allocated to budgets for 2022/23. An estimated rate of 2% has been applied to pay budgets and 4% to non-pay budgets. There has also been an adjustment for increased National Insurance contributions.

Movements Between Portfolios/Departments

3 Centralisation of Training Budgets (Cr £7k)

Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers

4 Variations in Recharges (Dr £7k)

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

PUBLIC PROTECTION AND ENFORCEMENT
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Controllable Recharges	Capital Charges/ Financing	Total Controllable £
Public Protection										
Community Safety	477,820	0	5,060	35,560	98,370	0	Cr 367,140	175,710	0	425,380
Mortuary & Coroners	0	0	0	0	603,230	0	0	0	0	603,230
Public Protection	2,017,880	41,030	30,310	174,080	475,710	0	Cr 415,460	Cr 859,790	0	1,463,760
	2,495,700	41,030	35,370	209,640	1,177,310	0	Cr 782,600	Cr 684,080	0	2,492,370
Emergency Planning										
Emergency Planning	127,850	0	4,580	13,480	0	0	0	0	0	145,910
	127,850	0	4,580	13,480	0	0	0	0	0	145,910
	2,623,550	41,030	39,950	223,120	1,177,310	0	Cr 782,600	Cr 684,080	0	2,638,280

Service area	Capital Charges/Financ ing £	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Public Protection								
Community Safety	0	1,420	0	1,420	897,570	1,324,370	Cr 86,620	1,237,750
Mortuary & Coroners	0	0	0	0	83,160	686,390	0	686,390
Public Protection	0	4,530	0	4,530	1,045,570	2,513,860	Cr 1,196,000	1,317,860
	0	5,950	0	5,950	2,026,300	4,524,620	Cr 1,282,620	3,242,000
Emergency Planning								
Emergency Planning	0	180	0	180	73,330	219,420	0	219,420
	0	180	0	180	73,330	219,420	0	219,420
	0	6,130	0	6,130	2,099,630	4,744,040	Cr 1,282,620	3,461,420

RENEWAL, RECREATION AND HOUSING PORTFOLIO**DRAFT REVENUE BUDGET 2022/23 - SUMMARY**

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
137,728	Culture and Regeneration	827,140	18,570	Cr 17,540	828,170
4,728,497	Culture	4,671,580	185,810	15,470	4,872,860
86,549	Libraries	78,890	2,630	(1,210)	80,310
4,952,774	Town Centre Management & Business Support	5,577,610	207,010	Cr 3,280	5,781,340
	Planning				
31,762	Building Control	81,930	11,360	(4,140)	89,150
(130,410)	Local Land Charges	(127,720)	1,770	0	(125,950)
1,333,396	Planning	1,719,170	28,340	(262,200)	1,485,310
1,234,748		1,673,380	41,470	(266,340)	1,448,510
	Operational Housing				
0	Enabling Activities	0	0	0	0
(1,862,981)	Housing Benefits	(1,960,700)	(78,420)	500,000	(1,539,120)
213,651	Housing Improvement	(21,400)	(1,890)	0	(23,290)
8,358,110	Housing Needs	8,807,200	196,070	(1,273,490)	7,729,780
683,325	Supporting People	1,028,900	41,150	0	1,070,050
7,392,105		7,854,000	156,910	(773,490)	7,237,420
13,579,627	TOTAL CONTROLLABLE	15,104,990	405,390	(1,043,110)	14,467,270
2,122,260	TOTAL NON CONTROLLABLE	(865,160)	(18,050)	0	(883,210)
5,723,688	TOTAL EXCLUDED RECHARGES	5,464,110	0	40,880	5,504,990
21,425,575	PORTFOLIO TOTAL	19,703,940	387,340	Cr 1,002,230	19,089,050

RENEWAL, RECREATION AND HOUSING PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2022/23

Ref	VARIATION IN 2022/23		ORIGINAL BUDGET 2021/22
	£'000	£'000	£'000
1 2021/22 BUDGET		19,704	
2 Increased Costs		388	
Movements Between Portfolios/Departments			
3 Centralisation of Training budgets	Cr 21		
4 Domestic Abuse Service Commissioning	Cr 13	Cr 34	34
Real Changes			
<i>Savings identified for 2022/23 as part of the 2021/22 Budget process</i>			
5 Housing development programme	Cr 1,456		
6 Housing acquisition programme	Cr 693		
7 Reduction in bad debts	Cr 250		
8 Additional prevention work	Cr 156	Cr 2,555	15,549
<i>Other Real Changes</i>			
9 Introduction of a Local Community Infrastructure Levy	Cr 320		0
10 Absorption of Inflation for Statutory Planning Fees	69		Cr 1,730
11 Housing Benefit overpayment subsidy	500	249	Cr 1,428
<i>Growth</i>			
12 Housing staff regrading	160		1,944
13 Mitigation savings rephased	520		
14 Housing Growth	1,116	1,796	15,549
<i>Mitigation</i>			
15 Allocation of unringfenced Covid funding from Reserves	Cr 500	Cr 500	0
16 Variations in Recharges		41	
17 2022/23 DRAFT BUDGET		<u>19,089</u>	

RENEWAL, RECREATION AND HOUSING PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

2 Increased Costs (Dr £388k)

Inflation has been allocated to budgets for 2022/23. An estimated rate of 2% has been applied to pay budgets and 4% to non-pay budgets. There has also been an adjustment for increased National Insurance contributions.

Movements Between Portfolios/Departments

3 Centralisation of Training Budgets (Cr £21k)

Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers.

4 Domestic Abuse Service Commissioning (Cr £13k)

Additional budget required to support the commissioning of the domestic abuse service for another year. Contributions have been made by Adult Social Care, Public Health and Housing with the remaining contribution coming from CSC within existing resources.

Real Changes

Savings identified for 2022/23 as part of the 2021/22 Budget process

5 Housing development programme (Cr £1,456k)

This is part of the estimated savings in the cost of placing homeless households in newly built homes on Bromley-owned sites compared with the current cost of placing them in nightly paid temporary accommodation.

6 Housing acquisition programme (£693k)

Savings on temporary accommodation scheme budgets as a result of property acquisition schemes such as Meadowship Homes joint venture with Orchard & Shipman and the Beehive scheme.

7 Reduction in bad debts (Cr £250k)

There is expected to be a reduction to the annual increase in the Housing Bad Debt Provision, following the introduction of the new Housing Rent Accounts system in 2019/20 that contains better credit control processes. This is in addition to the £250k reduction included in the 2020/21 budget.

8 Additional prevention work (Cr £156k)

Further increasing level of homelessness prevention and access to private rented accommodation to prevent/relieve housing pressures.

Other Real Changes

9 Introduction of a Local Community Infrastructure Levy (Cr £320k)

The Council has introduced a local Community Infrastructure Levy (CIL) which came into effect in June 2021, with income raised from developers undertaking new building projects. Proceeds from CIL are allocated in accordance with the Council's Infrastructure Development Plan statement. As the liability to pay CIL is only triggered on granting of planning permission, income generated initially is projected to be modest but is expected to increase significantly in future years.

10 Absorption of Inflation for Statutory Planning Fees (Dr £69k)

Estimates are prepared on the basis that inflation is added to both income and expenditure. As planning fees are statutory, inflation has been absorbed as part of the budget setting process.

- 11 Housing Benefit (HB) overpayment subsidy budget (Dr £500k)
There has been a very significant reduction in HB overpayment subsidy claimed over the past 6 years. Combined with bad debt provisions and write-offs, this equates to around £1m. This has been partly mitigated by bad debt provision reductions in the last 3 years and year on year reductions in other provisions.

