



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 8 January 2024

To: Members of the
EXECUTIVE

Councillor Colin Smith (Chairman)
Councillor Kate Lymer (Vice-Chairman)
Councillors Yvonne Bear, Nicholas Bennett J.P., Christopher Marlow, Angela Page,
Diane Smith and Will Rowlands

A meeting of the Executive will be held at Bromley Civic Centre, Stockwell Close,
Bromley, BR1 3UH on **WEDNESDAY 17 JANUARY 2024 AT 7.00 PM**

TASNIM SHAWKAT
Director of Corporate Services & Governance

Copies of the documents referred to below can be obtained from
<http://cds.bromley.gov.uk/>

A G E N D A

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

3 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2023
(Pages 3 - 12)

4 QUESTIONS

In accordance with the Council's Constitution, members of the public may submit one question each on matters relating to the work of the Committee. Questions must have been received in writing 10 working days before the date of the meeting - by 5pm on **Wednesday 3 January 2024.**

Questions seeking clarification of the details of a report on the agenda may be accepted within two working days of the normal publication date of the agenda – by **5pm on Thursday 11 January 2024.**

5 DRAFT BUDGET 2024/25 AND UPDATE ON THE COUNCIL'S FINANCIAL STRATEGY (Pages 13 - 116)

6 OUTCOME OF OFSTED INSPECTION OF CHILDREN'S SERVICES (TO FOLLOW)

- 7 **ACADEMY INFORMATION SYSTEM AND ASPIEN CORPORATE DEBT MANAGEMENT SYSTEM SOFTWARE LICENCE AND MAINTENANCE ARRANGEMENTS (Pages 117 - 124)**
- 8 **CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM THE EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**
- 9 **LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

The Chairman to move that the Press and public be excluded during consideration of the items of business listed below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

Items of Business

Schedule 12A Description

- | | | |
|----|---|---|
| 10 | EXEMPT MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2023 (Pages 125 - 126) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |
|----|---|---|

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EXECUTIVE

Minutes of the meeting held on 29 November 2023 starting at 7.00 pm

Present:

Councillor Colin Smith (Chairman)
Councillors Kate Lymer (Vice-Chairman), Yvonne Bear,
Nicholas Bennett J.P., Christopher Marlow, Angela Page,
Will Rowlands and Diane Smith

93 APOLOGIES FOR ABSENCE

There were no apologies for absence.

94 DECLARATIONS OF INTEREST

Councillor Bear declared that she was on the Board of Trustees of Oxleas NHS Foundation Trust and would consequently not take part in any discussion concerning Minute 104 (Section 31 Agreement Between London Borough of Bromley and Oxleas NHS Trust For The Integrated Provision Of Mental Health Services).

Councillor Rowlands declared that he was acquainted with the Interim Head of Special Projects.

95 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 18 OCTOBER 2023

RESOLVED: That the minutes of the meeting held on 18 October 2023, be agreed and signed as a correct record.

96 QUESTIONS

No questions were received.

97 BUDGET MONITORING Q2 Report FSD23080

The report provided the second budget monitoring position for 2023/24 based on expenditure and activity levels up to the end of September 2023. The report also highlighted any significant variations which would impact on future years as well as any early warnings that could impact on the final year end position.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 27 November 2023 and the Committee had supported the recommendations.

RESOLVED: That

1. The latest financial position be noted.
2. The projected net overspend on services of £12,585k forecast based on information as at September 2023 be noted.
3. The comments from Chief Officers detailed in Appendix 2 of the report be noted.
4. The projected reduction to the General Fund balance of £1,393k as detailed in section 3.3 of the report be noted.
5. The full year cost pressures of £18.208m as detailed in section 3.4 of the report be noted.
6. The release of funding from the 2023/24 central contingency as detailed in paragraphs 3.2.2 to 3.2.6 of the report be agreed.
7. The drawdown of £250k from the Infrastructure Investment Fund earmarked reserve for works at the Hill Multi-Storey car Park as detailed in section 3.8 of the report be agreed.
8. Any issues that should be referred to individual Portfolio Holders for further action be identified.

**98 CAPITAL PROGRAMME MONITORING Q2
Report FSD23078**

The report summarised the current position on capital expenditure and receipts following the first quarter of 2023/24 and sought the Executive's approval to a revised capital programme.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 27 November 2023 and the Committee had supported the recommendations.

RESOLVED: That

1. The report, including a total re-phasing of £25,375k from 2023/24 into future years, be noted and a revised capital programme be agreed.
2. The need going forward, given the full utilisation of capital receipts by 2026/27 forecast in this report and the limited options to replenish this resource in the future, to consider funding options for all new schemes, including external borrowing where appropriate be noted.

3. **Council be recommended to approve the following amendments to the capital programme (set out in paragraph 3.3 of the report)**
 - (i) **increase of £3,000k in relation to reinforced autoclaved aerated concrete (RAAC)**
 - (ii) **increase of £1,893k in relation to depots**
 - (iii) **increase of £700k in relation to increased costs on the social care case management system**
4. **It be noted that a report elsewhere on the agenda requests a supplementary capital estimate of £3,000k for additional costs associated with reinforced autoclaved aerated concrete (RAAC).**

**99 LONDON BOROUGHS LEGAL ALLIANCE FRAMEWORK AGREEMENT FOR BARRISTERS
Report CSD23139**

The report sought authority to join the London Boroughs Legal Alliance (LBLA) Framework Agreement for Barristers.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 27 November 2023 and the Committee had supported the recommendations.

RESOLVED: That

1. **It be agreed that LB Bromley join the new London Boroughs Legal Alliance (LBLA) Framework Agreement for barristers for a period of 3 years with the option to extend for a further year.**
2. **In the event the LBLA Framework Agreement is extended for a further year, authority be delegated to the Director of Corporate Services and Governance to extend access to the LBLA Framework for a further year after the initial 3-year term.**

**100 OPERATIONAL PROPERTY REPAIR PROGRAMME UPDATE
Report HPR2023/065**

In March 2023 the Executive approved the award of construction consultancy services to commence the delivery of the OPR Programme. This report is seeking approval to commence procurement of further design led multidisciplinary consultancy services and to progress the surface car parks works tender.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 27 November 2023 and the Committee had supported the recommendations.

RESOLVED: That

- 1) **The contents of this report be noted and the following recommendations be agreed:**
 - a) **To note that up to £1.046m of the OPR budget as planned will be used for the essential repair of surface car parks required to maintain statutory service.**
 - b) **To proceed to procurement for the works contract for the essential repair of surface car parks at an estimated value of up to £1m as set out in paragraph 3.13 of the report, with delegated authority to the Director of Housing, Planning, Property and Regeneration to approve the detailed procurement strategy and contract award.**
 - c) **To approve the procurement of Construction Consultancy Services via a competitive tender process utilising the NHS SBS framework for consultants that can provide a Building Surveying led multidisciplinary team to design and deliver the Strategic Property OPR Workstreams, with delegated authority to the Director of Housing, Planning, Property and Regeneration to approve the detailed procurement strategy.**
 - d) **To note that up to an additional £0.95M of the OPR budget as planned will be used for Building Surveying led multidisciplinary teams to design and deliver the Strategic Property Workstreams. The total budget value of the appointment(s) is estimated to be £2.4m.**
 - e) **To agree to delegate authority to the Director of Corporate Services to enter and manage legal matters relating to these services and works to allow matters to progress.**
2. **Full Council be recommended to agree a supplementary capital estimate of £3.0m for surveys and potential remedial works associated with Reinforced Autoclaved Aerated Concrete (RAAC).**

101 LOCAL AUTHORITY & VOLUNTARY SECTOR LEASES
Report HPR2023/066

A Member request had been received for a report on the Council's policy on rental subsidies for Voluntary Sector Council tenants providing community benefits. This report provided an initial overview of the property portfolio held by the Council as it related to its leasing arrangements with Voluntary Sector

Organisations. Further detailed investigations would be required to confirm the assumptions presented in this report.

The report had been scrutinised by the Executive, Resources and Contracts PDS Committee at its meeting on 27 November 2023 and the Committee had supported the recommendations and proposed the following additional recommendation:

2.6 Authorise the Director of Housing, Planning and Regeneration in consultation with the Director of Finance and the Portfolio Holder for Resources, Commissioning and Contract Management to negotiate a revised lease term; where the tenant takes responsibility for repair and insurance of the property and it is at a revised rental that reflects these amendments within the lease.

The Executive were advised by the Director of Housing, Planning, Property and Regeneration and the Director of Corporate Services and Governance that the additional recommendation agreed by the Executive, Resources and Contracts PDS Committee duplicated existing delegated powers and existing practice and on that basis, it was agreed that there was no need to adopt the recommendation.

RESOLVED: That

- 1. The Director of Housing, Planning and Regeneration be authorised, in consultation with the Director of Finance and the Portfolio Holder for Resources, Commissioning and Contract Management, to negotiate Payment Management Plans with Voluntary Sector Organisations whose financial integrity may be significantly impacted by rental increases.**
- 2. Consideration of a Payment Management Plan be authorised where a rental increase of over 30% has occurred following a lease renewal or rent review on a Council owned property let to a Voluntary Sector Organisation.**
- 3. It be authorised that Payment Management Plans provide a stepped rental increase over a period of up to 3 three years with the rent payable on the third anniversary of the lease renewal or rent review being the Open Market Rent as determined at the prior (increased rent) lease event adjusted for subsequent CPI (Consumer Price Index) and with all future rents to be increased annually in line with CPI.**
- 4. It be authorised that a Payment Management Plan is a one-off transitional arrangement to allow a Voluntary Sector Organisation to adjust to the new increased rent.**

5. **The Director of Housing, Planning and Regeneration be authorised, in consultation with the Director of Finance and the Portfolio Holder for Resources, Commissioning and Contract Management, to negotiate repayment plans or other suitable financial arrangements with Voluntary Sector Organisations outside of the parameters of a Payment Management Plan as set out in (2) and (3) above. These arrangements may be up to a maximum sum of £50,000 or if higher only with of the approval of the Executive.**

**102 CASTLECOMBE YOUTH CENTRE AND MOTTINGHAM COMMUNITY SUPPORT CENTRE
Report HPR2023/064**

As part of the Operational Property Review programme Castlecombe Youth Centre was scheduled for repair. The report requested approval to progress the repair scheme through proceeding to procurement.

Additionally, Castlecombe Youth Centre building had been identified as a suitable location for the Mottingham Community Support Centre and therefore the refurbishment of the site needed to be undertaken so that it met this wider service need.

The report had been scrutinised by the Renewal, Recreation and Housing PDS Committee at its meeting on 15 November 2023 and the Children, Education and Families PDS Committee at its meeting on 22 November 2023. Both committees had supported the recommendations.

RESOLVED: That

- 1) The relocation of the Mottingham Community Support Centre to be co-located with Castlecombe Youth Centre be agreed.**
- 2) It be noted that up to £1.153m of the OPR budget as planned will be used for the repair and remodelling works for Castlecombe Youth Centre to make the site fit for purpose for both services.**
- 3) It be agreed to proceed to procurement for the works contract at an estimated value of £1.038m as set out in paragraphs 3.17 to 3.20 of the report, with delegated authority to the Director of Housing, Planning, Property and Regeneration to determine the detailed procurement strategy.**
- 4) Authority be delegated to the Director of Corporate Services and Governance to enter into and manage legal matters relating to these works to allow works to progress.**

103 AWARD OF CONTRACT FOR WORKS AT OAKLANDS PRIMARY SCHOOL

The report sought Executive approval to award a contract for the construction of new classroom and ancillary accommodation to support the opening of a new additionally resourced provision (ARP) for children with an Education Health and Care Plan (EHCP) at Oaklands Primary Academy Biggin Hill.

The report had been scrutinised by the Children, Education and Families PDS Committee at its meeting on 22 November 2023 and the Committee had supported the recommendations.

RESOLVED: That the award of contract for capital works at Oaklands Primary Academy as detailed in Part 2 of this report be agreed.

**104 SECTION 31 AGREEMENT BETWEEN LONDON BOROUGH OF BROMLEY AND OXLEAS NHS TRUST FOR THE INTEGRATED PROVISION OF MENTAL HEALTH SERVICES
Report ACH23-052**

On 21 July 2004, Executive granted permission for the London Borough of Bromley to enter into an agreement with Oxleas NHS Foundation Trust for the provision of Adult Mental Health services. The agreement established the framework for Oxleas NHS Foundation Trust to undertake their role as the lead provider for Bromley's Adult Mental Health Services (including the Community Mental Health Team), permissible under s31 of the Health Act 1999. Subsequently the London Borough of Bromley and Oxleas NHS Foundation Trust established a pooled budget to deliver the service and transferred/seconded staff to the new arrangement.

The current Agreement was due to expire on 30 November 2024 consequently, the purpose of the report was to seek Executive approval to extend the partnership arrangement for the provision of Adult Mental Health Services between the London Borough of Bromley and Oxleas NHS Trust. The extension would enable the partners to continue to operationalise the required improvements, that were set out in the s31 Review (2021), and ultimately enable the Council to recommend a service model for the longer term.

The report had been scrutinised by the Adult Care & Health PDS Committee at its meeting on 21 November 2023 and the Committee had supported the recommendations.

RESOLVED: That

- 1. It be authorised that the Council enters into a 2 year (extension) agreement with Oxleas NHS Foundation Trust resulting in the continuance of their role as the lead provider of Adult Mental Health Services including operational management. Resulting in**

an estimated cost of £3,787,914 over the two-year extension period (up to 30 November 2026).

- 2. The extension of the pooled budget provision, the value of which will continue to be in line with CPI and the National Minimum Wage (which preserves the current value for money arrangement) be agreed.**
- 3. It be agreed that the power to sign this agreement and to finalise negotiations be delegated to the Chief Officer (Director of Adults Social Care) as the agreement primarily relates to staff who would normally be directly located in the Adults Social Care Directorate.**
- 4. It be noted that the Integrated Commissioning Board supports and has consented to the Trust retaining these arrangements with the Council.**

**105 CONSIDERATION OF ANY OTHER ISSUES REFERRED FROM
THE EXECUTIVE, RESOURCES AND CONTRACTS POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE**

On behalf of the Chairman of the Executive, Resources and Contracts PDS Committee, the Portfolio Holder for Resources, Commissioning and Contracts Management referred the report received by the Committee concerning the Review of the Council's Measures on Freedom of Speech for Employees. At the PDS meeting, the Committee had agreed certain amendments to both the recommendations and to the body of the report, proposing that the Executive adopt the recommendations. Expressing support for the aims of the report, the Portfolio Holder highlighted that a request to consider was not an instruction.

The Director of Corporate Services and Governance (and Monitoring Officer) explained that the Chairman of the Executive, Resources and Contracts PDS Committee (ERC PDS) had asked Officers to take a report to the PDS Committee on the topic. At the meeting, amendments to the recommendations had been tabled along with a request to change the body of the report. The Monitoring Officer advised firstly that the recommendations from the ERC PDS did not relate to Executive functions. Therefore, the Executive could not make the decisions requested, and the relevant decision-making committees were General Purposes & Licensing and Standards Committee. Secondly the report on which the recommendations are based was not on the Executive agenda for consideration and Members of the Executive had not seen the report. Thirdly the report would not be on the Executive agenda as the first point would apply i.e., subject matters were not for the Executive. The Monitoring Officer also confirmed that the body of an Officer report could not be amended by Members, although Committees' views on how the report might be amended could and would be noted in the minutes.

The Portfolio Holder for Transport and Highways (who was also the Chairman of both the Constitution Working Group and the Standards Committee) while expressing full support for the concept of Freedom of Speech noted that there were some necessary limitations on Freedom of Speech for Officers of the Council. Furthermore, he noted that the route taken by the Chairman of the PDS Committee was not the correct one as this was a matter for consideration by the Constitution Working Group, the General Purposes and Licensing Committee and, if necessary, Full Council and the Standards Committee.