Growth

- 12 Housing staff review (Dr £160k)
A review of staffing in Housing is required to help address recruitment and retention issues and ensure comparability with other roles across the Council.
- 13 Mitigation savings rephased (Dr £520k)
Due to delays in the development of housing sites, the additional saving in reference 5 is unlikely to be fully achieved during 2022/23 and has therefore been partly rephased to 2023/24.
- 14 Housing Growth (Dr £1,116k)
The growth pressure on the temporary accommodation budgets is due to the increase in homelessness in the borough.

Mitigation

- 15 Allocation of unringfenced Covid funding from Reserves (Cr £500k)
Funding of £500k from unringfenced Covid funding carried forward through reserves has been added to the 2022/23 budget for the additional costs relating to the impact of Covid-19 on Housing budgets.
- 16 Variations in Recharges (Dr £41k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

RENEWAL, RECREATION AND HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£			£
Culture and Regeneration										
Culture	960,850	64,970	6,170	94,850	99,360	0	Cr 203,950	Cr 194,080	0	828,170
Libraries	136,340	293,660	0	204,220	4,238,640	0	0	0	0	4,872,860
Town Centre Management & Business Support	41,640	20,320	960	21,750	38,320	0	Cr 42,680	0	0	80,310
	1,138,830	378,950	7,130	320,820	4,376,320	0	Cr 246,630	Cr 194,080	0	5,781,340
Planning										
Building Control	789,700	0	6,090	85,140	0	0	Cr 791,780	0	0	89,150
Local Land Charges	167,520	0	100	12,080	0	0	Cr 305,650	0	0	Cr 125,950
Planning	3,278,110	3,240	17,360	261,460	17,150	0	Cr 2,111,010	19,000	0	1,485,310
	4,235,330	3,240	23,550	358,680	17,150	0	Cr 3,208,440	19,000	0	1,448,510
Operational Housing										
Enabling Activities	0	0	0	0	0	0	0	0	0	0
Housing Benefits	0	0	0	107,750	0	84,057,900	Cr 85,704,770	0	0	Cr 1,539,120
Housing Improvement	351,350	0	4,280	4,200	0	0	Cr 383,120	0	0	Cr 23,290
Housing Needs	3,880,920	105,870	14,630	530,120	19,859,160	0	Cr 16,758,090	97,170	0	7,729,780
Supporting People	0	0	0	0	1,070,050	0	0	0	0	1,070,050
	4,232,270	105,870	18,910	642,070	20,929,210	84,057,900	Cr 102,845,980	97,170	0	7,237,420
	9,606,430	488,060	49,590	1,321,570	25,322,680	84,057,900	Cr 106,301,050	Cr 77,910	0	14,467,270

Service area	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£				£	£	£	£
Culture and Regeneration								
Culture	3,108,000	201,150	Cr 906,260	2,402,890	412,310	3,643,370	Cr 224,150	3,419,220
Libraries	356,000	148,420	0	504,420	120,050	5,497,330	Cr 61,680	5,435,650
Town Centre Management & Business Support	0	70	0	70	254,140	334,520	0	334,520
	3,464,000	349,640	Cr 906,260	2,907,380	786,500	9,475,220	Cr 285,830	9,189,390
Planning								
Building Control	0	1,440	0	1,440	297,070	387,660	Cr 103,240	284,420
Local Land Charges	0	460	0	460	180,290	54,800	0	54,800
Planning	0	7,840	0	7,840	2,095,540	3,588,690	Cr 1,278,550	2,310,140
	0	9,740	0	9,740	2,572,900	4,031,150	Cr 1,381,790	2,649,360
Operational Housing								
Enabling Activities	0	0	0	0	182,810	182,810	0	182,810
Housing Benefits	0	0	0	0	1,807,240	268,120	0	268,120
Housing Improvement	Cr 3,986,000	3,820	0	Cr 3,982,180	268,930	Cr 3,736,540	0	Cr 3,736,540

Housing Needs	102,000	79,850	0	181,850	1,702,160	9,613,790	Cr	147,930	9,465,860
Supporting People	0	0	0	0	0	1,070,050		0	1,070,050
Cr	3,884,000	83,670	0	Cr 3,800,330	3,961,140	7,398,230	Cr	147,930	7,250,300
Cr	420,000	443,050	Cr 906,260	Cr 883,210	7,320,540	20,904,600	Cr	1,815,550	19,089,050

RCCM PORTFOLIO**DRAFT REVENUE BUDGET 2022/23 - SUMMARY**

2020/21 Actual	Service Area	2021/22 Budget	Increased costs	Other Changes	2022/23 Draft Budget
£		£	£	£	£
	Financial Services				
940,059	Audit	797,590	34,430	Cr 2,140	829,880
232,630	Director of Finance and Other	242,260	7,810		250,070
2,070,581	Exchequer - Payments & Income	2,082,440	80,290		2,162,730
5,652,877	Exchequer - Revenue & Benefits	5,865,040	243,420		6,108,460
447,754	Financial Accounting	593,450	28,750	33,380	655,580
1,579,541	Management Accounting & Systems	1,705,420	51,540	Cr 1,740	1,755,220
10,923,442		11,286,200	446,240	29,500	11,761,940
	Corporate Services				
306,429	Democratic Services	366,300	10,460	Cr 1,120	375,640
1,068,316	Members Allowances	1,094,730	43,760	Cr 1,300	1,137,190
366,336	Electoral	370,080	11,140	696,780	1,078,000
5,564,331	Information Systems and Telephony	5,562,910	216,150	520	5,779,580
2,359,258	Legal Services	2,141,760	66,450	Cr 3,370	2,204,840
170,595	Management and Other (Corporate Services)	164,510	5,320	49,510	219,340
496,791	Procurement & Data Management	533,020	16,770	Cr 5,970	543,820
175,128	Mayoral	167,170	5,190		172,360
10,507,184		10,400,480	375,240	735,050	11,510,770
	Contact Centre, Registrars and Human Resources				
1,202,212	Contact Centre	1,125,290	46,510		1,171,800
Cr 155,944	Registration of Birth Death and Marriage	Cr 110,190	Cr 11,120		Cr 121,310
1,878,832	HR	1,805,500	48,270	353,000	2,206,770
187,542	Comms	199,740	5,570	99,210	304,520
3,112,642		3,020,340	89,230	452,210	3,561,780
	Chief Executive				
802,227	Management and Other (C.Exec)	873,480	28,150	Cr 330	901,300
802,227		873,480	28,150	Cr 330	901,300
	PEOPLE DEPT				
	Strategy and Corporate Projects				
177,592	Commissioning	230,520	5,520	Cr 4,660	231,380
251,793	Learning & Development	364,280	12,120	Cr 229,900	146,500
1,702,161	Strategy Performance and Engagement	2,031,050	60,910	Cr 830	2,091,130
2,131,546		2,625,850	78,550	Cr 235,390	2,469,010
	PLACE DEPT				
	Total Facilities Management				
2,281,986	Admin Buildings & Facilities Support	1,659,460	65,620	Cr 46,710	1,678,370
235,207	Investment and Non-Operational Property	192,680	11,480	Cr 58,290	145,870
1,168,964	Strategic & Operational Property	925,320	37,000		962,320
587,806	TFM Client Monitoring Team	1,625,100	53,360	69,640	1,748,100
Cr 9,720,304	Investment Income	Cr 9,169,390	Cr 366,740	367,160	Cr 9,168,970
Cr 1,550,195	Other Rental Income - Other Portfolios	Cr 1,520,440	Cr 60,710	Cr 1,160	Cr 1,582,310
2,330,758	Repairs & Maintenance (All LBB)	3,187,620	126,860		3,314,480
Cr 4,665,778		Cr 3,099,650	Cr 133,130	330,640	Cr 2,902,140
	CENTRAL ITEMS				
1,107,231	CDC & Non Distributed Costs	1,888,460	75,500	Cr 680,000	1,283,960
11,261,921	Concessionary Fares	9,484,480	379,370	Cr 3,892,000	5,971,850
12,369,152		11,372,940	454,870	Cr 4,572,000	7,255,810
35,180,415	TOTAL CONTROLLABLE	36,479,640	1,339,150	Cr 3,260,320	34,558,470
2,165,619	TOTAL NON CONTROLLABLE	3,708,870	3,080		3,711,950
Cr 23,712,097	TOTAL EXCLUDED RECHARGES	Cr 23,279,120		Cr 268,700	Cr 23,547,820
Cr 1,746,873	Less R & M allocated across other Portfolios	Cr 1,565,750	Cr 62,190		Cr 1,627,940
1,550,195	Less Rent allocated across other Portfolios	1,520,440	60,710	1,160	1,582,310
13,437,259	PORTFOLIO TOTAL	16,864,080	1,340,750	Cr 3,527,860	14,676,970