In conclusion, the Executive noted the referral from the Executive, Resources and Contracts PDS Committee with interest and broadly agreed with the stated aims of the report. As such, the Executive strongly encouraged the Chairman of the Executive, Resources and Contracts PDS Committee to resubmit the report through the correct parent committee. The Monitoring Officer pointed out that the recommendations had already included referral to the Constitution Working Group, General Purposes & Licensing and Standards Committee. Therefore, officers would action.

106 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000

RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

**The following summaries
refer to matters involving exempt information**

107 EXEMPT MINUTES OF THE MEETING HELD ON 18 OCTOBER 2023

The exempt (not for publication) minutes of the meeting held on 18 October 2023, were confirmed as a correct record.

108 CAPITAL PROGRAMME MONITORING Q 2 PART 2 APPENDIX E

The Executive noted the Part 2 information.

109 PART 2: AWARD OF CONTRACT FOR WORKS AT OAKLANDS PRIMARY SCHOOL

The Executive considered the report and agreed the recommendations.

Executive
29 November 2023

Chairman

The Meeting ended at 7.37 pm

Agenda Item 5

Agenda Item

Report
No.
FSD24001

London Borough of
Bromley

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **17th January 2024**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2024/25 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2025/26 to 2027/28

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 2024/25 Budget including the full year effect of changes agreed as part of the 2023/24 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. More details of the capital programme and the impact on the revenue budget will be reported 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 2024/25 Council Tax and Adult Social Care precept levels.
- 1.4 The report provides details of the Provisional Local Government Finance Settlement 2024/25 which was published on 18th December 2023 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 and are unlikely to be implemented until at least 2026/27.

- 1.5** There are increasing challenges facing the Council as identified in this report. This includes the need to address the ongoing Dedicated Schools Grant (DSG) funding deficits, the medium term risk of depletion of reserves and the resultant impact, funding the future capital programme and progressing to the next steps for the Transformation Programme. The report provides an update on the local authority landscape and the implications on a deteriorating financial position for many local authorities. As indicated later in the report there was no significant additional new funding announced in the Autumn Statement or Provisional Local Government Finance Settlement 2024/25 to address the significant cost pressures facing the Council.
- 1.6** There are still outstanding issues and areas of uncertainty remaining, including various grant allocations and associated grant conditions, which could impact on the final revenue budget. Any significant changes will be reported at the meeting and further updates will be included in the 2024/25 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 2024/25 Budget detailed in Appendix 7.**
- 2.1.2 Refer the initial draft 2024/25 Budget for each portfolio to the relevant PDS Committees for consideration.**
- 2.1.3 Note the financial projections for 2025/26 to 2027/28.**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2024/25 Budget.**
- 2.1.5 Given the scale of financial challenges, approve a one off Transformation Fund 2024-2028 earmarked reserve of £1m to resource the next phase of Transformation Programme to assist in delivery of significant future year savings. This will be funded from the Growth and Investment Fund earmarked reserve and the final allocation of these resources will be delegated to the Chief Executive in consultation with the Resources, Commissioning and Contract Management Resources Portfolio Holder (See Section 6.8).**
- 2.1.6 Agree to increase rent levels for London Affordable Rents and Social (Formula) Rents by 7.7% from April 2024 as set out in Section 9.8.**
- 2.1.7 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 10).**
- 2.1.8 Note that the Dedicated Schools Grant Deficit Recovery Plan will be reviewed and updated for future reporting to Members (see 10.18).**
- 2.1.9 Agree the proposed contribution of £247,872 in 2024/25 to the London Boroughs Grant Committee (see section 12).**
- 2.1.10 Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive (See 15.4).**
- 2.1.11 Note the outcome of the Provisional Local Government Financial Settlement 2024/25 as detailed in the report.**
- 2.1.12 Note the budget gap remaining of an estimated £38.7m per annum by 2027/28 and that any decisions made for the 2024/25 Budget will have an impact on the future year projections.**
- 2.1.13 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 £200m Draft 2024/25 Budget (excluding GLA precept)
5. Source of funding: See App 7 for overall funding

Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2024/25 Financial Control Budget to be published in March 2024
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 2024/25 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 Councilors Views

1. Have ward councilors 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 FUNDING THE COUNCIL'S BUDGET

- 3.1 The Draft 2024/25 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 four years and includes the outcome of the Provisional Local Government Finance Settlement 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27, at the earliest).
- 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 had 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 Covid situation 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. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt rises from 84.9% of Gross Domestic Product (GDP) in 2022/23 and is expected to continue to increase and peak at 93.2% in 2026/27 and fall to 92.8% by 2028/29, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally. GDP is expected to be 0.6% in 2023/24 rising to 2% in 2026/27 and 1.9% in 2027/28. These economic factors could impact on the funding available for local government. The Provisional Local Government Finance Settlement 2024/25 provides a one-year settlement only which leaves considerable uncertainties over future years. The Institute for Fiscal Studies (IFS) forecast that the latest plans (Autumn Statement) provides real term cuts for unprotected budgets (mainly local government) of 3.4% for period 2024/25 to 2028/29 – additional funding of £20bn would be required to avoid cuts by 2028/29.
- 3.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 to 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 and 2024/25 the Council has received a more generous settlement which includes additional funding for social care relating to the repurpose of Adult Social Care Reform monies. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. The risk of austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. 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 An update on the economic situation which can impact on public finances is provided in Appendix 1. The full details of the final grant settlement for 2024/25 relating to all the

grants received by the Council are awaited. Details of the Provisional Local Government Settlement 2024/25 are shown in Appendix 2 and some further government grants are awaited e.g. Public Health, housing grants etc. The final Local Government Settlement 2024/25, which may include further changes, is due in mid February 2024.

- 3.6 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.
- 3.7 Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London, giving us £123 per head of population compared with the average in London of £330 – the highest is £556. Despite this, Bromley has retained the fourth 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. Using 2024/25 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £53.7m. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £31.9m. 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. Further details are provided in Appendix 4. Despite being a low-cost authority, Bromley has achieved general savings of over £130m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.
- 3.8 Background information of the future local authority landscape, which also highlights the financial challenges, that are not unique to Bromley, is provided in Appendix 8.

4. SUMMARY OF FINANCIAL FORECAST

- 4.1 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.
- 4.2 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).
- 4.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.
- 4.4 Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £38.7m per annum by 2027/28. 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.
- 4.5 The reasons for the budget gap by 2027/28 of £38.7m include:
 - (a) General Inflation allowance offset by inflation on core funding and council tax increase/adult social care precept of 4.99% (2.99% per annum from 2025/26) leaving a balance of Cr £3.5m;
 - (b) Growth/cost pressures of £94.9m, partly offset by mitigation of £58.4m resulting in a net additional cost of £36.5m;

- (c) Repurposed Adult Social Care reform monies (Cr £2.7m);
- (d) Utilisation of Community Infrastructure Levy (CIL) funding of Cr £1.5m;
- (e) Impact of post Covid usage – freedom passes (£5.1m);
- (f) Interest on balances (£4.1m);
- (g) Full year effect of Transformation Savings (Cr £4.9m in 2024/25 increasing to Cr £6.9m per annum in 2027/28);
- (h) Savings from reduction in the Council’s provision for risk/uncertainty held within the Central Contingency Sum (Cr £6.6m);
- (i) Fall out of building infrastructure fund (Cr £2m);
- (j) Council tax base/fall out of collection fund surplus (£2.4m);
- (k) Fall out of use of reserves to support revenue budget (£15.2m);
- (l) Other variations (Cr £1.4m).

4.6 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.

4.7 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.

4.8 Since the Council Tax report to the February 2023 meeting of the Executive, there has been a significant increase in cost/growth pressures of around £15.5m for 2024/25 and this deteriorating situation needs to be monitored closely in future updates for this Committee.

5. DRAFT 2024/25 BUDGET AND FINANCIAL FORECAST

5.1 Details of the latest financial forecast, including the Draft 2024/25 Budget, are shown in Appendices 5 to 7 and the main variations, compared with 2023/24 Budget, are summarised in the table below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Variations Compared with 2023/24 Budget				
Changes in Government Core Funding	-2.1	-3.4	-4.4	-5.5
Cost Pressures				
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)	11.1	17.9	23.9	29.2
Total Additional Costs	11.1	17.9	23.9	29.2
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions	-1.3	-0.8	-0.5	-0.5
Income/Savings				
Interest on Balances	-2.2	1.5	3.1	4.1
Additional Social Care Grant	-2.7	-2.7	-2.7	-2.7
Release general provision in contingency for significant uncertainty/variables	-6.6	-6.6	-6.6	-6.6
Transformation Savings reported to Executive February 2023	-0.7	-1.5	-1.6	-1.6
Transformation Programme	-4.2	-4.7	-5.0	-5.4
Fall out of non-recurring Building Infrastructure Fund	-2.0	-2.0	-2.0	-2.0
CIL Funding Opportunities	-1.0	-1.5	-1.5	-1.5
Total Income/Savings	-19.3	-17.4	-16.2	-15.6
Other Changes				
Real Changes and other Variations	0.1	0.0	0.8	0.2
Total Other Changes	0.1	0.0	0.8	0.2
Council Tax				
Collection Fund Surplus 2021/22 fall out	5.4	5.4	5.4	5.4
Collection Fund Surplus 2022/23	-2.5	0.0	0.0	0.0
Future years Collection Fund Surplus	0.0	-2.5	-1.5	-1.0
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	-3.4	0.0	0.0	0.0
Total Council Tax	-0.5	2.9	3.9	4.4
Growth/Cost Pressures including Mitigation (see Appendix 6)				
- Education	2.1	3.1	4.2	5.4
- Children's Social Care	6.9	7.5	8.1	8.7
- Adults Social Care	4.6	9.3	11.1	12.9
- Housing	4.1	5.5	6.7	7.9
- Environment	-0.3	-0.4	-0.4	1.6
- Public Protection and Enforcement	0.1	0.1	0.1	0.1
- Resources	-0.1	-0.1	-0.1	-0.1
Variation in freedom pass costs to reflect impact of post Covid usage	1.9	3.8	5.1	5.1
Running Costs of Direct Line site (net after income)	3.1	0.4	0.1	-0.5
Total Growth/Cost Pressures	22.3	29.2	35.0	41.1
Sub-total	10.3	28.4	42.4	53.3
Increase in ASC Precept and Council Tax (assume 4.99% in 2023/24 and 2.99% per annum thereafter)	-9.5	-15.4	-21.5	-27.8
Estimated increase in Council Tax Base	-1.4	-1.6	-1.8	-2.0
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures	2.1	3.7	3.7	3.7
Utilisation of Homes for Ukraine funding to support related cost pressures in future years	-2.9	0.0	0.0	0.0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)	-0.9	-0.9	9.1	9.1
Net fall out of Government funding towards additional council tax support costs (held in reserve)	2.3	2.3	2.3	2.3
Remaining "Budget Gap"	0.0	16.6	34.3	38.7

- 5.2 The updated forecast is aligned to the latest quarterly budget monitoring report and the existing capital programme.
- 5.3 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.
- 5.4 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 4.99%, 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. 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 for 2025/26 estimate a 'budget gap' of £16.6m rising to £38.7m per annum from 2027/28. These projections exclude the impact of the annual DSG deficit (see 11.2).
- 5.5 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 £130m 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 not providing adequate grant funding, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

6. CHANGES SINCE THE 2023/24 BUDGET THAT IMPACT ON THE DRAFT 2024/25 BUDGET AND FINANCIAL FORECAST 2025/26 to 2027/28

- 6.1 The 2023/24 Council Tax report reported to Executive in February 2023 identified a significant "budget gap" over the four-year financial planning period. Some key changes and general updates are summarised below.

6.2 Provisional Local Government Finance Settlement 2024/25 – Core Funding

- 6.2.1 The Provisional Local Government Finance Settlement 2024/25, includes an increase in core funding to reflect inflation (CPI annual increase at Sept '23). The additional social care grant, which was originally planned as indicated by the Local Government Finance Settlement 2023/24, of £2.65m 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. Additional new homes bonus of £0.4m is available and the core spending power overall increase of 6.2% assumes council tax and ASC precept increase of 4.99%. The settlement includes a reduction in Services Grant from £1.5m to £0.2m (reduction of £1.3m) which is disappointing. Although the settlement broadly recognises the impact of inflation it does not reflect the scale of cost/growth pressures facing the Council for 2024/25 (see 6.4). Uncertainty remains on the level of funding from 2025/26. The forecast assumes that the level of core grant funding will not reduce, in real terms, from 2025/26.

- 6.2.2 This is the sixth one-year settlement in a row for councils, despite requests for multi-year settlement to assist in financial planning and to aid the delivery of financial sustainability.

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 at least 1% above the Consumer Price Index (CPI) level. The Draft 2024/25 Budget assumes overall price increases, including a cash limit, of 3.5% in 2024/25 reducing to 2.5% in 2025/26 and 2% per annum from 2026/27, which compares with the existing CPI of 3.9% (4.1% for RPIX). Although inflation is expected to reduce further some volatility remains. It is important to note that the rate of 3.5% in 2024/25 is consistent to an approach taken by many other local authorities but it creates a challenge during a period of cost pressures across services - the alternative is more savings to address the alternative increased budget gap.

6.4 Cost/Growth Pressures and Mitigation

6.4.1 There remain significant cost/growth pressures impacting on education, high needs transport, housing, adults and children’s social care partly offset by some mitigation of costs.

6.4.2 The financial forecast elements are summarised below with more details in Appendix 6

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Growth/cost pressures	50,596	65,134	79,102	94,898
Mitigation	-33,230	-40,242	-49,353	-58,385
Net additional costs	17,366	24,892	29,749	36,513

6.4.3 Since the first quarter budget monitoring report, net service overspends have increased from £6.1m to £12.4m (an increase of £6.3m). This creates a deteriorating financial position for the Council. Action will be required in year to address additional costs exceeding this target increase to mitigate against overspends during 2024/25 which would otherwise require funding from the further drawdown of reserves. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2025/26 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

6.5 Community Infrastructure Levy (CIL)

6.5.1 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. Additional CIL income of £1.25m is forecast next year, rising to a further £1.9m, compared with 2023/24 Budget. After allowing for funding community projects and administration, an additional sum of £1.0m in 2024/25 and £1.5m per annum in future years will be allocated towards core service costs.

6.5.2 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.

6.6 Interest on Balances

6.6.1 The draft budget for 2024/25 has been set at £12.041m which represents an increase in income of £2.2m compared with the 2023/24 Budget. Following the succession of increases in the Bank of England base rate to the current rate of 5.25%, counterparty

rates were generally in excess of 6% for a one year deposit during the first half of 2023/24. However, interest rates are expected to start reducing during 2024/25, so one year rates are around 5% to 5.5% at the time of writing this report. The projected increase in the average rate of interest compared to that in the prior year budget is partly offset by an expected reduction in balances available for investment as a result of the projected utilisation of capital receipts, grants/contributions, as well as projected use of the Council's earmarked revenue reserves as detailed in Section 8.

6.6.2 Further details will be included in the Treasury Management Strategy 2024/25 report to be considered at the Executive, Resources and Contracts Policy Development and Scrutiny Committee meeting on the 5th February 2024 and subsequent Full Council meeting.

6.7 Central Contingency Sum

6.7.1 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 £6.6m per annum from 2024/25 which significantly reduces flexibility to fund alternative funding for service overspends without the drawdown from the Council's reserves.

6.7.2 In addition, a sum of £6.6m was set aside in the 2023/24 Budget to reflect the revenue impact of capital financing and reduction in investment income. Following various investment property disposals and allowing for the latest phasing of the capital programme a reduced sum of £5.317m is required for 2024/25 providing a reduction of £1.283m (£0.483m from 2026/27).