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2022/23

Ref		VARIATION IN 2022/23		ORIGINAL BUDGET
		£'000	£'000	2021/22 £'000
1	2021/22 BUDGET			16,864
2	Increased Costs			1,341
3	Movements Between Portfolios/Departments			
	Centralisation of Training Budgets		93	30
	Real Changes			
4	Cost of local elections in 2022/23		700	0
5	Fall-out of cost of early retirements (Non-Distributed Costs)	Cr	680	1,888
6	Microsoft Office licences		13	623
7	Vulnerability management tool contract renewal	Cr	10	19
8	Additional staffing in the Financial Accounting team		70	533
9	Transformation of Property Services		5	65
10	Delivery of Accommodation Strategy	Cr	40	Cr 40
11	Director of Corporate Services increased FTE		50	165
12	Bank contract retender	Cr	35	79
13	Graduate scheme to support public affairs work		100	197
14	Concessionary Fares reduction	Cr	3,892	Cr 3,719
				9,484
	<i>Growth and Mitigation</i>			
15	Income from Investment Properties		366	Cr 9,169
	Variations in Capital Charges		0	
16	Variations in Recharges	Cr	269	23,279
	Variations in Insurances		0	
17	Variations in Rent Income		1	Cr 9,169
	2022/23 DRAFT BUDGET		<u>14,677</u>	

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

Notes on Budget Variations in 2022/23

Ref Comments

2 **Increased Costs (Dr £1,341k)**

Inflation has been allocated to budgets for 2021/22. An estimated rate of 2% has been applied to pay budgets and 4% to non-pay budgets. There has also been an adjustment for increased National Insurance contributions

Movements Between Portfolios/Departments

3 **Centralisation of Training Budgets (Dr £93k)**

Departmental training budgets are now being centralised into one corporate area to be managed by HR rather than by individual budget managers

Real Changes

4 **Cost of Local Elections in 2022/23 (Dr £700k)**

Local Elections are due to take place in May 2022. Based on previous elections it is estimated that this year's cost will be in the region of £700k.

5 **Fall-out of cost of early retirements (Non-Distributed Costs) (Cr £680k)**

The ongoing cost to the General Fund of previously agreed early retirement of staff has decreased year on year and produced a significant underspend in 2021/22 against budget for the year. On the basis this underspending will continue, an ongoing saving of £680k has been identified from 2022/23 onwards.

6 **Microsoft Office Licences (Dr £13k)**

As reported to Executive on 20th October 2021, the required procurement of Microsoft Office license agreements for the next 3 years will result in increased costs of £13k in 2022/23, £79k in 2023/24 and £135k in 2024/25. This will ensure optimal productivity and effective cyber security functions are available for the Council.

7 **Vulnerability management tool contract renewal in ISD (Cr £10k)**

The Council has a requirement to conduct internal vulnerability scanning on a regular basis to ensure the overall information security position of the Council. The new contract awarded in October 2021 will generate savings of £10k per year compared to the cost of the previous contract.

8 **Additional staffing in the Financial Accounting team (Dr £70k)**

This additional post, in the Technical and Control team, has been included in the budget to address and remediate capacity issues, particularly in relation to closing the statement of accounts and providing timely responses to audit queries.

9 **TFM - Transformation of Property Services (Dr £5k)**

This reflects the part year effect of the Transformation of Property Services programme that was reported to the Executive in July 2020, and represents additional funding for software licences offset by a reduction in staffing costs.

10 **Delivery of accommodation strategy (Cr £40k)**

Early saving opportunities of £40k have been identified in office running costs as a result of changes to working practices since April 2020.

11 **Director of Corporate Services increased FTE (Dr £50k)**

Following the retirement of the previous Director of Corporate Services in 2021, the post has been increased from 0.8 FTE to 1 FTE, therefore requiring additional budget provision of £50k.

13 **Bank contract retender (Cr £35k)**

The Council's contract for Banking Services will be renewed in March 2022 for a further two years and will enable a saving of £35k a year to be achieved.

14 **Graduate scheme to support public affairs work (Dr £100k)**

Full year effect of additional posts required within the Public Affairs team.

15 **Concessionary Fares (Cr £3.892m)**

Concessionary Fares costs are based on the previous two years' journey numbers, and in July 2020 it was communicated that significant savings in 2021/22 and 2022/23 were likely due to the reduced levels of travel as a result of the Covid-19 restrictions this year. A recent update to the figures suggest that savings will be in the region of a further £3.892m for Bromley in 2022/23.

Growth and Mitigation

16 Income from Investment Properties (Dr £366k)

The underlying difficult market conditions are expected to persist. Although net investment property income is still expected to generate significant income of £9m in 2022/23, a budget adjustment of £366k is required to reflect downward pressures on commercial rental values. The property portfolio, which by nature consists of medium to long term investments, continues to be actively managed.