6.7.3 The Draft 2024/25 Budget and financial forecast includes significant growth/cost pressures with mitigation savings reducing the overall impact. The mitigation savings identified are £33.2m in 2024/25 rising to £58.4m per annum from 2027/28 (see 6.4.2). 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 limited 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 it is essential to retain an adequate sum to partly mitigate such cost risks, without relying on the drawdown of one off reserves. As indicated in 6.7.1 this sum has been significantly reduced.

6.8 Transformation Savings

6.8.1 The Draft 2024/25 Budget includes the full year effect of the Phase 3 Transformation Savings combined with new changes, totaling £4.9m in 2024/25 increasing to £6.9m per annum from 2027/28). More details of the savings are provided within Appendix 7.

6.8.2 Transforming Bromley is being refreshed as the primary conduit to develop and deliver savings, efficiency and transformation change programmes. We are reframing our programme to ensure it remains fit for purpose over the next four years, 2024-28, allowing us to proactively consider our future challenges and opportunities. In performance terms Bromley Council is one of the top performing boroughs in the country across most service areas.

- 6.8.3 The Council has set out an ambitious range of priorities in its corporate plan 'Making Bromley Even Better'. Transformational change is required to sustain our progress in achieving some of the Council's longer-term priorities. The ongoing financial sustainability of the Council depends on finding significant opportunities for demand management and reduction, cost-reduction, service efficiencies and income generation to meet projected budget shortfalls. It may be necessary to invest to save to unlock these opportunities at scale, and to protect critical services and resident experience significantly from the impact of budget reductions.
- 6.8.4 In order to deliver the next phase of Transforming Bromley 2024-28 the council will reinstate programme management capacity to develop and implement programmes that will deliver cashable savings and further growth mitigation. The Hub Programme Management Office will work with satellite spoke PMOs to develop and implement programmes. The Hub will define the policy and procedures, while the local satellite PMOs will develop and implement the projects.
- 6.8.5 Departments have been exploring options to adopt Specialist Delivery Partners. Further work is required to understand the cost benefit of these options. At this point, the costs and benefits of many of the projects in the programme are difficult to accurately forecast and are subject to the development of detailed business cases. We are liaising with and learning from other local authorities who have undertaken similar significant transformation programmes. While our approach aims to enable delivery at pace, it should be noted that there are likely to be financial implications which emerge over the course of the programme that will require further decisions by Members once business cases are developed. For example, seeking funding for digital and data pilots to test our approach and learn lessons about capacity and resources required to realise service improvements and efficiency from digital technology. Following on from delivery of these pilots, a digital strategy will be underpinned by a more comprehensive case for investment in technology.
- 6.8.6 All transformation proposals will work within cross cutting themes, including;
- Our business efficiency (to include AI/Digitalisation, better use of Technology);
 - Managing rising demand differently;
 - Changing how we fund and provide services;
 - Increasing our income and commercial models;
 - Reduction or cessation of services;
 - Re/commissioning and procurement opportunities;
 - Staffing options, including voluntary redundancies, freeze of posts;
 - Invest to save opportunities to provide future savings in the Council's revenue budget;
 - Continuing to maximise Treasury Management income.
- 6.8.7 There is inevitably a resource implication attached to delivery of such a substantial and wide-ranging programme of change. There is also a need to invest to save as the scale of the savings challenge is substantial and the change programme will contribute towards our long-term financial sustainability. A one-off investment of £1m is required to facilitate longer-term change including recurring revenue savings. It is proposed that a sum of £1m is set aside to create a Transformation Fund 2024-2028 earmarked reserve to be funded from unallocated monies in the Growth and Investment Fund earmarked reserve. It is also recommended that the final allocation of these resources will be delegated to the Chief Executive in consultation with the Resources, Commissioning and Contract Management Resources Portfolio Holder.

6.9 Freedom Pass Costs

6.9.1 The cost of freedom passes is calculated taking into account the average number of journeys and costs of the previous two years for residents of pensionable age who use their freedom passes. The Council experienced significant reductions in the annual contribution to the freedom pass scheme in 2021/22 and 2022/23 following reduced use of transport arising from the impact of Covid 19. For 2022/23, the previous years' restrictions and less demand for travel had significantly reduced journey volumes leading to a reduction of 37% in the overall costs, compared with 2021/22. However, a combination of inflation and increasing use of public transport (post Covid) results in the Draft 2024/25 Budget including an increase of £1.9m rising to an estimated increase of £5.1m per annum from 2026/27, compared with the 2023/24 Budget.

6.10 Council Tax Base

6.10.1 The Council's tax base has been updated to reflect changes in properties compared with the previous year. The latest position indicates a tax base of 135,300 "Band D" equivalent properties for 2024/25, which assumes an allowance of 1.66% for non-collection.

6.11 Covid Funding

6.11.1 The Government had provided significant funding towards Covid related costs up to 2021/22 including elements of unringfenced funding. Details of Covid funding and associated costs were included in the 'Provisional Final Accounts 2021/22' report to Executive on 29th June 2022. Any monies remaining have been retained in the Council's earmarked reserve to support ongoing Covid related costs. As no further funding has been provided by Government for the longer term, a sum of £13m was retained in the Council's earmarked reserve to support future costs. A sum of £5.8m was utilised in 2022/23 and £4.6m in 2023/24 to support the revenue budget and the balance remaining of £2.6m being used for 2024/25.

6.12 Real Changes – Various

6.12.1 The real changes in 2024/25 totaling £71k increasing to £199k in 2027/28 (with additional costs of £814k for 2026/27, mainly relating to election costs) are reflected in the policy sheets in Appendix 7.

6.13 Review of Fees and Charges

6.13.1 As part of the Transformation Programme, to help partly offset the impact of the financial challenges facing the Council, a comprehensive review of fees and charges was undertaken. The aim was to identify opportunities for cost savings by implementing increased charges, surpassing the annual inflationary adjustments. The review observed that most services conduct regular price evaluation, accommodating inflation adjustments wherever feasible. Through this exercise an extra £632k in income was realised as part of the Draft 2024/25 Budget and the changes are reflected in Appendix 7 of this report. Chief Officers will continue to review fees and charges for 2025/26 and beyond to identify opportunities to reduce the future years 'budget gap'.

6.14 Churchill Court

6.14.1 The Draft 2024/25 Budget and financial forecast assumes the following costs compared with the 2023/24 Budget, which includes the impact of dual running of both Civic sites as shown below:

	2024/25	2025/26	2026/27	2027/28
Churchill Court	£'000	£'000	£'000	£'000
Running costs	2,697	1,606	1,606	1,606
Rental Income	-904	-1,234	-3,166	-3,166
B/F Maintenance Liability	1,234	0	1,610	1,020
Loss of Income	49	49	49	49
NET POSITION	3,076	421	99	-491

6.14.2 With the successful acquisition of the Churchill court site at the end of July 2023, works have begun to ensure this site is fit for our purpose and can accommodate our staff and council chambers. The expectation is that we will be in a position to fully vacate the current civic centre by the end of September 2024, however until then there will be a period of dual running both our civic centre site at a cost of £3.076m for the coming financial year.

6.14.3 This covers the dual running costs such as business rates, utilities and site management, but also the brought forward maintenance work required on the property in the short term, which make sense to do now whilst mostly unoccupied. There is also the costs of any works to secure our external tenants included in this figure and all rental income being received as result of taking on the existing tenants at the site.

6.14.4 The table above shows the first 4 full years of operation and it is anticipated that by year 6, the site will deliver in excess of £1m per annum in revenue savings for the foreseeable future. This is a less than 10yr repayment period of our revenue investment and an ongoing revenue budget saving to the Council, which would not have been achieved by remaining at our current location.

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

- 6.151 It is a statutory requirement to maintain a Collection Fund at arm's length from the remainder of the Council's accounts.
- 6.152 The 2024/25 Budget includes fall out of one off 2021/22 Collection Fund surplus (£5.4m) and monies set aside relating to council tax support of £2.3m (Covid funding), which were both allocated to fund the 2023/24 Budget.
- 6.153 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 normally paid over the course of the second year (e.g., surplus for 2022/23 paid over 2024/25). The council tax collection fund had a non-recurring council tax surplus of £3.2m reflected in the 2022/23 Provisional Final Accounts report to the Executive on 5th July 2023. A sum of £2.5m will be allocated to the Council, with the £0.7m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council's budget gap in 2024/25.
- 6.154 Any estimated surplus for the current year (2023/24) can be factored in the following year's budget which has been applied for Draft 2024/25 Budget – a sum of £3.4m has been applied.
- 6.155 The financial forecast assumes further surplus would be generated allocating an estimated £2.5m in 2025/26, £1.5m in 2026/27 and £1m in 2027/28.
- 6.156 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 further contributions of £10m in 2024/25 and 2025/26 (£20m in total - this partly reflects an approach adopted previously to smooth out future years budget gap).

7. DETAILED DRAFT 2024/2035 BUDGET

- 7.1 Detailed draft 2024/25 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 2024/25 budget for each Portfolio as follows:
- A summary of the Draft 2024/25 Revenue Budget per Portfolio

- A high-level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2024/25 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2022/23 expenditure, 2023/24 budget, 2024/25 budget and overall variations in planned spending between 2023/24 and 2024/25
- A summary of the main reasons for variations per Portfolio in planned spending between 2023/24 and 2024/25 together with supporting notes

8. IMPACT OF OPERATIONAL PROPERTY REVIEW/PROPERTY DISPOSALS AND ADDRESSING FUNDING OF THE CAPITAL PROGRAMME

8.1 As part of the Operational Property Review and Disposals reports to the Executive in November 2022 combined with the new Civic Centre site (which will generate significant long term revenue savings, see 6.14) there will be the following impact on the Capital Programme:

- Planned borrowing of around £50m relating to housing schemes;
- Full programme of disposals with no further capital receipts (not already identified) available to support the funding of the future capital programme;
- Full use of reserves to support the general capital programme (£10m allocated).

8.2 This removes any flexibility left (compared with previous years) to fund new schemes within existing overall resources or new capital receipts. Therefore the future use of reserves to fund the capital programme would not be financially sustainable and lead to an acceleration of exhaustion of the Councils reserves, whilst borrowing does delay the associated impact. There remains the need to continuously review the capital programme and disposals to contain costs and maximise receipts and consider borrowing where possible to provide a more sustainable financial position.

8.3 To add to the challenges we face, the existing capital programme excludes the following from the financial forecast projections:

- Potential cost of the move of the central library facilities;
- Any additional provision for the Churchill Theatre (£5m in existing programme);
- Provisional cost for schemes included in capital programme which may, when fully assessed, result in higher costs or there could be reductions in capital receipts not reflected in updated financial forecast;
- Impact of any further new housing schemes or changes in capital programme including new schemes not identified at this stage – unless equivalent new capital receipts are identified the net costs are not factored in forecast.

8.4 Since the capital programme was approved in January 2023, further capital bids/costs of in the region of £5.5m have been identified. Any additional costs (or net financial impact) of the above, as well as any reduction in estimated proceeds from sales compared to existing capital programme is likely to add to the impact of the 'budget gap' whether through use of reserves (not recommended and reduces investment income) or the cost of borrowing. An ongoing review of the capital programme schemes and 'value engineering' will be required to reflect this.

9. HOUSING PROVISION

- 9.1 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. Demand is also forecast to increase following financial pressures on households and reductions in availability of private rented accommodation in the current market.
- 9.2 Whilst the focus on preventative measures has assisted in slowing the overall rate of growth in temporary accommodation (TA) use, options are extremely limited and increasing pressure is being seen from the increased reliance on nightly paid accommodation and those households faced with homelessness.
- 9.3 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 and the proportion of placements into nightly paid accommodation. 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. Going into 2024/25, five schemes had been approved, and delivering around 109 affordable housing units at York Rise, Burnt Ash, Anerley, Bushell Way and West Wickham. On 20 September 2023, Executive approved the addition of a further two schemes to the capital programme, which are expected to provide a further 78 social housing units once complete. Further details of the capital investment and financing are set out in the table below:

	Bromley North	Beckenham Car Park
No. of social rent units	38	40
Capital Costs	£'000	£'000
Construction	25,500	15,200
Total Capital Costs	25,500	15,200
Capital income		
GLA grant	-7,980	-6,960
S106	-500	
Brownfield Land Release Fund	-740	
Private sale receipts	-12,284	
Total Capital Income	-21,504	-6,960
Net capital financing requirement (CFR)	3,996	8,240

- 9.4 In addition to the housing development schemes, approximately 327 units have been acquired through the housing acquisition schemes, with a further 182 planned through the Meadowship Homes phase 2 scheme. Combining all schemes this totals 691 new units requiring a further 309 units to meet the Housing Transformation target for the provision of 1000 units.
- 9.5 Executive approved on 20 September 2023 to allow detailed feasibility for a development at the current Bellegrove site, as well as further scoping for sites at Manorfields and Poverest.

- 9.6 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 9.9).
- 9.7 In light of the increasing pressure on TA and homelessness, 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.

9.8 Housing Rent Setting

- 9.8.1 As set out above, the Council is now a Social Landlord in respect of the homes that have been built on Council owned sites and must set the rent levels each year.
- 9.8.2 The rents for these properties are set at London Affordable Rents (LAR) which were introduced by the Greater London Authority (GLA) for the 2016-21 funding period. This is a benchmark rent, set by the GLA and based on the 2015/16 formula rent caps inflated by CPI +1%. There is a different LAR set for each bedroom size. The GLA published a LAR for each year up to 2022/23, and from 2023/24 onwards these rents will be increased in line with social housing rents.
- 9.8.3 In addition, the Council owns own a small number of properties which were previously used as tied accommodation for caretakers. As these units become vacant or the employment ceases, the rents are set as social rents (formula rents) with 1999 valuations.
- 9.8.4 In line with the Rent Standard (2020), social housing rents can be increased by CPI +1.0% until this cap is reviewed by central government in 2025, using the preceding September CPI level. This would have meant an increase of up to 11.1% for 2023/24, however the Government announced that for 2023/24 only a rent ceiling of a 7% increase would apply. For 2024/25, an increase of 7.7% can apply (based on September 2023 CPI), which will set weekly London Affordable Rents in line with the table below:

	2023/24	2024/25
1 bed	£180.12	£193.99
2 bed	£190.71	£205.39
3 bed	£201.30	£216.80

- 9.8.5 Temporary Accommodation rent levels will remain the same at 90% of the relevant 2011 London Housing Allowance levels.
- 9.8.6 It is proposed that the rent levels for London Affordable Rents and social (formula) rents are increased by 7.7%.

9.9 HRA and Respective Future Budget Planning

- 9.9.1 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 the self-financing requirement for HRAs 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.
- 9.9.2 The Council currently has an exemption from the Secretary of State to hold up to 199 properties in the General Fund rather than in the HRA. As the five sites approved prior

to 2023/24 will provide 109 properties, and the new Bromley North and Beckenham car park schemes will provide a further 78 properties, bringing the total up to 187, it is not intended at this time that they will be transferred to the HRA due to the additional administrative burden. However, officers have started work on a draft 30-year HRA business plan in readiness. Future reports will be presented for the consideration of business cases for individual sites and the adoption of the HRA business plan.

9.9.3 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.

10. THE SCHOOLS BUDGET

10.1 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).

10.2 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 £1'000	High Needs £'000	Early Years £'000	Central £'000	Total £'000
2023/24	257,152	74,365	23,328	2,046	356,891
2024/25 (Provisional)	268,836	76,857	38,034	2,014	385,741
Variation	11,684	2,492	14,706	-32	28,850

10.3 The figures in the table above are provisional and subject to change once DfE issue any updates in due course.

10.4 The Schools Block has risen by £11.7m. This is due to an increase in the per pupil unit of funding and increases in the population figures. This includes the previous year Mainstream Schools Additional Grant of £8.7m which was paid as a separate grant in 2023/24. Allowing for the £8.7m grant the funding increase is £3.0m. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools.

10.5 The High Needs Block is continuing to see pressures coming through the system. Nationally, some authorities are building up high levels of deficit reserves.

10.6 The DSG allocation has resulted in an increase in high needs block funding of £2.5m for Bromley. Bromley received £2.8m of additional supplementary grant in 2023/24 that was rolled into the baseline for 2024/25, so the increase would be £5.3m if this were excluded.

10.7 The £2.5m increase is due to increases in per pupil funding and the increase in pupils themselves.

- 10.8 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. It is predicted that without further management intervention, there will be a deficit of c£5m per annum over the next four years.
- 10.9 There is an estimated DSG deficit at the end of the 2023/24 financial year of £16,149k.
- 10.10 Although additional grant been given by DfE, demand continues to outstrip funding. Bromley was one of the last authorities in London to fall into a deficit position regarding its DSG. The overspends are in the main in the high needs block area and are related to the cost of placements in all types of education settings.
- 10.11 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review. Nevertheless, officers are seeking to further reduce costs, within the tight constraints of the legal framework. Officers are working with DfE and are in discussion with them regarding recovery plans and actions that can be taken to reduce the deficit position.
- 10.12 Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on the robustness of the budget calculations and adequacy of reserves. The 151 Officer within that commentary is now required to consider the Councils DSG deficit position, despite the statutory override being in place.
- 10.13 The statutory override effectively means that any DSG deficits are not included in the Councils main revenue budgets. However, funding will ultimately need to be identified.
- 10.14 In effect the Council has to still set aside resources to meet the DSG deficit and where no ongoing funding is identified such funding will need to come from the Councils reserves – effectively creating a 'negative reserve'. On that basis the latest estimate for 2024/25 indicates a deficit of £5.631m which has to ultimately be funded from the Councils reserves unless further Government funding is made available.
- 10.15 Although DSG is effectively ring fenced the ongoing increase through funding by reserves (general and earmarked) creates a financially unsustainable position in the medium to longer term.
- 10.16 The External Auditor as part of the annual accounts, are required to comment on the Councils Value for money arrangements and will be required to consider any DSG deficit and the impact on the Councils finances.
- 10.17 In terms of presentation of the estimated DSG deficit of £16,149k up to 31/3/2024, there will need to be adequate funding from the Councils reserves unless alternative savings can be found. The use of reserves have been assumed in this report, although the specific reserves to use have not been identified at this stage.
- 10.18 Given the continuation of the scale of the DSG deficit, the Director of Education will be reviewing the DSG recovery plan which will be reported to a future meeting.
- 10.19 Early Years funding has increased substantially by £14.7m. DfE have:-
- (a) Introduced new funding for under twos of £12.83 per part time equivalent (PTE) hour.
 - (b) Introduced new funding for two year old working parents at £9.44 per PTE hour.
 - (c) Increased the PTE rate for disadvantaged two year olds from £6.63 per PTE to £9.44.
 - (d) Increased the PTE rate for 3 and 4 year olds from £5.51 per PTE to £6.40.

- (e) Increased Early Years Pupil Premium (EYPP) rates and number of hours across the new funding streams.
- (f) Increased the Disability Access Fund (DAF) rates and numbers of hours across the new funding streams.

10.20 During 2023/24 DfE announced a supplementary grant which increased the 2023/24 rates in year but was dealt with outside the Dedicated Schools Grant (DSG). These have been reflected in the new 2024/25 rates.

10.21 The assumption for volumes of hours (PTE's) remains the same for 2024/25 as the latest volumes for the 2023/24 DSG as DfE use January 2023 data. However this will change once the January 2024 census is published which will affect the figures.

10.22 The Central Block has decreased by £32k. The per pupil rate fell by 1.25% (the equivalent of a loss of £25k). There was a £7k reduction of grant received due to a decrease in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £510k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2024/25 bringing the total Council core funding to £560k.

11. GENERAL AND EARMARKED RESERVES – DRAWDOWN OF RESERVES TO MEET THE BUDGET GAP

11.1 It is important to recognise that the financial forecast attached already relies on the use of reserves to support the revenue budget as shown below:

	2024/25 £'000	2025/26 £'000
Homes for Ukraine	2,900	
Collection Fund Surplus	10,000	10,000
Total (excluding DSG funding)	12,900	10,000

11.2 Whilst the statutory override continues, the Council has an ongoing DSG deficit and this effectively results in a 'negative reserve'. To date a £12.7m deficit ('negative reserve') has been created as at 31/3/23 (estimated to increase to a cumulative total of £16.9m by 31/3/24). Without the statutory override, members will be required to directly consider meeting the DSG deficit budget gap as part of delivery of a balanced annual budget. The combined impact of having a resultant 'negative reserve' from the DSG deficit is shown below:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Underlying budget gap (before use of reserves)	12,932	26,589	34,252	38,694
DSG Deficit	5,631	5,135	4,961	5,345
Underlying budget gap	18,563	31,724	39,213	44,039
Use of reserves to support revenue budget and DSG deficit	-18,531	-15,135	-4,961	-5,345
Budget Gap (after use of reserves)	32	16,589	34,252	38,694

11.3 The above table illustrates that without the use of reserves towards funding the revenue budget and DSG deficit the underlying budget gap is £18,563k in 2024/25 rising to

£44,039k per annum by 2027/28. The use of reserves to support the revenue budget is not sustainable and the Council will continue to seek funding for such deficits from Government, given the ring-fencing of DSG.

11.4 The projected earmarked reserve is currently expected to reduce from £199.1m as at 31/3/23 to £78.6m by 31/3/27. This mainly reflects planned commitments including, for example, the utilisation of collection fund monies to support the revenue budget, impact of DSG deficit ('negative reserve') and funding commitments to support the capital programme. After allowing for the insurance fund, schools reserves, and monies retained for health that available sum is reduced to £56.1m. If action was not taken to address the ongoing budget gap from 2025/26, as well as the DSG deficit, then the reserves would be fully exhausted by the end of 2026/27 (within 3 years of setting the Draft 2024/25 Budget). Any future overspends and further funding from reserves to support the capital programme would exhaust the reserves in a shorter period. This position is not financially sustainable and therefore action is needed to ensure the Council's budget gap is addressed. This risk could also impact on the future funding arrangements of the capital programme i.e., the need to consider borrowing for general capital schemes to retain limited reserves. It is important to note that the earmarked reserves are available to support services and deal with future budget risks as well as income volatility.

11.5 The reasons for retaining an adequate level of reserves were highlighted in Appendix 4 of the 2023/24 Council Tax report to Executive in February 2023. 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. The Council also has general reserves of £20m. Full details are included in the Provisional Final Accounts 2022/23 report to Executive on 5th July 2023.

11.6 The main factors to considering the level of retained reserves, which includes the impact of some new challenges are:

- The Council loses significant flexibility within the central contingency sum, following a reduction of £6.6m per annum from 2024/25 (see 6.7);
- Reserves provide flexibility to fund potential overspends in year.
- The financial challenges facing the Council reduce the ability/flexibility to top up reserves in future years (historically used collection fund surplus, new homes bonus and contingency to top up reserves).
- We still have a significant budget gap over 4 years without a detailed plan to address meeting the gap over the medium term.
- We cannot reinstate reserves through borrowing in the future to compensate – once reserves are used, they are gone.
- We do forego interest but this offsets the alternative cost of borrowing.
- We need a level of reserves to deal with any significant unforeseen costs that may arise.
- Reserves assist in addressing financial shortfalls to enable phasing of savings.
- Reserves remain retained for specific earmarked purposes and may not be easily rediverted.
- Provide resources for spend to save initiatives.
- Provide support for future schemes in the capital programme.
- Provide headroom to deal with significant uncertainty relating to government funding and potential new burdens in the future not fully funded. This includes, for example, dealing with a one year financial settlement rather than multi-year which provides more certainty for financial planning and decision making.

11.7 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.

12. LONDON BOROUGH GRANTS COMMITTEE

12.1 London Councils require formal notification of the Council’s agreement to their contribution for 2024/25. The London Councils Grants Committee has proposed a Budget for 2024/25 comprising total expenditure of £6.732m.

12.2 Bromley’s contribution to this Committee was £246,470 in 2023/24. The proposed contribution for 2024/25 is £247,872, an increase of £1,402 (0.6% increase).

12.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2024/25 budget. If it is not agreed by the 31st January 2024, the overall level of expenditure is deemed to be the same.

13. OTHER BUDGET CONSIDERATIONS

13.1 Details of other budget considerations which impact on the financial forecast are shown in Appendix 9 as follows:

- Investment Income
- Commissioning and Procurement
- Managing Rising Demand
- Adult Social Care Reform
- Integration with Health
- Core Statutory Minimum Requirements
- Extended Producer Responsibility for Packaging
- Fair Funding Review/Devolution of Business Rates

13.2 The above list, including issues raised in the report is by no means comprehensive but illustrates the multiple and complex considerations in producing a four year financial forecast.

14. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

14.1 The Mayor of London’s draft consolidated budget was published on 19th December 2023. It includes an indicative precept increase of 8.6% compared with 2023/24 (there was a previous year increase of 9.7% in the precept).

14.2 The final GLA precept for 2024/25 is expected to be announced after the Assembly has considered the mayor’s draft consolidated budget on 22nd February 2024.

14.3 For 2024/25 every £1m change in income or expenditure causes a 0.53% variation in the ‘Bromley element’ of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.9m.

14.4 As part of the Localism Act, any council tax increase of 3% or above (excludes ASC

precept) in 2024/25 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 £200k. The one-off cost of a referendum is estimated to be £800k.

14.5 The Government has continued to allow Councils for 2024/25 to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £3.8m 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 2.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% without the need for a council tax referendum. The Government introduced this change in recognition of the cost pressures facing social care authorities. Members will be requested to consider applying the precept as part of the 2024/25 Council Tax report to the Executive on 7th February 2023.

14.6 Members will need to consider the level of council tax and adult social care precept increases towards funding the Draft 2024/25 Budget and its impact on the medium and longer-term finances.

15. CONSULTATION

15.1 It is proposed that this report is considered by individual PDS Committees, and their comments and considerations will be reported back to the 7th February 2024 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 26th February 2024 where the 2024/25 Budget and Council Tax will be agreed.

15.2 Prior to finalising the 'School's Budget' the Education, Children and Families Portfolio Holder will consult with the Schools' Forum.

15.3 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.

15.4 Giving residents an opportunity to comment about their priorities for council services in the context of the council tax setting process is an important part of the Council's strategic approach. The Council's ongoing call for 'fairer funding' is very much part of this. Outlining the context of the serious financial challenge faced by the Council started last year, which included the article in the Council's Our Bromley magazine. In common with previous years, engagement and consultation about the Council's priorities, as part of the budget setting process is underway. This approach allows residents to raise their specific priorities, what is important to them, or make a more general comment. This feedback will be shared with Executive to help support the decision making process.

16. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

16.1 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 post 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.

16.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 10. The level of balances held, and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

17. BALANCING THE BUDGET OVER THE FINANCIAL FORECAST PERIOD

17.1 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 2024/25 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2024/25 but to also deal with the medium-term financial position as well. Even allowing for the options in this report a budget gap of £16.6m per annum remains from 2025/26 rising to £38.7m per annum from 2027/28. The financial outcome will also depend on the final decisions made on council tax levels.

17.2 The Provisional Local Government Finance Settlement 2024/25 does not represent a medium term settlement. Although limited additional funding had been provided, this has to be considered in the context of increasing inflation and significant cost/growth pressures. There is no increase in core funding identified beyond 2025/26. 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.

17.3 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 reserves, where necessary, to smooth the impact of the savings requirement throughout the period.

17.4 The scale of savings required in future years are unlikely to 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 2024/25 Budget represents the fifth year of savings from the Transformation Programme. This key work continues, and the next phase is highlighted in this report (see section 6.8).

17.5 Another key consideration is the need to take action to address the ongoing DSG deficit and this will require further action through the DSG deficit recovery plan as this is leading to deficits of on average £5m per year (£20m cumulative over 4 years) which creates a significant drain on the Council's reserves (see also Section 8).

17.6 The report also refers to the Council's capital programme which will require further

consideration of future funding options for newer schemes or existing schemes (if the underlying revenue budget gap cannot be adequately addressed).

17.7 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough. The contribution of local MPs also continues to assist in this arrangement.

18. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

18.1 The draft 2024/25 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. TRANSFORMATION/POLICY IMPLICATIONS

19.1 The Draft 2024/25 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. This report identifies the implications of transformation and the next steps.

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 2024/25 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

21. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

21.1 The budget proposals reflect the cost implications and budget required to meet the Carbon Reduction and Social Value plans of the Council which will have been reported separately to Council committees.

22. CUSTOMER IMPACT

22.1 This report reflects the budgetary implications of all the services provided by the Council as well as obligations/duties to support residents, users and businesses in the borough.

23. LEGAL IMPLICATIONS

23.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

23.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 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.

- 23.3 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.
- 23.4 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.
- 23.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. 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, however, 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.
- 23.6 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.
- 23.7 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.
- 23.8 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 2024/25 Council Tax report to be reported to the February meeting of the Executive.
- 23.9 Section 106, Local Government Finance Act 1992, applies to Members where:
- They are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and

- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

23.10 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

24. CONCLUSION

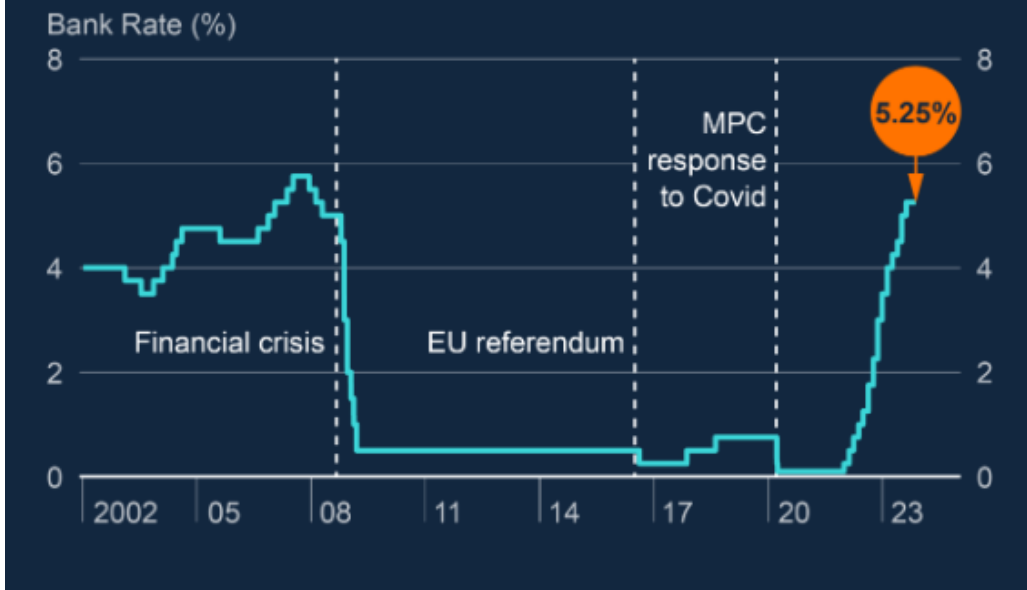
24.1 There will continue to be increasing financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic 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	Capital Programme Monitoring 2023/24, Executive, 29 th November 2023 Budget Monitoring 2023/24, Executive, 29 th November 2023 Provisional Final Accounts 2022/23, Executive, 5 th July 2023 2023/24 Council Tax, Executive 8th February 2023
Financial Considerations	Covered within overall report