17 Variations in Recharges (Cr £269k)

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

18 Variations in Rent Income (Dr £1k)

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

Resources, Commissioning and Contracts Management
DRAFT REVENUE BUDGET 2022/23 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£			£
Financial Services										
Audit	480,390	0	420	281,420	273,010	0	Cr 7,100	Cr 198,260	0	829,880
Director of Finance and Other	215,960	0	1,630	37,390	0	0	Cr 4,910	0	0	250,070
Exchequer - Payments & Income	263,120	0	510	29,520	1,983,240	0	Cr 113,660	0	0	2,162,730
Exchequer - Revenue & Benefits	415,430	0	1,970	919,890	5,826,540	209,040	Cr 1,264,410	0	0	6,108,460
Financial Accounting	616,260	0	200	294,060	70,720	0	Cr 133,260	Cr 222,400	30,000	655,580
Management Accounting & Systems	1,703,360	0	1,990	37,980	94,590	0	Cr 700	Cr 82,000	0	1,755,220
	3,694,520	0	6,720	1,600,260	8,248,100	209,040	Cr 1,524,040	Cr 502,660	30,000	11,761,940
Corporate Services										
Democratic Services	352,270	0	0	23,370	0	0	0	0	0	375,640
Members Allowances	0	0	0	1,137,190	0	0	0	0	0	1,137,190
Electoral	325,390	0	510	757,570	0	0	Cr 5,470	0	0	1,078,000
Information Systems and Telephony	913,480	0	100	1,151,300	3,927,770	0	0	Cr 213,070	0	5,779,580
Legal Services	2,105,740	0	1,440	480,620	0	0	Cr 166,550	Cr 216,410	0	2,204,840
Management and Other (Corporate Services)	217,750	0	600	990	0	0	0	0	0	219,340
Procurement and Data Management	569,750	0	870	16,140	0	0	0	Cr 42,940	0	543,820
Mayoral	98,710	1,260	16,970	55,420	0	0	0	0	0	172,360
	4,583,090	1,260	20,490	3,622,600	3,927,770	0	Cr 172,020	Cr 472,420	0	11,510,770
Contact Centre, Registrars and Human Resources										
Contact Centre	167,710	0	0	142,070	945,030	0	0	Cr 83,010	0	1,171,800
HR	1,971,330	0	490	246,100	236,540	0	Cr 247,690	0	0	2,206,770
Registration of Birth Death and Marriage	548,450	0	250	34,190	0	0	Cr 704,200	0	0	Cr 121,310
Comms	302,200	0	150	2,170	0	0	0	0	0	304,520
	2,989,690	0	890	424,530	1,181,570	0	Cr 951,890	Cr 83,010	0	3,561,780
Chief Executive										
Management and Other (C.Exec)	588,290	0	830	312,180	0	0	0	0	0	901,300
	588,290	0	830	312,180	0	0	0	0	0	901,300
Strategy and Corporate Projects										
Commissioning	229,180	0	0	2,200	0	0	0	0	0	231,380
Learning & Development	212,300	0	0	31,050	0	0	Cr 96,850	0	0	146,500
Strategy Performance and Engagement	1,658,480	0	100	219,980	381,470	0	Cr 131,430	Cr 37,470	0	2,091,130
	2,099,960	0	100	253,230	381,470	0	Cr 228,280	Cr 37,470	0	2,469,010
Total Facilities Management										
Admin Buildings & Facilities Support	32,830	1,376,330	0	53,870	269,260	0	Cr 53,920	0	0	1,678,370
Investment and Non-Operational Property	10,000	69,280	0	242,270	200	0	Cr 117,590	0	0	204,160
Strategic & Operational Property	0	182,160	0	110,910	894,970	0	Cr 225,720	0	0	962,320
TFM Client Monitoring Team	1,704,330	0	610	163,890	5,980	0	0	Cr 185,000	0	1,689,810
Investment Income	0	0	0	0	0	0	Cr 9,168,970	0	0	Cr 9,168,970
Other Rental Income - Other Portfolios	0	0	0	0	0	0	Cr 1,582,310	0	0	Cr 1,582,310
Repairs & Maintenance (All LBB)	0	3,314,480	0	0	0	0	0	0	0	3,314,480
	1,747,160	4,942,250	610	570,940	1,170,410	0	Cr 11,148,510	Cr 185,000	0	Cr 2,902,140
Central Items										
CDC & Non Distributed Costs	1,283,960	0	0	0	0	0	0	0	0	1,283,960
Concessionary Fares	0	0	0	7,910	0	5,963,940	0	0	0	5,971,850
	1,283,960	0	0	7,910	0	5,963,940	0	0	0	7,255,810
Total	16,986,670	4,943,510	29,640	6,791,650	14,909,320	6,172,980	Cr 14,024,740	Cr 1,280,560	30,000	34,558,470

Resources, Commissioning and Contracts
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE

Service area	Capital Charges/Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Financial Services								
Audit	0	2,620	0	2,620	206,270	1,038,770	Cr 927,640	111,130
Director of Finance and Other	0	90	0	90	181,610	431,770	Cr 426,650	5,120
Exchequer - Payments & Income	0	360	0	360	342,390	2,505,480	Cr 1,712,710	792,770
Exchequer - Revenue & Benefits	0	1,120	0	1,120	4,366,530	10,476,110	Cr 7,922,160	2,553,950
Financial Accounting	0	810	0	810	203,720	860,110	Cr 809,960	50,150
Management Accounting & Systems	1,315,000	3,260	0	1,318,260	824,190	3,897,670	Cr 2,505,950	1,391,720
	1,315,000	8,260	0	1,323,260	6,124,710	19,209,910	Cr 14,305,070	4,904,840
Corporate Services								
Democratic Services	0	630	0	630	115,250	491,520	Cr 469,650	21,870
Members Allowances	0	470	0	470	656,610	1,794,270	Cr 1,336,680	457,590
Electoral	0	740	0	740	1,041,280	2,120,020	Cr 475,060	1,644,960
Information Systems and Telephony	1,895,000	2,960	0	1,897,960	235,580	7,913,120	Cr 7,901,480	11,640
Legal Services	0	3,680	0	3,680	560,430	2,768,950	Cr 2,683,590	85,360
Management and Other (Corporate Services)	0	150	0	150	70,280	289,770	Cr 233,380	56,390
Procurement and Data Management	0	1,750	0	1,750	204,500	750,070	Cr 731,890	18,180
Mayoral	0	250	0	250	56,000	228,610	Cr 171,040	57,570
	1,895,000	10,630	0	1,905,630	2,939,930	16,356,330	Cr 14,002,770	2,353,560
Contact Centre, Registrars and Human Resources								
Contact Centre	0	180	0	180	138,010	1,309,990	Cr 1,242,090	67,900
HR	0	7,410	0	7,410	655,260	2,869,440	Cr 2,283,640	585,800
Registration of Birth Death and Marriage	0	1,830	0	1,830	322,810	203,330	0	203,330
Comms	0	940	0	940	68,750	374,210	Cr 266,320	107,890
	0	10,360	0	10,360	1,184,830	4,756,970	Cr 3,792,050	964,920
Chief Executive								
Management and Other (C.Exec)	0	1,510	0	1,510	391,390	1,294,200	Cr 1,177,480	116,720
	0	1,510	0	1,510	391,390	1,294,200	Cr 1,177,480	116,720
Strategy and Corporate Projects								
Commissioning	0	740	0	740	125,190	357,310	Cr 457,750	Cr 100,440
Leading & Development	0	820	0	820	0	147,320	Cr 364,320	Cr 217,000
Strategy Performance and Engagement	0	3,460	0	3,460	387,570	2,482,160	Cr 2,084,370	397,790
	0	5,020	0	5,020	512,760	2,986,790	Cr 2,906,440	80,350
Total Facilities Management								
Admin Buildings & Facilities Support	227,000	1,393,200	Cr 3,900	1,616,300	348,230	3,642,900	Cr 3,679,730	Cr 36,830
Investment and Non-Operational Property	114,000	194,390	Cr 9,165,070	8,856,680	1,123,670	Cr 7,528,850	0	Cr 7,528,850
Strategic & Operational Property	75,000	74,180	0	149,180	224,750	1,336,250	Cr 1,440,770	Cr 104,520
TFM Client Monitoring Team	0	74,940	0	74,940	319,060	2,083,810	Cr 652,650	1,431,160
Investment Income	0	0	9,168,970	9,168,970	0	0	0	0
Other Rental Income - Other Portfolios	0	0	1,582,310	1,582,310	0	0	0	0
Repairs & Maintenance (All LBB)	0	Cr 3,314,480	0	Cr 3,314,480	0	0	0	0
	416,000	Cr 1,577,770	1,582,310	420,540	2,015,710	Cr 465,890	Cr 5,773,150	Cr 6,239,040
Central Items								
CDC & Non Distributed Costs	0	0	0	0	5,239,810	6,523,770	0	6,523,770
Concessionary Fares	0	0	0	0	0	5,971,850	0	5,971,850
	0	0	0	0	5,239,810	12,495,620	0	12,495,620
Total	3,626,000	Cr 1,541,990	1,582,310	3,666,320	18,409,140	56,633,930	Cr 41,956,960	14,676,970

RISK AREAS WITHIN CHILDREN, EDUCATION AND FAMILIES PORTFOLIO FOR 2022/23 ONWARDS

COVID Warning

Across Children Education and Families, we continue to experience a range of challenges in terms of safeguarding for our most vulnerable children these are as follows;

- an increase in children coming into care as families who were fragile have been unable to cope,
- younger children coming into public care through the courts where issues of parental mental health and substance misuse together with domestic violence has featured.
- Schools have needed to quickly respond to the physical lay-out of classrooms and communal areas, as well as implementing arrangements to accommodate regular testing regimes
- Higher incidences of emotional well-being concerns for young people linked to the periods lock-down and death/illness of family members.
- We have been required to find some specialist placements for complex needs children where their home situation is unable to be sustained due to their needs and these placements costs are at the high end.

Staffing has continued to remain highly resilient throughout the pandemic, with the vast majority adapting to work from home. Staff wellbeing has continued to be a priority, but this remains a risk area until the majority of staff can return to their usual place of work.

It is therefore very difficult to predict the ripple effect in the CEF division as we continue through this pandemic and the final outcome and impact on children and families and how far reaching this will be both in terms of wellbeing but also financial cost to the Local Authority.

Children's Social Care

Volume in referrals and workload:

The Bromley Children Project has continued to be flexible and extend further its reach to support families who are on the cusp of universal and targeted support. The service has continued to be innovative in supporting families through a myriad of online opportunities and face to face through C19 observing Public Health guidelines.

Despite C19 we continue with the challenge to reach out to the older age group in being able to support them before they enter statutory social care including work on disproportionality and how we can support our BAME community.

Since March 2021, the number and complexity of referrals have increased. This is linked to return of young people back to a full-time, class-based curriculum. This increase in demand was anticipated and is closely linked to impact of the first and second lockdown periods.

We are now experiencing very high levels of contacts reaching nearly a 1,000 per month to the MASH and we held 47 Strategy meetings during just one duty week. Due to the volume, we have dip sampled cases and given assurance that the right children are being assessed the increase in younger children coming into care due to significant harm is a national picture and for Bromley many of these are families we have had no contact with before which is a changing picture and outcome of the impact of C19.

We currently have 83 children in proceedings in various stages and the courts are backlogged and working remotely which has slowed final decisions for children. This is a slight reduction from previously reported as the Court are beginning to make in-roads into the backlog of cases caused by the initial periods of lock-down. However, this means that some children are remaining in the system longer when in 'normal' circumstances may have been closed.

Recruitment of permanent staff:

This continues to be a significant challenge. Currently 83% of staff are permanent. Some of the reasons that this is currently difficult is due to other LA's offering higher salaries in their quest to attract skilled social workers, or also the impact of remote working leading to some SW's re-locating out of London or being able to work in other parts of the Country for much of the week. Recruitment into our Referral teams and Safeguarding teams is the most challenging because of the nature of the work.

We have a full contingent of permanent staff in our Looked After Children and Care Leaving service, fostering, SGO and CWD. It is the safeguarding front line services are the most challenging and this is line with other London Local Authorities.

We continue to seek to promote from within and encourage career progression as a major element of our staff retention approach.

Keeping our caseload promise:

Setting clear caseload levels – which are monitored (Caseload Promise and Challenge). Our caseload promise is between 12–15 children and this continues to be challenging with the high number of cases coming through the front door. This continues to subsequently challenge our safeguarding teams who are holding cases longer due to the court issues mentioned above. We have been able to maintain caseloads within the Ras Teams and are now looking at ways to address capacity in the Safeguarding service.

Caseloads are monitored carefully through performance data each week and monthly performance surgeries. The HOS KIT meetings support this and colleagues in Children Looked After have taken some court cases and children who have become looked after to try and ease the burden.

Placements of children in care:

The Assistant Director of Children Social Care monitors all requests for children to be accommodated and they are then scrutinised further through the Placement Panel which continues to take place every Friday. We continue to seek and obtain financial contribution from our CCG partners and ensure that the financial split is proportionate. We review our CCG contribution twice yearly to ensure that CCG financially plan and contribute going forward. We have just completed this exercise and await the confirmation of the uplift for the coming year.

The complexity of young people coming into care is testing the suitability of placements and again we have recently been in a position where two young people reached the secure threshold and no placements were available, leaving the LA with not only the risk to bear but finding a high dependency of support workers causing the cost to be above that of a secure placement. – this current cost of such placements is around 10 – 12K per week

Bromley continues to be part of the Commissioning Alliance, along with 11 other boroughs. We are currently looking at how membership of this organisation might provide further efficiencies in

our commissioning. Currently the stability of our placements is very good despite the challenging circumstances.

Our 4 step down foster carers have now been caring for 3 young people who were high profile, complex and in residential. This resource has ensured good outcomes for young people as well as significant financial savings.

We also have a cohort of foster carers who take children in an emergency during the night or at weekends (sometimes from custody), which is when children are often placed with external providers, sometimes miles away and high cost. We have now recruited 5 foster carers to this cohort.

Our Staying Together team has continued to work across the service areas preventing children 11-18 entering care and to date this has been very successful. They have worked with 180 children and only 6 of those came into care. They are currently supporting some young people within the YOS preventing those young people not only becoming looked after but preventing them entering the judicial system. This approach has been so successful that we are currently looking to strengthen this team so that we can prevent a wider cohort of children from needing to enter care.

Unaccompanied Asylum-Seeking Children:

We are currently supporting 79 young people – 7 under the age of 18 and the rest as care leavers. These young people continue to be vulnerable with trauma's that require specific and skilled work and with C19 has had a more profound impact and effect on their mental health.

Education

Covid-19 had a significant impact on the income from paying learners within Adult Education, however these numbers have slowly begun to return to previous levels.

Our overall population continues to increase with a particularly increase in the school age population (this was 61,343 in 2018, was 62,108 in March 2021.) Over the period since 2010 this equates to a 9.62% increase. These increases are creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The pressure on funding for alternative provision has been mitigated by the move to a five-year commissioning approach, following the Review of Alternative Provision. Nevertheless, the numbers of pupils with complex behaviours that challenge continues to increase, placing a pressure on services. We aim to mitigate this with increased focus on earlier intervention and outreach. Secondary permanent exclusions have reduced significantly, however this will need to be monitored closely.

The Education Service is projected to have a significant overspend on both DSG and RSG budgets in 21/22, primarily as a direct result of increased levels of SEND and the demands to the service that this is bringing. The majority of the proposed growth items within the Education MTFs aim to address this but there continues to be immense pressures on services and budgets.

SEN/D (Special Educational Needs and Disability) pressure:

The greatest pressure is in the area of SEN/D with an overspend in the DSG (Dedicated Schools Grant) High Needs Block arising from exponential increase in the need for specialist placements. These pressures are in line with other Boroughs across London and England. Between 2016 and 2021, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 33%, significantly higher than the overall increase in the

school age population. In October there were 3,323 Bromley resident children with an EHCP. In 2017, there were 422 requests for statutory assessment, which increased to 823 by the end of 2019/20.

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

Match local provision to local need;

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

- Free school bid approved for a new special school for children with ASD (Autistic Spectrum Disorder) to enable Bromley to place more children locally in Bromley schools so reducing spend in more costly places in the non-maintained and independent sector. This new school is likely to open in 2024
- Service Level Agreements developed for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- SEND Training Collaborative has developed comprehensive training offer for schools and providers, supported by the SEN Advisory teams to strengthen support for children in mainstream schools.