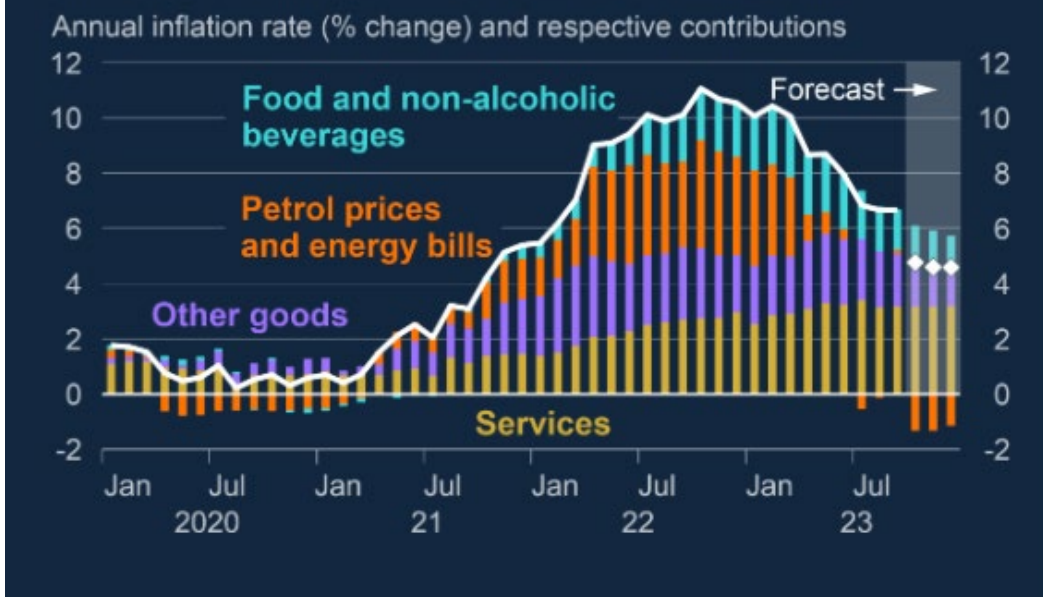
Update on Economic Situation which can impact on Public Finances and Economic Context

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 (through Covid) 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. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt is projected to represent 93.2% of Gross Domestic Product (GDP) at its peak in 2026/27 and fall to 92.8% by 2028/29. The next few years remain uncertain economically and fiscally, given that GDP is expected to remain at or below 2% up to 2027/28. Wider geopolitical issues clearly contribute to the economic uncertainty. These factors could ultimately impact on the funding available for local government. The Provisional Local Government Finance Settlement 2024/25 provided a one-year settlement which leaves considerable uncertainties over future years. However local government funding is currently expected to fall from 2025/26 – the Institute of Fiscal Studies predict real term cuts in funding of 3.4% by 2028/29 for England, using latest Government plans. According to the Office for Budget Responsibility spending in 'unprotected' areas will need to fall by 2.3% per year in real terms from 2025/26. However, this report assumes the continuation of existing funding levels beyond 2025/26.
2. The key economic and fiscal headlines, for the UK, from the Autumn Statement 2023 are summarised below:
 - Annual increase in inflation (CPI) is projected to be on average 6.1% in 2023/24 (currently 3.9%) , 3.0% in 2024/25, 1.6% in 2025/26, 1.5% in 2026/27 and 1.8% in 2027/28.
 - Annual increase in Gross Domestic Product (GDP) is projected to be 0.6% in 2023/24, 0.9% in 2024/25, 1.5% in 2025/26, 2.0% in 2026/27 and 1.9% in 2027/28
 - Debt as a percentage of GDP rises from 84.9% in 2022/23 to a peak of 93.2% GDP in 2026/27 and falls to 92.8% GDP by 2028/29
3. The Bank of England's Monetary Policy report (November 2023) provides two charts that indicates their view on the direction of GDP for the future.

We have kept interest rates at 5.25% this month. Higher rates are working to reduce inflation.



Inflation has fallen



- Recessions are defined as at least two consecutive quarters of negative GDP growth. The UK economy stills faces the risk of a near future recessionary period at the time of writing this report.
- The high inflation rates for 2022/23 have added to attached charts that need to be reflected in 2024/25 Draft Budget. To illustrate this, the latest published inflation indices in February 2023 was 10.1% for CPI and RPIX which applies to many contracts was 12.6% in the same month - these

increases compare with the 2023/24 budget assumptions of 8%. Hence it is important to consider the direction of inflation and its impact on the Council's revenue budget and financial forecast. Many of the Council's contracts have annual price review clauses linked to CPI, RPIX and other inflation indices with many reviewed using January and February indices each year. Therefore, for example, even if there was a sharp fall in inflation during 2024/25 the key annual price increase period for the Council, relating to contracts, will be determined by January and February indices.

6. Office for Budget Responsibility (OBR) predictions indicate CPI inflation expected to be at 3% in 2023/24 - RPIX tends to have a rate of over 1% higher. The views of economic commentators vary on expected inflation levels. The Bank of England's inflation report (November 2023) provides the following projections for CPI inflation.



7. 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.
8. 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 respite from 2020/21 to 2024/25. 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.

9. The Bank of England view is that they 'expect inflation to continue to slow and be back to normal levels by the end of 2025. By normal, we mean that on average prices are rising by a round 2% a year. That's the target the government has set us'. The Draft 2024/25 Budget assumes overall inflation allowance of 3.5% for 2024/25, 2.5% in 2025/26 and 2% per annum thereafter.

Provisional Local Government Finance Settlement 2024/25

The Government published an Autumn Statement 2023 on 18th November, followed by the Policy Statement on 5th December 2023 and Provisional Local Government Finance Settlement 2024/25 on 18th December 2023.

Key Changes/Updates include the following:

From 2024/25

- No new additional funding in 2024/25 for general local government services including adult and children's social care (compared with plans included in Local Government Settlement 2023/24);
- The Chancellor's speech emphasised the need to increase productivity in the public sector (by 0.5% per year) and continue to control overall public spending. Not clear whether this would translate in reduction in funding to meet match the efficiency target, in the future;
- As previously planned, Resource Departmental Expenditure limits budgets will increase by 1.0% in real terms over the medium term to 2028/29 – given the priority to NHS, security, and defense this would imply real-terms cuts for unprotected departments such as local government.
- The Standard business rates will be increased by September CPI (6.7%) - the small business multiplier will be frozen for a fourth consecutive year.
- The current 75% relief for eligible retail, hospitality and leisure properties will be extended for 2024/25.
- Local Authorities will be fully compensated for the loss of income (business rates) because of these measures and will receive new burdens funding for administrative and IT costs.
- Local Housing Allowance (LHA) rates will be raised to a level covering 30% of local rents from April 2024 – this will help given additional financial support for various existing Bromley housing schemes such as Beehive, Mears and Meadowship Homes for the Council, compared with rates remaining frozen. This may also reduce some pressure on rent affordability (although limited compared with level of rent increases) for private sector tenants in receipt of housing benefits.
- £120m nationally of additional funding for homelessness prevention across the UK – this could generate potentially additional grant funding of around £1m (details not yet available).
- £450m for a third round of the Local Authority Housing Fund to deliver new housing units and TA for Afghan refugees.
- Housing Revenue Account rate extension – £5 million extension to June 2025 of the Public Works Loan Board policy margin announced in Spring 2023 – this reflects continuation of the discount rate of 0.4% relating to borrowing for HRA schemes.
- Homes for Ukraine payments – 'Thank You' payments for Homes for Ukraine sponsors to be extended (remaining at £500 per month).
- Planning – from next year, councils will be able to fully recover the cost of planning fees for major planning applications assuming certain timelines are met (otherwise fees will be refunded in full) in return for faster applications.

- £32m across housing and planning to tackle planning backlogs in Local Planning Authorities.
- The National Living Wage will increase by 9.8% from April 24, to £11.44 an hour and lower the age threshold from 23 to 21 years old – for Bromley this will potentially increased costs reflected in the forecast by £1m per annum.

Pension Funds (Local Government)

- Progress with implementation of several reforms to the pension system, including confirmation of guidance that Local Government Pension Schemes (LGPS) will implement a 10% allocation ambition for investments in private equity, and the establishment of a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50 billion of assets under management up to £200 billion by 2040.

Benefits

- Benefits will increase in line with the September CPI (6.7%) and the triple-lock for pensions will be “honoured in full” (an increase of 8.5%).

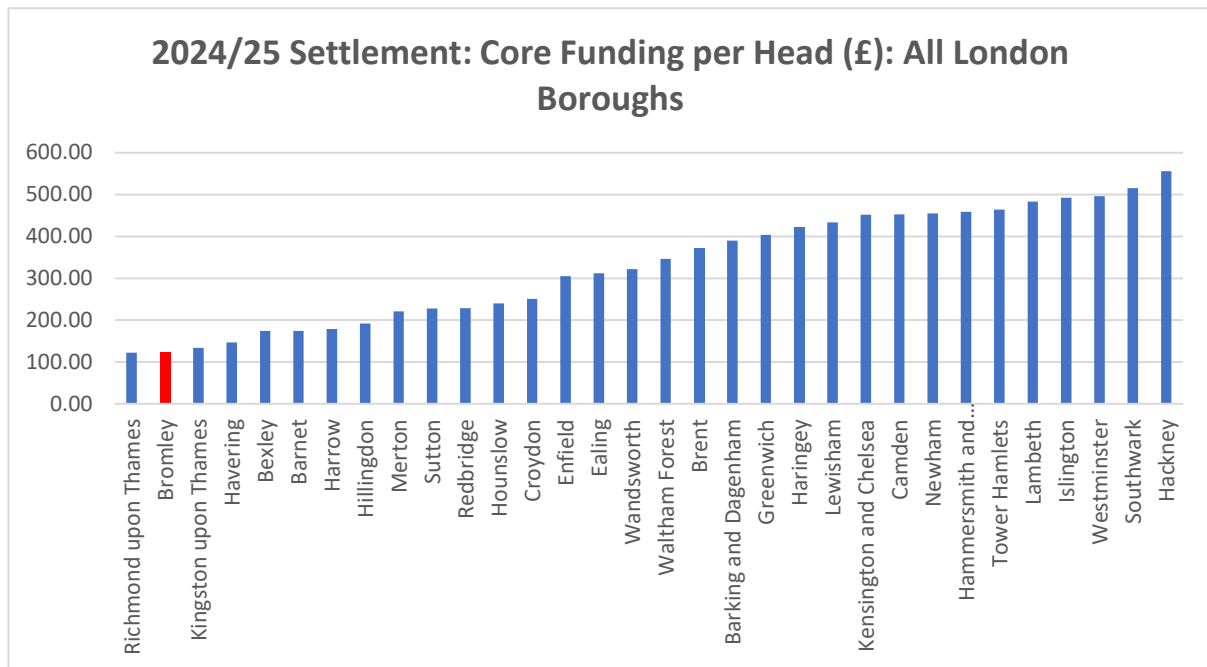
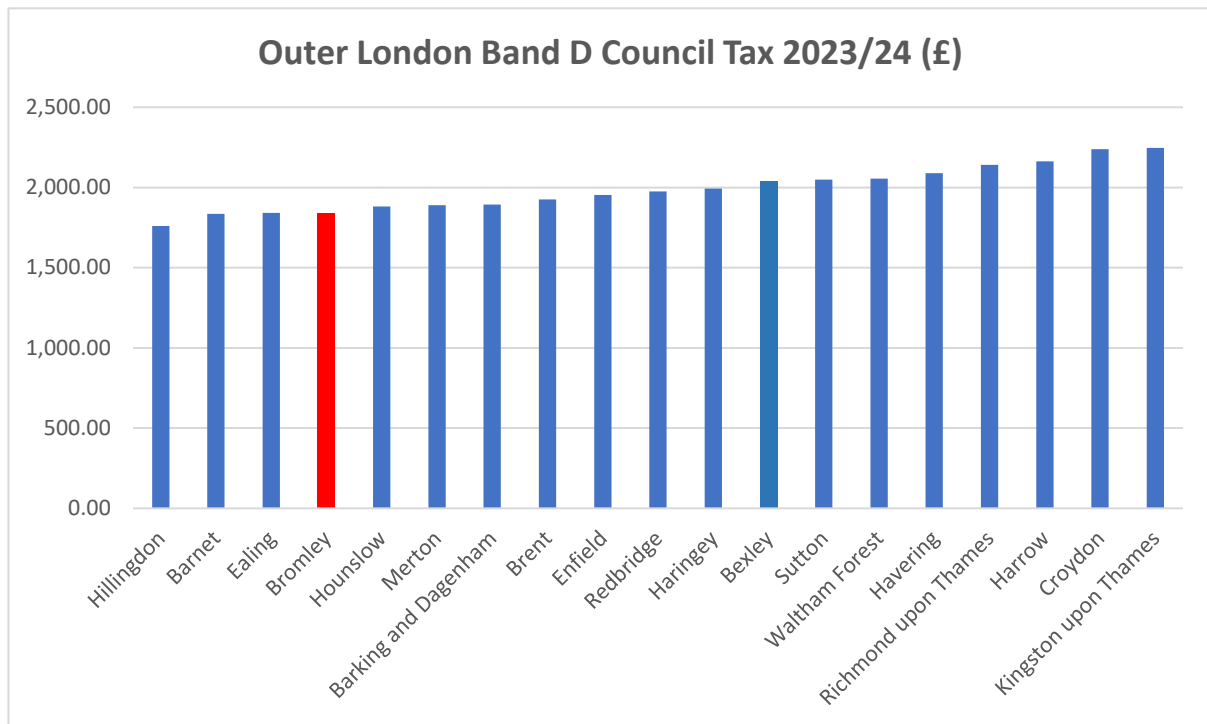
Devolution

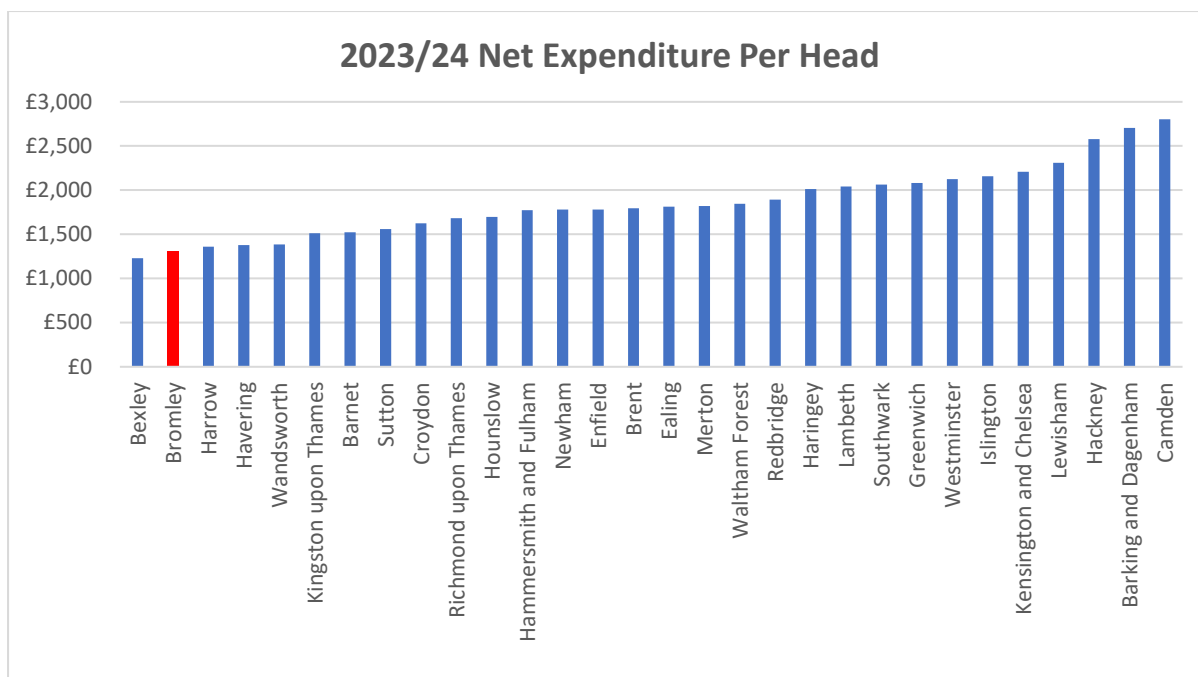
- Four new devolution deals finalised outside of London (Lincolnshire, Hull and East Yorkshire, Lancashire and Cornwall).
- The offer for Level 2 devolution deals will be extended.
- A MOU has been published for the approach to single settlements for trailblazers in the West Midlands Combined Authority and Greater Manchester Combined Authority.

The Government refers to the settlement making available over £64 billion for local authorities in England, an increase of almost £4 billion or 6.5% in cash terms in Core Spending Power on 2023/24. Bromley’s overall increase was 6.2% but a significant element of the Core Spending Power relates to income from council tax and the Government have assumed an increase of 4.99% (including Adult Social Care Precept) within the Core Spending Power calculations. Although the Government refer to the increase exceeding inflation, they are using GDP deflator as a measure of inflation (this is estimated at only 1.8%) and the funding does not factor in the full scale of demographic, other inflation cost pressures as well as service pressures across children’s, adult social care, housing and special educational needs.

Overall, this is a disappointing outcome for local government finance, given the significant financial sustainability challenges facing the sector.

Government Funding, Comparative Net Expenditure and Council Tax Levels





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. Using 2024/25 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £53.7m.

2. Bromley were to set its Council Tax at the average level of the lowest four settlement recipients then it would receive additional income of £31.9m.

3. An article in the Telegraph Money section dated 15th December 2023 considered various key local authority indicators and concluded that Bromley came second place for value for money out of 127 authorities reviewed.



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HM Treasury

12th October 2023

Email: externalaffairs@hmtreasury.gov.uk

Dear Sir/Madam

2023 Autumn Statement Submission – London Borough of Bromley**2023/24 Local; Government Finance Settlement**

We welcomed the continuation of the fourth year of no overall funding reductions, following 10 years of significant funding reductions and the additional funding, including 'repurposed' grants provided to support Councils, as part of the 2023/24 Local Government Finance Settlement. However, this did not meet the full cost pressures facing the Council and needs to be considered in the context of ongoing service pressures and the significant impact of higher inflation. The retention of the Service Grant, in part, was also welcomed as well as greater flexibility in considering council tax levels to fund key services. The Council did not receive funding to match the cost pressures for children social care, homelessness and high needs, despite the significant cost pressures remaining that must be met. There should be more Government funding provided rather than a reliance on local taxpayers to meet the significant costs

Adult Social Care

There is a national recognition that Social Services is underfunded and there remains the uncertainty relating to the funding requirements for the Adult Social Care reforms relating to Fair Cost of Care and Capping of Care Costs. There is still a need for a fundamental solution to address long term funding. We recognise that the NHS is receiving substantial increases in funding and there remains an interdependency between social care and NHS services which would require ongoing consideration of diverting some of that funding towards adult social care to ensure the NHS can deliver its key requirements.

The delay in implementing the Capping of Care Costs and Fair Cost of Care reforms was welcomed but the future arrangements remain uncertain. Any future plans need to fully consider the implications and funding requirements of the significant reductions in income from the reforms as well as significant additional commissioning costs arising from the impact to Bromley.

Previous work undertaken by the Council identified that the overall cost of implementing the

reforms compared with the originally planned level of funding (now 'repurposed') would result in a funding shortfall in excess of £10m per annum. We recognised that a more detailed assessment would be required and if implemented this could represent a new funding gap for the council in future years. This was none of the Council's most significant financial risks, prior to the delay in reforms.

Dedicated Schools Grant – High Needs Deficit

Although not part of the Council's general fund there is a shortfall in funding (Dedicated Schools Grant) to meet the costs of SEND which is creating an annual deficit situation which is increasing in future years. Although additional funding has been provided in 2023/24, which is welcomed, it does not adequately reflect the demographic changes and the increase in provision (and associated costs) for the borough. Although the DfE have tightened the ring-fence on the Dedicated Schools and continued with the statutory override for the medium term, such changes remain temporary and do not resolve the underlying deficits.

Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the financial pressures on the DSG until an initial deficit position was reached at year end 2020/21. Benchmarking data provided by the Department for Education (DfE) confirmed that Bromley was one of the last London Boroughs to enter a deficit position. The local financial challenges have since continued to increase, with the deficit position having increased to £12m at the end of 2022/23 and forecast to reach in excess of £16m by year end 2023/24, despite extensive mitigation measures. The deficit is projected to increase by around £20m from 2024/25 to 2027/28 which is not financially sustainable (a total of £36m by 2027/28).

The factors resulting in a local overspend position are reflective of the national systemic challenges with the SEND system, as highlighted by the Government's recent SEND Green Paper which acknowledged:

'widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and, that despite substantial additional investment, the system had become financially unsustainable'

'high needs spending continuing to increase year on year, with recent increases driven predominantly by an increase in the proportion of children and young people with an EHCP, over and above general population change'

These national issues are compounded by above-inflationary pressures on the costs of children's placements, specialist recruitment and retention difficulties and a lack of local specialist provision. Despite action to reduce the cost pressures, costs and expenditure continue to significantly exceed the level of Government grant for High Needs Funding, in part due to the unfunded extension of the age range of EHCPs to 25 years of age. The 18-25 age range continues to be the fastest growing cohort of those with an EHCP in Bromley, creating sustained future funding challenges.

Feedback received from the Department of Education is that Bromley is doing everything possible to respond to mitigate the deficit position and no further suggestions could be made. Although Bromley's deficit will reach £16m this year and is growing at a rate of c£5m p.a., the Department informs officers that Bromley is a long way down the ranked list of local area DSG deficits and therefore has no realistic possibility of being considered for support through safety valve or DBV within the current Parliament. In the meantime, the Statutory Override will not solve the underlying funding issue but may provide an opportunity to give more time prior to the completion of the Government's SEND review. However, External Auditors will still need to consider the impact of the SEND deficits on a Council and the Section 25 reports produced

by Chief Finance Officers will also have to consider the overall impact – the Statutory Override does not eliminate these key considerations. We are aware that some ‘safety valve’ authorities have received direct financial support from the Government although this is not available to councils like Bromley that are experiencing considerable DSG deficits, despite good financial management.

We are seeking additional financial support towards meeting the DSG deficit as it can’t be right that there is a potential perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by poor use of resources – this effectively provides financial compensation which could unintentionally subsidise poor performance.

The current arrangement enables authorities, like Bromley, that manage resources well and experience new burdens relating to SEN, receive no additional financial support towards the DSG deficit when in some cases poor performance is rewarded.

We ask that the Government completes its awaited SEND review and provide adequate funding to prevent the medium-term funding shortfall and avoid a potential financial impact on the Council’s general fund. The Government should also avoid the perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by poor use of resources – there should not be financial compensation which could unintentionally subsidise poor performance.

New Burdens Doctrine

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 previous lifting of the public sector pay cap, indexation and equalisation of guaranteed minimum pensions, deprivation of liberty, national living wage, the Homelessness Reduction Act and there are other examples where such burdens have not been adequately funded. DLUHC 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 2023/24. However, the further cost pressures in 2024/25 on children’s social care, special educational needs, adult social care and homelessness need to be fully recognised given the significant additional cost burden which is not met by the funding provided.

Children’s Social Care

We welcomed 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 hoped that this would have thoroughly considered the costs pressures on children’s social care and the need for adequate funding to improve children’s lives. The outcome does not address the funding challenges for children’s social care and costs continue to increase to reflect societal changes, demographic changes, improved healthcare and high cost increases amongst the limited number of residential care providers. A sustainable funding solution is required.

Homelessness

Bromley is experience significant increase in homeless residents requiring accommodation through the Council which will be due to various elements including, for example:

- Freezing of Local Housing Allowances, despite significant increases in private sector rents across the borough;
- Buy to Let reforms combined with higher mortgage rates for landlords reducing the availability of buy to let properties available to residents;
- The significant acquisition of accommodation from the Home Office to provide accommodation for asylum seekers;
- Residents experiencing higher mortgage rates which could impact on ability to remain in their existing property.

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. Bromley is seeking an increase in the Local Housing Allowance to reflect 30% of rents and a further increase in Homeless Prevention Grant together with a review of funding for housing including more financial incentives to build housing stock.

Packaging Reforms

The Government previously planned packaging reforms provided an opportunity for additional funding for local government to reflect the responsibility relating to waste collection and disposal as well as other factors. If the changes do not progress as originally planned we would hope that alternative income could be provided for local government.

Fair Funding Review

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 – it appears to be delayed till 2025/26 or more realistically 2026/27 which is disappointing, given the reliance on core funding data going back to 2013/14 and in some cases census data of 2001. There have been significant changes in demographics during that period which has had a negative financial impact on the borough with no compensation from revised formula funding. The delay in the Fair Funding Review, combined with one year financial settlement (with limited indication for 2024/25), 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.

Workforce Recruitment Challenges

Children's social work is biggest workforce challenge for authorities, with adult social care being the second highest challenge for recruitment in permanent roles which reflects the outcome of a comprehensive survey by the Local Government Association. The Council has been proactive in finding ways to recruitment permanent staff in key roles but this remains very challenging, despite our success in this area. Government investment in local government and its workforce is key to ensure services remain effective and also to delivering the Government's wider policy agenda.

Key Asks for the next Autumn Statement and 2024/25 Local Government Finance Settlement

Key asks for the next Spending Review and Fair Funding Review and its associated impact on funding for Bromley are summarised below:

- It should result in a mechanism to reward more efficient authorities (e.g. financial incentives in the system).
- It should recognise low-cost authorities like Bromley (2nd lowest costs per capita among London Boroughs) - 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.
- Recognition of the significant inflation increases across the Council's services together with the revenue impact of Council's Capital programme with cost increases arising from the implications of high inflation, supply availability issues and increasing financing costs.
- 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 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.
- Introduce more flexibility to Councils allow statutory charges to increase by at least inflation to assist in matching increases in costs.
- The future Spending Review should recognise Bromley's cost pressures detailed in this submission. The Council faces a potential budget gap of around £40m by 2027/28, even after allowing for full council tax increases, within referendum limits. The majority of the Council's spending is directed towards statutory services. Years of annual budget cuts, combined with a low cost base, mean there are limited options available to achieve further savings.
- Bromley's population is expected to increase by 7% by 2033, this is a greater increase than the expected national average of 3.5%. Funding is currently not reallocated based on population growth. Using GLA central estimates, between 2023 and 2043 over 65's are expected to increase by 41% and over 90's by 72% with an overall population increase of 14% during that period.
- 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.

- 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 in 2023/24 was welcomed, 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 £10m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.
- The Government should remove any funding mechanism that could create a perverse situation where poor performance is compensated e.g. high needs, whilst not recognising fully deficits created by inadequate funding rather than poor practices.
- Recognises the true financial impact of essential highways maintenance and repair in a geographically large borough with an extensive road network.
- The relative size of the Needs and Resource amounts are ultimately set by 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?
- In funding local government, recognition of the medium- and longer-term impact of inflation which is impacted not only by the Russia Ukraine war but implications of deglobalisation and other geo-political factors. There would be further cost pressures arising from the economy entering into a recessionary period. Without adequate funding there is a detrimental effect on the Councils budget challenges.

The above does not reflect all the asks and we recognise that the Government will continue to work with local authorities to consider bringing forward 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.

Multi-year Settlement Needed

A one-year financial settlement (with limited funding guarantees identified for 2024/25) creates uncertainty.

We recognise the difficulty in providing a longer-term financial settlement, given the current economic position. However, a one-year settlement does create uncertainty in future financial planning whilst other key organisations e.g. NHS are provided with a longer-term financial settlement.

We are seeking a multi-year funding settlements from 2024/25 which will enable more long-term stable, predictable funding. This would provide greater planning certainty and allow for greater investment in prevention and other more meaningful long-term financial decisions.

Bromley – Financial Context

It is important that this response is considered in the wider context of historic local government funding challenges and increasing demand for our services.

For 2023/24, Bromley will have the 2nd lowest level of settlement funding in the whole of London despite having the 7th 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 are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £51m in 2023/24. It is essential that DLUHC reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the future local government settlement, following a future Spending Review.

During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum and delivered savings of £100m per annum. Although we have delivered further savings, any future ongoing funding reduction (or standstill funding position) would become unsustainable for a low-cost authority. 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.

If there were no future cost pressures, then maintaining the level of Government funding to allow for inflation and allowing flexibility in raising Council Tax would be financially sustainable. However, it is important to be realistic and recognise that the real challenge is dealing with increasing costs/income losses arising from new burdens not fully funded and increasing demand for services, immense pressure on adult, children's social care, Special Educational Needs and Disabilities (SEND) funded through the Council's general fund, homelessness costs, rising population levels and meeting inflation costs. Inflation remains high and adds to the financial pressures. To meet these challenges there needs to be a fairer level of funding to Bromley, without the significant dependency on increasing on council tax. This would be essential to provide a medium and longer term sustainable financial solution. This would enable the Council to meet the key services that matter to our residents and taxpayers.

Reserves do provide a temporary stop gap, allowing for continued delivery of critical services. However the Council is using reserves to support its existing revenue budget which is not sustainable in the medium and longer term – reserves can only be spent once. The importance of reserves to manage uncertainty and deal with key risks facing council's is well documented and Councils that retain reserves through prudent financial management should not be penalised in any future funding regime. It is essential not to reward poor financial management.

Statutory Duties – Review of Local Government Services if adequate Funding is not available

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.

Deadlines for Local Government Finance Settlement

We recognise that the Autumn Statement is due to be published on 22nd November, which would result in a late 2024/24 Local Government Finance Settlement. We ask that the provisional settlement is published as early as possible before Christmas, to allow for enough time to meet budget reporting and decision deadlines which can impact on council tax billing deadlines. It is important also that the final 2024/25 Local Government Finance Settlement is published before the end of February to enable sufficient time for final key decisions to be made.

Working with Government

We appreciate the ongoing support of Bromley's local MP's who 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.

Bromley had previously supported Government policy towards meeting austerity, seeking to generate economic growth through investing (and contributing 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 provisional settlement for 2023/24 as providing much needed stability and a further step towards a more sustainable financial settlement. If the next 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 taxpayers.

It is important to recognise the financial stresses facing local authorities are unprecedented with more and more authorities in crisis. This includes frequent press reports about potential Section 114 notices across the country. Having a low cost base and without new flexibilities to raise additional funding with adequate funding for key services from Government, the medium and longer term finances for Bromley would not be sustainable.

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 for its comments to be considered in advance of the 2023 Autumn Statement.