The Education MTFS (Medium Term Financial Strategy) mitigations are predicated on placing more children and young people within mainstream and local specialist provision and over time reducing the number of out of Borough and independent placements. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice and there is a shortfall of local specialist provision, which the free school will help to address, but not until at least September 2023. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFS period.

RISK AREAS WITHIN ADULT CARE AND HEALTH PORTFOLIO FOR 2022/23 ONWARDS

Adult Social Care

The main financial risk for Adult Social Care as we move into the next financial year will remain the impact of the Covid-19 pandemic. Whilst there have continued to be short term additional funding streams, both at a local and national level, there have been increased demands made on the service both in terms of the numbers of people who have not previously needed social care support and now do, but also the length of time it is taking people to recover from the virus leading to increased hours needed.

Providers of social care have seen increased costs, partly met by national grants, but these will continue on an ongoing basis. Following the release of the White Paper, People at the Heart of Care, we can also expect that providers will begin to push hard on local authorities to increase payments in line with the recommendations to reduce the gap between people who fund their own care and those supported by the local authority.

The Council is still awaiting the change in legislation to the new Liberty Protection Safeguards which is anticipated will increase the numbers of people who require our involvement.

At the same time, there are continuing demographic pressures, with Bromley having the second

highest proportion of the population aged over 65 across London. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.

The Transformation Programme in Adults has continued throughout the last year and we continue to seek to control demand by ensuring that all staff are up to date with alternative forms of help and support within the community and are able to signpost residents as appropriate.

Containing our supplier costs will remain challenging in the coming year, and it is the case that we are very dependent on our commissioning team to manage pressures in a number of areas. This is particularly acute in the complexities of children transitioning from children's to adults' services. Reviewing this remains part of the Transformation Programme.

Nationally the care worker sector continues to experience recruitment challenges partly as a result of pay levels but also caused by the lack of parity of esteem with healthcare staff. The service has successfully reduced the number of agency staff in post, reducing cost and improving the consistency and quality of service offered

Public Health

Covid-19 pandemic has brought increased health protection responsibilities for Public Health teams at local level. The main areas of growth are outbreak management, clinical response service, contact tracing and community testing. In Bromley, these extra statutory responsibilities coupled with known clinical pressures, resulted in an annual recurring cost pressures.

In relation to other Public Health services, throughout the pandemic there has been a significant growth not only in demand (as seen in the local drug and alcohol service) but also a rise in complex cases with significant safeguarding issues. The recent experience is not new, but the pandemic has heightened the pressure and brought forth the challenge on service delivery during the pandemic.

A recurring cost pressure has also arisen from the annual NHS pay award uplift, known as Agenda for Change, which remains for both the 0-19 Programme and Sexual Health Service. Additionally, within the sexual health services, Pre Exposure Prophylaxis (PrEP) treatment has to be routinely commissioned through the Public Health Grant

The need to ensure services are delivered with Covid safe measures means that capacity for provision of face-to-face contacts are reserved for the most vulnerable and those at highest risk. While providers have been proactive with telehealth provisions, services that require face to face contacts (such as women requiring removal and reinsertion of contraception devices) are already facing a waiting list that will continue into the new year. The situation may worsen if the Covid infection rate continues to rise. Waiting list will be a key risk in relations to patient safety and financial position as it may be necessary to increase resources to mitigate harm to patients.

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2022/23 ONWARDS

Waste Services

Increasing property numbers

Growth in the number of properties incurs additional expenditure, as extra collections are required, and additional waste is generated. An increase in relevant property numbers, subsequent to a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs.

While the draft budget has made allowance for the expected growth in property numbers in 2022/23, growth in excess of that assumed would result in further additional costs. While officers will seek to manage within overall waste budgets, the ongoing impact will need to be continued to be kept under review.

Waste tonnages

The quantity of municipal waste collected in Bromley in recent years had been relatively stable with comparatively minor fluctuations.

However, waste tonnages have been affected by changes to consumerism/ societal behaviour due to the global pandemic. Changes include:

- More people being based at home and therefore generating more waste from their home e.g., from cooking at home, working at home

- More online deliveries and associated packaging, with less shops being open during pandemic lockdowns
- The transition to reusable items slowing down as single use viewed as cleaner and it has become more difficult to access refillable stations or packaging free shops
- Businesses and households conducting household clear outs during the pandemic lockdowns.

It is likely that some of these lifestyle changes will continue at least in 2022/23, and therefore, that waste tonnages will continue to be high. As a result, the waste budget has been increased by a further £0.8m.

The average cost of waste disposal for 2021/22 has remained at around £107 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £166k per annum.

National waste policies, embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste, however, there is a budgetary risk that overall waste tonnage will continue to increase in excess of the proposed budget growth.

Green Garden Waste

The Green Garden Waste service is expected to overspend by £335k this financial year. Customer numbers continue to increase resulting in additional projected income of £549k. However, this is offset by projected increased collection and disposal costs of £668k. Purchase and delivery costs of green garden waste bins to new customers are projected to exceed budget by £201k. This cost pressure is anticipated to be a one off this financial year due to the high level of growth in this service. Replacement bins are only required every 3 to 4 years and therefore requirements should be contained within budget in future years when it is expected customer numbers will plateau. The green garden waste satellite sites are forecast to overspend by £15k this financial year.

Recycling Income

Recycling prices remain relatively depressed with no significant recovery expected. This has an impact on recycling income, since recycle income rates are updated to reflect market indices every 6 months.

Winter Service

The budgets for this service have been realigned to reflect average patterns of spend for precautionary salting, primarily for frost or ice, in recent years. There has been relatively little actual snow clearance over that time, except during the winter of 2017/18 which saw prolonged sub-zero temperatures. Therefore, there is a risk of incurring additional costs in the event of a severe weather event for which funding will need to be drawn down from Central Contingency.

TfL Funding

There is still uncertainty with regard to TfL funding. Limited short-term grant has been allocated to 11th December 2021, extended by six days at which point a further announcement is expected. No funding for either staff costs or projects has been identified post this date, although it is anticipated that we will bear these costs through to September/October.

Parking

Parking services were most severely affected during the initial Covid-19 lockdown restrictions in 2020, with a 95% reduction in parking use at one stage and a corresponding decrease in the level of enforcement. The income budget for 2021/22 was consequently reduced by £1.2m and while

there has been a good level of recovery in recent months, use of surface and multi-storey car parks in particular remain somewhat lower than budgeted. However, enforcement activity has now returned to pre-Covid levels and income from PCN's is now projected to overachieve.

The draft budget for 2022/23 assumes that the recovery in car parking usage in recent months would be maintained into 2022/23 with a small increased income target of £0.2m. However, given the latest 'Work from Home where You Can' message, it is conceivable that car park income will still be affected as we move into Quarter 1 and Quarter 2 of 2022/23.

Moving Traffic Contravention income is significantly down on projected levels due in part to lower traffic numbers brought about by COVID. In addition, initial technical issues have affected enforcement of yellow box junctions with approximately only 50 percent of cars being captured. This matter is currently with the camera providers to provide a technical fix.

Other Income

Income from other fees and charges is also affected across all services to some degree with marked reductions in income from street traders' licences and this is likely to continue as consequence of the implementation of Governments Plan B into Quarter 1 of 2022.

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as contract costs and price increases, as well as the longer-term impact of Covid-19, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the Department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

Carbon Emissions

The Council's commitment to a zero net carbon target by 2029 for direct emissions will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments. However, action taken as part of the Carbon Management Programme for direct emissions should lead to cost efficiencies for the Council in the longer term, and the Carbon Neutral Initiative Fund was established in 2020/21 to provide further investment for new schemes that generate a revenue saving.