Yours faithfully



Peter Turner
Director of Finance

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Bromley's Budget Requirement in 2023/24 (before funding from Formula Grant)	237,732	237,732	237,732	237,732	237,732
Formula Grant and Business Rate Share	-48,556	-48,574	-48,574	-48,574	-48,574
Impact of Provisional Local Government Finance Settlement (Inflation allowance)		-1,483	-2,751	-3,790	-4,851
	189,176	187,675	186,407	185,368	184,307
Other Changes in Core Government Funding					
New Homes Bonus		-409	-409	-409	-409
Reduction in Services Grant		-245	-245	-245	-245
		-654	-654	-654	-654
Cost pressures					
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)		11,125	17,946	23,862	29,179
		11,125	17,946	23,862	29,179
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions		-1,283	-783	-483	-483
Income/Savings					
Interest on Balances (additional income (-), reduction in income (+) compared with 2023/24 budget)		-2,200	1,500	3,100	4,100
Additional Social Care Grant		-2,650	-2,650	-2,650	-2,650
Release general provision in contingency for significant uncertainty/variables		-6,608	-6,608	-6,608	-6,608
Transformation Savings reported to Executive February 2023		-698	-1,489	-1,554	-1,554
Transformation Programme		-4,172	-4,650	-4,998	-5,373
Fall out of non-recurring Building Infrastructure Fund		-2,000	-2,000	-2,000	-2,000
CIL Funding Opportunities		-1,000	-1,500	-1,500	-1,500
		-19,328	-17,397	-16,210	-15,585
Other changes					
Real Changes and Other Variations		71	10	814	199
		71	10	814	199
Council Tax					
Collection Fund Surplus 2021/22 fall out		5,400	5,400	5,400	5,400
Collection Fund Surplus 2022/23		-2,500	0	0	0
Future years Collection Fund Surplus (estimated)		0	-2,500	-1,500	-1,000
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)		-3,400	0	0	0
		-500	2,900	3,900	4,400
Growth/Cost Pressures including Mitigation (see Appendix 6)					
- Education		2,130	3,065	4,245	5,427
- Children's Social Care		6,870	7,470	8,070	8,670
- Adults Social Care		4,584	9,286	11,113	12,940
- Housing		4,103	5,476	6,726	7,881
- Environment		-336	-420	-420	1,580
- Renewal, Recreation & Housing		92	92	92	92
- Resources		-77	-77	-77	-77
Variation in freedom pass costs to reflect impact of post Covid usage		1,889	3,842	5,119	5,119
Running Costs of Direct Line site (net after income)		3,076	421	99	-491
Total growth/cost pressures		22,331	29,155	34,967	41,141
Sub Total		199,437	217,584	231,564	242,504
2023/24 Council Tax Income	-189,176	-189,176	-189,176	-189,176	-189,176
Increase in ASC Precept and Council Tax (assume 4.99% in 2024/25 and 2.99% per annum thereafter)		-9,440	-15,378	-21,495	-27,794
Estimated increase in Council Tax Base		-1,400	-1,600	-1,800	-2,000
Budget Gap before use of one off collection fund surplus and other reserves		-579	11,430	19,093	23,535
Use of earmarked reserves					
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures		2,100	3,748	3,748	3,748
Utilisation of Homes for Ukraine funding to support related cost pressures in future years		-2,900	0	0	0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)		-889	-889	9,111	9,111
Net fall out of Government funding towards additional council tax support costs (held in reserve)		2,300	2,300	2,300	2,300
		611	5,159	15,159	15,159
Revised Budget Gap		32	16,589	34,252	38,694

1) The above forecast assumes for illustrative purposes a 4.99% increase in ASC Precept/ Council Tax for 2024/25 and 2.99% increase to Council Tax for the following years

2) The above Forecast excludes the DSG deficit see section 11.2 of main report

FINANCIAL FORECAST 2024/25 TO 2027/28

GROWTH AND MITIGATION

Appendix 6

SUMMARY

GROWTH (excel Dedicated Schools Grant (DSG) Deficit
MITIGATION
NET

2023/24	2024/25	2025/26	2026/27	2027/28
Budget	2024/25	2025/26	2026/27	2027/28
£'000	£'000	£'000	£'000	£'000
	50,596	65,134	79,102	94,898
	-33,230	-40,242	-49,353	-58,385
	17,366	24,892	29,749	36,513

CHILDREN'S SOCIAL CARE

GROWTH

Social worker perm/agency to meet caseload promise etc
National Living Wage
Additional costs and demand across CSC

24,568	1,000	1,000	1,000	1,000
1,042	80	80	80	80
33,487	5,890	6,590	7,290	7,990
	6,970	7,670	8,370	9,070

MITIGATION

Additional ICB contribution

-2,550	-100	-200	-300	-400
	-100	-200	-300	-400

NET GROWTH

6,870	7,470	8,070	8,670
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EDUCATION - Dedicated Schools Grants (DSG)

GROWTH

Estimated DSG Brought Forward (c/fwd)
Placements including post 16

16,503	16,503	22,134	27,269	32,230
36,534	8,500	11,500	14,500	17,500
	25,003	33,634	41,769	49,730

MITIGATION

Alternative Provision savings on service delivery
Additional high needs grant announced/estimated
Free special school
SEN additional in borough placements
Estimated c/forward of DSG

2,896	-19	-31	-31	-31
-63,007	-2,500	-5,000	-7,500	-10,000
0	0	-167	-362	-478
36,534	-350	-1,167	-1,646	-1,646
-22,134	-22,134	-27,269	-32,230	-37,575
	-25,003	-33,634	-41,769	-49,730

NET GROWTH

0	0	0	0
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Net annual increases in DSG deficit (cumulative)
Cumulative increase in DSG deficit

-5,631	-5,135	-4,961	-5,345
-5,631	-10,766	-15,727	-21,072

EDUCATION - RSG

GROWTH

SEN Transport additional demand
SEN Transport Full Year Effect (FYE)
Decrease in Central DSG allocation

9,005	566	1,698	2,828	3,960
9,005	1,725	1,725	1,725	1,725
560	50	100	150	200
	2,341	3,523	4,703	5,885

MITIGATION

SEN transport route optimisation etc.

9,005	-211	-458	-458	-458
	-211	-458	-458	-458

NET GROWTH

2,130	3,065	4,245	5,427
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	<u>2023/24 Budget</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>ADULT SOCIAL CARE</u>					
<u>GROWTH</u>					
Learning Disabilities - 23/24 FYE	46,397	833	833	833	833
Learning Disabilities Growth	46,397	1,534	3,361	5,188	7,015
Mental Health - 23/24 FYE	6,598	529	529	529	529
Other Client Groups Placements - 23/24 FYE	30,223	4,637	4,637	4,637	4,637
National Living Wage (increase above general inflation)	800	1,640	1,640	1,640	1,640
Fall out of Improved Better Care Fund (IBCF) one off use	-400	400	400	400	400
		9,573	11,400	13,227	15,054
<u>MITIGATION</u>					
Preparing for adulthood support	46,397	-46	-161	-161	-161
Better Care Fund (BCF) inflation		-177	-177	-177	-177
IBCF inflation		-51	-51	-51	-51
Discharge funding government grant	-1,083	-1,081	-1,081	-1,081	-1,081
ICB Discharge funding		-1,213	-1,213	-1,213	-1,213
Market Sustainability Improvement Fund	-3,830	-2,420	570	570	570
		-4,989	-2,114	-2,114	-2,114
NET GROWTH		4,584	9,286	11,113	12,940
<u>HOUSING</u>					
<u>GROWTH</u>					
Housing Management growth		138	194	194	194
Temporary Accommodation - 23/24 FYE	18,151	4,766	4,766	4,766	4,766
Temporary Accommodation - growth	18,151	2,126	4,251	6,377	8,503
Resource for Private Rental Sector (PRS) scheme (2 posts)	455		101	101	101
		7,030	9,312	11,438	13,564
<u>MITIGATION</u>					
Additional PRS lettings	18,151	-220	-495	-825	-1,155
PRS Scheme - use of homelessness grant	3,686		-101	-101	-101
Homelessness Prevention Grant	3,686	-1,000	-1,000	-1,000	-1,000
Housing development programme	18,151	-392	-434	-980	-1,621
Housing acquisition programme (joint ventures)	18,151	-1,315	-1,806	-1,806	-1,806
		-2,927	-3,836	-4,712	-5,683
NET GROWTH		4,103	5,476	6,726	7,881
<u>ENVIRONMENT</u>					
Car parking income	-14,587	-500	-500	-500	-500
Temp loss of income due to West Wickham car park closure	-14,587	84	0	0	0
Permanent loss of income in street trading/markets	-232	80	80	80	80
Arboriculture Contract					500
Highways Contract					500
Grounds Maintenance Contract					750
Parking Contract					250
		-336	-420	-420	1,580
<u>RESOURCES</u>					
Additional cost of legal services - review	2,236	60	60	60	60
Modern Gov move to cloud	0	13	13	13	13
Fall out of contribution to insurance fund	500	-500	-500	-500	-500
Reduction in SLA income (Strategy)	-129	50	50	50	50
Increase in External Audit fees	432	300	300	300	300
		-77	-77	-77	-77
<u>RENEWAL & RECREATION</u>					
Planning Enforcement Officers (2 posts)	455	92	92	92	92
		92	92	92	92

SUMMARY OF DRAFT 2024/25 REVENUE BUDGET - PORTFOLIO

2023/24 Final Budget	Portfolio/Item	2024/25 Draft Budget £'000
106,353	Education	129,752
Cr 98,674	Less costs funded through Dedicated Schools Grant *	Cr 116,826
7,679	Sub total	12,926
47,574	Childrens Social Care	56,379
84,178	Adult Care and Health	90,928
38,033	Environment & Community Services Portfolio	40,668
3,228	Public Protection and Enforcement	3,372
15,611	Renewal, Recreation and Housing	16,917
46,649	Resources, Commissioning & Contracts Management	45,519
1,361	Non Distributed Costs & Corporate & Democratic Core	1,417
244,313	Total Controllable Budgets	268,126
8,666	Total Non Controllable Budgets	12,247
Cr 947	Total Excluded Recharges	Cr 937
252,032	Portfolio Total	279,436
Cr 14,710	Reversal of Net Capital Charges	Cr 10,184
Cr 9,841	Interest on General Fund Balances	Cr 12,041
9	Contribution to Utilisation of New Homes Bonus for Housing	
	Central Contingency Sum	
20,031	- General Items	6,657
6,600	- Contingency Provision for Revenue Impact of Capital Programme	2,000
	Levies	
448	- London Pensions Fund Authority *	460
246	- London Boroughs Grants Committee	248
266	- Environment Agency *	310
341	- Lee Valley Regional Park *	353
255,422	Sub Total	267,239
Cr 9	New Homes Bonus	Cr 409
Cr 47,000	Business Rate Retention	Cr 50,057
Cr 1,556	Services Grant	Cr 245
Cr 5,400	Collection Fund Surplus (previous years)	
	Collection Fund Surplus (estimated 2022/23)	Cr 2,500
Cr 9,111	Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	Cr 3,400
	Contribution from Collection Fund Surplus Earmarked Reserve	Cr 10,000
Cr 2,300	Collection fund surplus for future years (council tax support)	
	Use of Specific Earmarked reserve created during 2022-23 to fund	
Cr 870	additional social work post	Cr 580
189,176	Bromley's Requirement (excluding GLA)	200,048

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

DRAFT REVENUE BUDGET 2024/25

	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	42,748	18,941	7,781	3,009	11,327	19,702	103,508
Premises	1,376	238	8,932	47	1,507	4,776	16,876
Transport	13,415	1,407	131	43	104	40	15,141
Supplies and Services	7,546	6,239	21,191	453	1,570	9,300	46,300
Third Party Payments	68,602	141,172	31,141	1,601	35,404	16,749	294,669
Transfer Payments	91,029	12,351			70,729	9,686	183,794
Government Grants	Cr 137,757	Cr 39,513		Cr 380	154	Cr 1,274	Cr 178,770
Other Grants Reimbursements and Contributions	Cr 3,797	Cr 33,500	Cr 299		Cr 77,429	Cr 7,992	Cr 123,017
Customer and Client Receipts	Cr 3,340	Cr 20,289	Cr 26,207	Cr 461	Cr 6,076	Cr 2,284	Cr 58,658
Controllable Recharges	Cr 3,288	4,493	Cr 1,541	Cr 940	Cr 17,621	Cr 1,719	Cr 20,616
Net Interest Income			Cr 2			Cr 12,323	Cr 12,325
Transfers to/from Earmarked	Cr 7,231	Cr 611	Cr 459		Cr 2,751	236	Cr 10,817
Total Controllable Budgets	69,304	90,928	40,668	3,372	16,917	34,896	256,085
Premises Related Expenditure	264	328	894		300	815	2,601
Insurance Charges	151	172	1,210	32	246	164	1,975
Property Rental Income	Cr 84	Cr 146	Cr 250		Cr 994	4,028	2,554
Investment Property Income						Cr 5,067	(5,067)
Capital Charges /Financing	1,070	201	7,192		1,380	341	10,184
Total Non Controllable	1,401	554	9,046	32	931	281	12,247
Excluded Recharges	10,881	3,494	2,343	816	5,583	Cr 24,054	Cr 937
Total Net Budget	81,586	94,977	52,058	4,220	23,431	11,123	267,395

2024/25 CENTRAL CONTINGENCY SUM

General	£'000
Provision for Unallocated Inflation	1,421
General provision for risk/uncertainty	2,000
Direct Line Site	3,076
Planning appeals - changes in legislation	60
Property Valuation	100
	<u>6,657</u>

Contingency Provision for Revenue Impact of Capital Programme	<u>2,000</u>
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Total Contingency Provision	<u>8,657</u>
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There may be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO**DRAFT REVENUE BUDGET 2024/25 - SUMMARY**

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Education - Core				
(346,607)	Adult Education Centres	(429,980)	0	89,390	(340,590)
576,113	Schools and Early Years Commissioning & QA	1,113,130	35,150	Cr 146,910	1,001,370
2,816,368	SEN and Inclusion	3,514,430	122,090	0	3,636,520
99,910	Strategic Place Planning	139,060	12,150	0	151,210
22,864	Workforce Development & Governor Services	(1,970)	1,080	Cr 0	(890)
7,516,446	Access & Inclusion	7,975,320	366,630	4,580,000	12,921,950
195,839	Other Strategic Functions	733,270	14,780	(36,550)	711,500
(40,225)	Central School Costs	(59,640)	(920)	6,820	(53,740)
10,840,709		12,983,620	550,960	4,492,750	18,027,330
	Children's Social Care				
1,865,022	Bromley Youth Support Programme	1,797,510	66,550	43,920	1,907,980
1,259,594	Early Intervention and Family Support	1,545,270	118,110	(211,540)	1,451,840
9,581,911	CLA and Care Leavers	11,001,730	415,440	867,550	12,284,720
451,792	Virtual School	482,870	16,600	(0)	499,470
13,247,150	Children's Placement	14,598,310	663,190	6,280,000	21,541,500
9,189,312	Permanency	9,282,080	324,880	(229,000)	9,377,960
5,296,914	0-25 Children Service (Disability Services)	3,714,060	162,730	528,540	4,405,330
4,963,087	Referral and Assessment Service	4,764,940	161,950	(137,760)	4,789,130
4,581,599	Safeguarding and Care Planning East	4,181,220	136,230	(99,150)	4,218,300
2,998,098	Safeguarding and Care Planning West	2,493,100	80,770	(88,470)	2,485,400
(2,351,330)	Safeguarding and Quality Improvement	(6,254,980)	109,270	(436,550)	(6,582,260)
51,083,148		47,606,110	2,255,720	6,517,540	56,379,370
	Education - DSG				
21,690,994	Schools and Early Years Commissioning & QA	21,189,860	784,900	15,070,650	37,045,410
40,975,544	SEN and Inclusion	40,027,770	1,389,950	1,144,940	42,562,660
21,861	Strategic Place Planning	11,130	390	0	11,520
3,271,963	Access & Inclusion	3,563,370	131,690	(205,970)	3,489,090
(97,312,188)	Schools Budgets	(103,138,880)	(3,480,350)	(16,196,730)	(122,815,960)
129,982	Other Strategic Functions	206,310	4,470	(25,570)	185,210
7,847,498	Primary School	10,023,270	350,810	(185,500)	10,188,580
4,005,454	Secondary School	3,798,050	132,930	31,720	3,962,700
17,840,346	Special Schools & Alternative Provision	18,982,560	685,210	601,210	20,268,980
(1,528,546)		(5,336,560)	0	234,750	(5,101,810)
60,395,311	TOTAL CONTROLLABLE	55,253,170	2,806,680	11,245,040	69,304,890
128,782	TOTAL NON CONTROLLABLE	1,504,550	15,180	(118,360)	1,401,370
11,181,486	TOTAL EXCLUDED RECHARGES	10,880,650	0	0	10,880,650
71,705,579	PORTFOLIO TOTAL	67,638,370	2,821,860	11,126,680	81,586,910