However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require significant investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant investment from central government.

RISK AREAS PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO FOR 2022/23 ONWARDS

Mortuary & Coroners Service

The provision of a sustainable mortuary service at an affordable cost in the long term is problematic due to variables in demand and a very limited market with little competition. Options are currently being explored with a view to securing longer term mortuary provision with the PRU which may provide an opportunity to stabilise costs going forward.

Any high-profile inquests or significant increase in volume of cases could increase the cost of the Coroner's service.

The Coroner is currently advocating the establishment of a second court with additional staff. However, we believe that currently there is no compelling argument to justify the need for a second court, be it temporary or permanent and that the service operated adequately before Covid.

There may also be an argument that given that Covid has unfortunately accelerated the deaths of many people in the latter years of their life, we may indeed see a decline in death rates and subsequent need for PM's and inquests which would allow the opportunity for the Coroners Service to work through the backlog of cases.

Covid-19 Impacts

There were significant unbudgeted costs of the Council's contribution to London-wide emergency mortuary provision in 2020/21. There has been a further impact on the Council's own services in 2021/22 due to the impact of an increased number of Covid-19 deaths on the costs of the Coroner's and mortuary services, together with a reduction in income from public protection services. The Portfolio's draft budget for 2022/23 assumes that there no ongoing impacts beyond the current financial year.

RISK AREAS WITHIN RENEWAL & RECREATION HOUSING PORTFOLIO FOR 2022/23 ONWARDS

Planning Services

A substantial part of Planning Services' work attracts income for the Council, mainly from planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough and there is a risk of income variation beyond the Council's immediate control. This has been complicated and exacerbated by the impact of Covid-19 which saw reductions in income from planning fees, building control and land charges in 2020/21. Although this had largely recovered in the first half of 2021/22, Building Control income was still significantly reduced. The Portfolio's draft budget for 2022/23 assumes any impacts will not remain beyond the current financial year. While trends are regularly monitored in order that appropriate action can be taken, there remains the risk that ongoing national and local economic factors could adversely affect these budgets in 2022/23 and beyond.

There is a risk that Section 106 developer contributions are not spent in accordance with the legal agreements, for example in the right location or timescale. Regular monitoring is undertaken and reported periodically and is aligned with the requirements of the Community Infrastructure Levy Regulations 2010 to produce an annual Infrastructure Funding Statement.

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

Regeneration

Regeneration can be a key component in rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. A Regeneration Strategy has been developed to ensure that moving forward the Council's Growth Fund is utilised for maximum positive impact for the benefit of residents and local businesses across the borough. This includes maximising funding opportunities through securing S106 and CIL monies, creating opportunities for income generation, and leverage in of grant funding whilst aligning the existing Growth Fund with the Regeneration Strategy's Action Plan which sets out the Council's regeneration priorities over the next ten years.

As a long-term ambition, the Strategy will inevitably involve significant capital investment over a number of years, and therefore there will be the risks to the Council that are associated with large capital projects, including construction industry inflation, cost overruns, unforeseen delays, and the long-term security of funding resources, potentially including financing costs. Where schemes are reliant on capital receipts and housing sales, then there would also be the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability. A key component of progressing regeneration as well as mitigating risk to the Council, will be to support inwards investment from developers, which will enhance opportunities, particularly in town centres as we support them to change and adapt over the next few years. Building new homes for Bromley residents, is a key focus for regeneration, and identifying opportunities to do this, jointly with developers is likely to advance schemes.

Borough CIL

The Council introduced a local Community Infrastructure Levy (CIL) which came into effect in June 2021, with income raised from developers undertaking new building projects. Proceeds from CIL are allocated in accordance with the Council's Infrastructure Development Plan statement. As the liability to pay CIL is only triggered on granting of planning permission, income generated initially is projected to be modest but is expected to increase significantly in future years.

As the level and scope of future development is subject to local and regional economic and other factors, the actual level of future income each year will not necessarily be consistent with initial forecasts and inevitably will fluctuate from year to year

COVID impacts

Leisure Services/MyTime: The financial impact upon the leisure industry in 2020/21 and early 2021/22 has been significant and it has taken time for the industry to fully recover and secure financial sustainability. During the current year, an interim rental waiver was agreed but this is not planned to continue into 2022/23. However, it remains to be determined if there will any impact of any further Covid restrictions that may be introduced in response to further increases in infection rates, and the adverse effect this could have on financial viability.

Total Facilities Management

Operational Property

As part of the 'Transforming Property – Creation of a £30m Disposal Programme', report to Executive on 16 September 2020, work is ongoing to identify works required to the Council's properties that will be retained by the Council and the initial assessment has indicated that

additional funding is required to supplement the existing building maintenance programme. The Draft 2022/23 Budget and financial forecast includes additional provision of £2m in 2022/23 and £2m in 2023/24, to reflect initial funding for any key building works required. A full detailed assessment will be reported to a future meeting of the Executive, to be considered with the proposals from the Operational Property Review.

Other Rental Income

The majority of the Council's leased property has periodic rent increases, the frequency of which is set in the individual property lease. Most rent reviews are five yearly. Thus annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that increases in the properties where there are reviews will not match the assumed inflationary increase in income. A large element of the Council's income is received from retail units and this class of asset has suffered significantly with little or zero growth.

Rental income has also been impacted by the generic national downturn in retail performance and by the impact of Covid 19. Some tenants have been unable to meet their rent obligations and have sought assistance from the Council. The extent to how these trends will continue into 2022/23 and beyond remains fluid.

Energy Tariff

Government policy is for the Climate Change Levy (a carbon tax on energy) to be adjusted each April, with a planned increase in the levy on gas and a reduction in that on electricity. Consequently, LBB's energy costs will need to continue to be closely monitored to track the financial impact, although it is expected that these changes will be largely offsetting.

The Council's contract for energy supply was secured in October 2020 on a 2-year fixed rate basis thus ensuring that energy costs remain within the approved budget for this period. However, this contract will expire in 2022 and given the recent and sustained significant increases in gas prices, it is anticipated that the Council will be faced with a substantial increase in energy costs from October 2022.

Transformation

Transforming strategic property

The primary objective of the transformation work is to deliver and fully integrate a corporate landlord model for the strategic, effective and efficient management of the Council's estate and assets. The corporate landlord model of management will enable the Council to use its estate to deliver corporate objectives and strategic priorities, including those identified in the following:

- Housing Strategy
- Regeneration Strategy
- Local Plan
- Transforming Bromley Programme
- Corporate Plan
- Revenue budget and capital investment strategies

In order to make the most of the corporate landlord model, the Council will identify and deliver its optimal operational estate in order to:

- Bring services to customers through the channels and in the places that they want.

- Facilitate improved service delivery and unlock service transformation potential through fit for purpose buildings.
- Modernise the working environment for the benefit of customers, staff, elected members and our partners.
- Implement a long-term commitment to agile working practices, reflecting the lessons learned from the response to the impact of coronavirus.
- Consolidate and optimise the council's operational estate to reduce revenue costs and release surplus land for disposal, generating capital receipts.
- Use the process of identifying the optimal operational estate to support the recovery of the local economy and meeting the council's housing targets.

The implementation of the corporate landlord model will also enable a strategic review of the non-operational estate which will identify and deliver a minimum of £30m of capital receipts through disposals, and a review our management of the council's investment property portfolio to identify opportunities to maximise income. The disposals programme must be specifically focussed on generating capital receipts to enable ongoing investment in services and public assets and on identifying sites that can deliver housing for the council's new Housing Revenue Account.

RISK AREAS WITHIN PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT FOR 2022/23 ONWARDS

Corporate Services

Legal

The legal team provides legal advice and guidance and conducts cases on behalf of the Council in the Magistrates Court, County Court and High Court. Whilst there are marginal increases in caseload across all areas, the main area of concern is around statutory childcare cases. The cases are usually complex due to the nature of the harm suffered by the children, the need for expert assessments (including consultant, paediatrician, psychiatrist and psychologist), the number of parties, the volume of evidence and the length of the final hearing. In line with national trends, the Council had seen an increase in the workloads in this area of work. Following the Ofsted inspection and the implementation of the Children's Service improvements, there has been a significant increase in workloads. Historically childcare proceedings had been fairly constant at around 48 cases per annum. Members recognised this increase in work and additional resources were approved by the Executive on 20th November 2020. However, the situation continues to be a budget pressure.

Post pandemic, the increase in referrals to social services is mentioned earlier in the report and this will inevitably lead to increase in instructions to legal services to commence proceedings which will increase demand for resources and increase spend on counsel. The increase in complex adults' social care cases and in the increase in Deprivation of Liberty Safeguard (DOLS) applications has also increased demand on legal resources and corresponding increase in spend on counsel. The service also deals with complex planning enforcement cases and planning enquiries which could also result in increased expenditure on counsel.

The legal team supports a range of other functions including property work, procurement and contracts. The in-house team is structured to deliver business as usual and some project work. However, the work is demand led which means that from time-to-time demand for work will exceed the resource available to deliver it. Failure to provide adequate resources (either through internal or external lawyers) will mean that there will be insufficient resource to deliver key Council services, income generation and savings priorities. The Council's ambitious property and regeneration approach will likely require additional legal resource and it has been agreed that this will be funded through the various schemes.

Procurement

The UK's exit from the EU has meant that changes are required to procurement and state aid rules, but it is anticipated any pressures can be contained within the existing procurement and legal team resources.

IT

Work will commence in 2021/22 on the major retender exercise for the Council's IT services contract for which initial temporary resources have been agreed.

The Digital Transformation Programme continues to be progressed which will require dedicated support for which additional resources will be requested, although it is too early to provide estimates at this stage.

Elections

Changes to electoral registration at a national level have placed greater emphasis on electronic, online registration and individual voter registration. Bromley no longer receives Government funding to recognise these additional burdens and consequently has created a budget pressure.

The next Council elections are due in May 2022, the cost of which are fully met by the Council and allowance has been included in the revenue budget. There will be potentially cost increases associated with ensuring electors and staff remain safe.

HR & Customer Services

Registration Services

The impact on Registration income as a result of the Covid-19 pandemic remains extremely uncertain. The new variant and possible future Covid restrictions create a lot of uncertainty for those planning wedding ceremonies and many couples choose to postpone or cancel. This has an impact on both our Civic Centre ceremonies and those throughout our licenced venue network, quite often at short notice, as key attendees test positive. Additional staffing costs as a result of the pandemic continue due to additional administrative burden and support to create a safer working environment for this key customer facing service.

Exchequer Services

Housing Benefit Admin Subsidy (HBAS)

The DWP have provided the provisional allocation for the amount of housing benefit admin subsidy to be received for 2022/23. The methodology uses the latest available Housing Benefit (HB) and Universal Credit (UC) caseload volumes. UC caseload volumes with a housing element have been used to apportion the HBAS funding and UC savings reductions across the LAs. The actual allocation will be confirmed prior to the start of 2022/23. The level of admin subsidy to be received in respect of Council Tax Support has not yet been announced.

Benefit Changes

UC for new working-age claimants was introduced in July 2018; they now receive UC towards their housing costs rather than HB. Funding has yet to be advised for 2022/23. Movement of the

current working-age HB claimants to UC is due to be completed by 2025 (delayed from 2023). The rental market is reacting to the introduction of UC, making landlords less likely to rent to benefit claimants and further inflating rents.

At the October 2021 Budget, the Government amended the taper rate for UC so that for every £1 a claimant earns the benefit reduces by 65p when on HB; however, if the claimant is on UC it reduces by 55p. This change makes it more beneficial to clients who are earning and on a low income to claim UC rather than remain on HB.

The Budget also advised that there are plans to create a new housing element of Pension Credit, replacing pensioner Housing Benefit, which is now intended to take effect in 2025, to align with the full rollout of working-age Housing Benefit into Universal Credit.

The inclusion of Pensioners was initially in the plans for UC but all reference to them being included had been missing for a few years and wasn't expected to be so soon, if at all. The impact of this will be significant to the Borough as the pensioner caseload is proportionally high. This also suggests that from 2025 the only residents in Bromley on HB will be those in temporary or supported/exempt accommodation.

The changes will also make HB overpayments far more difficult to recover as currently the vast majority is recovered by means of claw-back from ongoing entitlement. Once claims transfer over to UC the opportunity for this form of recovery will be severely reduced.

From April 2016 working age claimants in receipt of Council Tax Support (CTS) have been required to pay a minimum of 25% towards their Council Tax liability. The minimum liability of 25% necessitates collecting Council Tax from some of our most vulnerable residents and courts are becoming more reticent to grant costs and thereby add to the individual's financial burden. From November 2016 the Benefit Cap has reduced in Bromley to £23,000pa for couples (with or without children) and £15,410pa for single claimants. For those placed outside of London the amounts are £20,000pa and £13,400pa respectively. The ongoing welfare reform programme combined with an increase in rent levels means that a growing number of households are at risk of losing their homes through rent arrears. The problem is heightened by the shortage of small properties for those attempting to downsize.

Impact of COVID-19

By March 2021, the number of working age households in receipt of Council Tax Support had increased by over 12% as a result of the impact of Covid-19. It is anticipated that the caseload will fluctuate during the next 12 months.

Revenue collection has been adversely affected by the pandemic with the initial cessation of enforcement activity and the closure of the courts. The continued restriction on the number of court summonses permitted at each hearing poses an on-going risk.

Total Facilities Management

Operational Property

As part of the 'Transforming Property – Creation of a £30m Disposal Programme', report to Executive on 16 September 2020, work is ongoing to identify works required to the Council's properties that will be retained by the Council and the initial assessment has indicated that additional funding is required to supplement the existing building maintenance programme. The Draft 2022/23 Budget and financial forecast includes additional provision of £2m in 2022/23 and £2m in 2023/24, to reflect initial funding for any key building works required. A full detailed

assessment will be reported to a future meeting of the Executive, to be considered with the proposals from the Operational Property Review.

Other Rental Income

The majority of the Council's leased property has periodic rent increases, the frequency of which is set in the individual property lease. Most rent reviews are five yearly. Thus annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that increases in the properties where there are reviews will not match the assumed inflationary increase in income. A large element of the Council's income is received from retail units and this class of asset has suffered significantly with little or zero growth.

Rental income has also been impacted by the generic national downturn in retail performance and by the impact of Covid 19. Some tenants have been unable to meet their rent obligations and have sought assistance from the Council. The extent to how these trends will continue into 2022/23 and beyond remains fluid.

Energy Tariff

Government policy is for the Climate Change Levy (a carbon tax on energy) to be adjusted each April, with a planned increase in the levy on gas and a reduction in that on electricity. Consequently, LBB's energy costs will need to continue to be closely monitored to track the financial impact, although it is expected that these changes will be largely offsetting.

The Council's contract for energy supply was secured in October 2020 on a 2-year fixed rate basis thus ensuring that energy costs remain within the approved budget for this period. However, this contract will expire in 2022 and given the recent and sustained significant increases in gas prices, it is anticipated that the Council will be faced with a substantial increase in energy costs from October 2022.

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