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref	VARIATION IN 2024/25		ORIGINAL
	£'000	£'000	BUDGET 2023/24 £'000
1	2023/24 BUDGET		
		67,638	
2	Increased Costs		
		2,822	
	Full Year Effect of Allocation of Central Contingency		
3	Above inflation pressures on Childrens placements	1,370	33,487
4	SEND Transport growth	1,000	9,005
5	Energy contract inflation	187	680
6	Removal of drawdown of contingency for additional Social Worker posts in 2023/24	Cr 870	1,687
			870
	Movements Between Portfolios/Departments		
7	Removal of COVID funding	1,500	Cr 2,800
8	Drawdown of contingency for additional Social Worker posts	580	870
9	Transfer of Children's Placement Team from Adults to CSC 2023/24	320	0
	Transfer of LD Care Management staff & funding to Children's 0-25	144	0
10	Years' Service	44	680
11	Energy contract inflation	Cr 300	0
12	Funding from Homes for Ukraine (HFU) carry forward	Cr 1,250	1,038
13	Additional Social Care Grant		Cr 2,300
	Real Changes		
	<i>Growth</i>		
14	Additional costs and demand across CSC	5,890	33,487
15	SEN Transport Full Year Effect (FYE)	1,725	9,005
16	Social Worker permanent/agency to meet caseload promise, etc	1,000	24,568
17	SEN Transport additional demand	566	9,005
18	National Living Wage	80	1,042
19	Decrease in Central DSG allocation	50	9,311
			560
	<i>Mitigation</i>		
20	Additional Integrated Commissioning Board (ICB) contribution	Cr 100	Cr 2,550
21	SEN Transport route optimisation, etc	Cr 211	Cr 311
			9,005
	<i>Transformation Programme Savings</i>		
22	Adult Education	3	170
23	Commissioning/joint working with Health	Cr 10	33,487
24	Emergency Foster placement	Cr 79	5,626
25	0-25 Transitions Service (Inc. Short Breaks)	Cr 100	4,045
26	Restructure of Permanency service	Cr 150	Cr 336
			2,554
27	Variations in Capital Charges		0
28	Variations in Recharges		Cr 151
29	Variations in Insurances		Cr 111
30	2024/25 DRAFT BUDGET		81,587

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Above inflation pressures on Childrens placements (Dr £1,370k)
Additional funding was agreed to cover above inflation cost increases in Childrens Social Care placements in 2023/24. This is the full year effect allocation continuing into 2024/25
- 4 SEND Transport growth (Dr £1,000k)
Growth agreed by the Executive in March 2023 for 2022/23, and drawn down from the Contingency to deal with ongoing budget pressures of demand and cost. This is the full year effect impact moving into 2024/25
- 5 Energy contract inflation (Dr £187k)
To recognise cost pressures arising from the current state of the energy market.
- 6 Removal of drawdown of contingency for additional Social Worker posts in 2023/24 (Cr £870k)
Executive agreed a package of £2.4m to cover additional social workers over a four year period. The amount for 2023/24 was £870k. Future years allocations reduce as the demand lowers. Ref 8 refers to the new allocation in 2024/25

Movements Between Portfolios/Departments

- 7 Removal of COVID funding (Dr £1,500k)
General COVID grant funding was set aside over a three year period to cover costs in CEF. The funding received for 2024/25 has been reduced and therefore has been adjusted to reflect the reduced position.
- 8 Drawdown of contingency for additional Social Worker posts (Dr £580k)
Executive agreed a package of £2.4m to cover additional social workers over a four year period. The amount for 2024/25 is £580k. Future years allocations reduce as the demand lowers. Ref 6 refers to the new previous allocation in 2023/24
- 9 Transfer of Children's Placement Team from Adults to CSC 2023/24 (Dr £320k)
This is the full year effect of the transfer of several staff from the care Placement Team to the Children's Division
- 10 Transfer of LD Care Management staff & funding to Children's 0-25 Years' service (Dr £144k)
This is the fully year effect of the transfer of Learning Disabilities care management staff and funding for a 0.5 fte to the 0-25 years' service within Childrens Social Care.
- 11 Energy contract inflation (Dr £44k)
To recognise cost pressures arising from the current state of the energy market.
- 12 Funding from Homes for Ukraine (HFU) carry forward (Cr £300k)
£300k has been allocated from the carry forward of HFU grant to cover costs of social workers and Early Help
- 13 Additional Social Care Grant (Cr £1,250k)
There has been an increase of £1.25m in the Social Care grant allocated to CSC.

Real Changes

Growth

- 14 Additional costs and demand across CSC (Dr £5,890k)
This is the full year effect of 2023/24 pressures on Children Social Care across the service, but mainly in placements. This is mainly due to cost pressures emerging in the service. Within this figure are some assumed management actions.
- 15 SEN Transport Full Year Effect (FYE) (Dr £1,725k)
Transport have seen increases in demand and cost spike in 2023/24. This reflects the full year effect position of 2023/24
- 16 Social Worker permanent/agency to meet caseload promise, etc (Dr £1,000k)
Additional funding to cover the cost of using agency staff in Children to cover Social Worker posts and to keep the caseload promise
- 17 SEN Transport additional demand (Dr £566k)
Additional funding agreed in previous years to cover the increase in the numbers of clients using the service.
- 18 National Living Wage (Dr £80k)
the cost of the rise in the National Living Wage will have an impact on costs of social care and in particular direct payments. This funding will offset this.
- 19 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.

Mitigation

- 20 Additional Integrated Commissioning Board (ICB) contribution (Cr £100k)
Additional funding has been secured above and beyond current budgeted levels.
- 21 SEN Transport route optimisation, etc (Cr £211k)
To help off-set the pressures in SEN Transport Growth, the service has undertaken various reviews to optimise the routes they are being delivered, offering alternative services, etc in order to help alleviate pressures.

Transformation Programme Savings

- 22 Adult Education (Dr £3k)
A continuation of the slight reduction in the transformation savings due to one off savings in previous years.
- 23 Commissioning/joint working with Health (Cr £10k)
Savings assumed in the service by having greater efficiencies with Health partners
- 24 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 three emergency carers.
- 25 0-25 Transitions Service (Inc. Short Breaks) (Cr £100k)
The combined 0-25 service will use a more efficient model of working which will enable savings to be made across the whole service.
- 26 Restructure of Permanency Service (Cr £150k)
Restructure of the team within CSC to enable efficiencies to be made

27 Variations in Capital Charges (Dr £0k)

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

(i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2024/25.

(ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2024/25 capital programme schemes.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

Although there have been movements in this area, the overall position has netted off to zero.

28 Variations in Recharges (Cr £151k)

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

29 Variations in Insurances (Cr £111k)

Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Education - Core													
Adult Education Centres	1,697,590	260,100	1,560	231,470	0	1,270	Cr 1,985,570	0	Cr 558,030	11,020	0	0	Cr 340,590
Schools and Early Years Commissioning & QA	1,391,950	66,410	3,470	174,820	0	0	Cr 15,140	0	Cr 579,300	Cr 40,840	0	0	1,001,370
SEN and Inclusion	3,252,280	0	8,180	498,420	87,370	0	0	0	Cr 235,580	25,850	0	0	3,636,520
Strategic Place Planning	326,000	0	0	33,420	0	0	0	0	0	Cr 208,210	0	0	151,210
Workforce Development & Governor Services	37,600	0	180	18,300	21,070	0	0	0	Cr 44,880	Cr 33,160	0	0	Cr 890
Access & Inclusion	457,020	0	12,613,020	131,780	0	0	Cr 32,810	Cr 129,470	Cr 117,590	0	0	0	12,921,950
Other Strategic Functions	184,270	0	0	490,790	791,700	0	Cr 977,790	0	0	222,530	0	0	711,500
Central School Costs	0	29,390	0	0	0	0	0	0	Cr 49,380	Cr 33,750	0	0	Cr 53,740
	7,346,710	355,900	12,626,410	1,579,000	900,140	1,270	Cr 3,011,310	Cr 129,470	Cr 1,584,760	Cr 56,560	0	0	18,027,330
Children's Social Care													
Bromley Youth Support Programme	2,325,820	249,020	35,210	23,010	103,260	0	Cr 348,260	Cr 167,970	Cr 243,760	Cr 68,350	0	0	1,907,980
Early Intervention and Family Support	2,884,190	449,300	28,250	162,170	197,630	0	0	Cr 27,150	Cr 185,240	Cr 1,957,310	0	Cr 100,000	1,451,840
CLA and Care Leavers	3,759,040	0	32,160	1,697,260	1,411,570	7,724,810	Cr 1,623,550	0	Cr 716,570	0	0	0	12,284,720
Vitruval School	665,812	0	8,600	10,250	236,690	470,020	Cr 900,332	0	0	8,430	0	0	499,470
Children's Placement	0	0	190,330	145,810	24,538,500	798,770	Cr 181,910	Cr 2,650,000	0	0	0	Cr 1,300,000	21,541,500
Permanency	2,438,610	0	47,310	1,762,630	5,275,360	770	Cr 146,720	0	0	0	0	0	9,377,960
0-25 Children Service (Disability Services)	1,616,600	0	146,180	4,720	2,529,280	1,131,110	0	Cr 635,450	0	Cr 387,110	0	0	4,405,330
Referral and Assessment Service	4,574,790	0	7,000	14,670	9,130	183,540	0	0	0	0	0	0	4,789,130
Safeguarding and Care Planning East	3,000,560	0	8,880	745,770	523,430	39,660	0	0	0	0	0	Cr 100,000	4,218,300
Safeguarding and Care Planning West	2,625,120	0	6,820	4,180	3,280	38,880	0	0	0	Cr 92,880	0	Cr 100,000	2,485,400
Safeguarding and Quality Improvement	4,151,990	0	11,420	254,870	0	0	Cr 10,254,150	Cr 186,920	0	Cr 559,470	0	0	Cr 6,582,260
	28,042,532	698,320	522,160	4,825,340	34,828,130	10,387,560	Cr 13,454,922	Cr 3,667,490	Cr 1,145,570	Cr 3,056,690	0	Cr 1,600,000	56,379,370
Education - DSG													
Schools and Early Years Commissioning & QA	174,750	0	3,120	345,760	0	36,533,010	0	0	0	Cr 11,230	0	0	37,045,410
SEN and Inclusion	4,370,450	321,680	255,240	204,240	31,030,960	6,569,420	Cr 70,650	0	Cr 301,230	182,550	0	0	42,562,660
Strategic Place Planning	0	0	0	11,520	0	0	0	0	0	0	0	0	11,520
Access & Inclusion	2,635,390	0	7,540	320,760	1,220,780	0	0	0	Cr 308,850	Cr 386,530	0	0	3,489,090
Schools Budgets	0	0	0	295,550	0	0	Cr 117,480,510	0	0	0	0	Cr 5,631,000	Cr 122,815,960
Other Strategic Functions	179,350	110	920	Cr 35,790	0	0	0	0	0	40,620	0	0	185,210
Primary School	0	0	0	0	0	10,753,324	Cr 564,744	0	0	0	0	0	10,188,580
Secondary School	0	0	0	0	0	7,075,820	Cr 3,113,120	0	0	0	0	0	3,962,700
Special Schools & Alternative Provision	0	0	0	0	622,030	19,708,485	Cr 61,535	0	0	0	0	0	20,268,980
	7,359,940	321,790	266,820	1,142,040	32,873,770	80,640,059	Cr 121,290,559	0	Cr 610,080	Cr 174,590	0	Cr 5,631,000	Cr 5,101,810
	42,749,182	1,376,010	13,415,390	7,546,380	68,602,040	91,028,889	Cr 137,756,791	Cr 3,796,960	Cr 3,340,410	Cr 3,287,840	0	Cr 7,231,000	69,304,890

Service area	Premises Related Expenditure £	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget £
Education - Core								
Adult Education Centres	70,080	16,250	0	0	150,000	236,330	372,510	268,250
Schools and Early Years Commissioning & QA	19,200	6,160	0	0	0	25,360	214,290	1,241,020
SEN and Inclusion	0	4,450	0	0	0	4,450	228,580	3,412,390
Strategic Place Planning	0	340	0	0	0	340	32,650	118,900
Workforce Development & Governor Services	0	90	0	0	0	90	7,680	8,480
Access & Inclusion	0	530	0	0	0	530	54,690	12,977,170
Other Strategic Functions	0	12,020	0	0	11,000	23,020	107,070	841,590
Central School Costs	73,830	0	0	0	684,000	757,830	71,330	632,760
	163,110	39,840	0	0	845,000	1,047,950	408,320	19,483,600
Children's Social Care								
Bromley Youth Support Programme	52,950	13,380	Cr 75,540	0	102,000	92,790	329,610	2,330,380
Early Intervention and Family Support	4,930	15,560	0	0	123,000	143,490	539,350	2,134,680
CLA and Care Leavers	0	7,230	0	0	0	7,230	466,440	12,758,390
Vitruval School	0	1,160	0	0	0	1,160	74,860	575,490
Children's Placement	0	6,280	0	0	0	6,280	1,175,430	22,723,210
Permanency	0	3,710	0	0	0	3,710	360,360	9,742,030
0-25 Children Service (Disability Services)	33,230	41,930	Cr 8,220	0	0	66,940	267,750	4,740,020
Referral and Assessment Service	0	8,980	0	0	0	8,980	398,050	5,196,160
Safeguarding and Care Planning East	0	4,810	0	0	0	4,810	359,270	4,582,380
Safeguarding and Care Planning West	0	3,950	0	0	0	3,950	304,900	2,794,250
Safeguarding and Quality Improvement	0	4,400	0	0	0	4,400	1,104,180	5,473,680
	91,110	111,390	Cr 83,760	0	225,000	343,740	5,380,200	62,103,310
Education - DSG								
Schools and Early Years Commissioning & QA	8,410	0	0	0	0	8,410	774,460	37,828,280
SEN and Inclusion	1,270	0	0	0	0	1,270	1,889,670	44,453,600
Strategic Place Planning	0	0	0	0	0	0	0	11,520
Access & Inclusion	0	0	0	0	0	0	538,380	4,027,470
Schools Budgets	0	0	0	0	0	0	0	122,815,960
Other Strategic Functions	0	0	0	0	0	0	190,820	376,030
Primary School	0	0	0	0	0	0	0	10,188,580
Secondary School	0	0	0	0	0	0	0	3,962,700
Special Schools & Alternative Provision	0	0	0	0	0	0	1,698,800	21,967,780
	9,680	0	0	0	0	9,680	5,092,130	0
	263,900	151,230	Cr 83,760	0	1,070,000	1,401,370	10,880,650	81,586,910

ADULT CARE & HEALTH PORTFOLIO**DRAFT REVENUE BUDGET 2024/25 - SUMMARY**

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Adult Social Care				
23,299,363	Assessment and Care Management	22,815,560	1,844,820	183,030	24,843,410
0	Carers	0	3,480	0	3,480
117,972	Direct Services	117,090	40,710	(22,420)	135,380
43,807,379	Learning Disabilities Services	48,075,130	1,842,630	1,743,090	51,660,850
8,649,499	Mental Health Services	8,414,440	302,330	279,000	8,995,770
2,333,397	Quality Assurance & Safeguarding	2,074,980	75,470	627,610	2,778,060
907,032	Placement and Brokerage	979,180	33,360	(319,620)	692,920
79,114,642		82,476,380	4,142,800	2,490,690	89,109,870
	Integrated Commissioning Service				
(19,513)	Better Care Fund	(20,320)	(610,380)	610,380	(20,320)
0	Improved Better Care Fund	0	(0)	(0)	(0)
0	Information & Early Intervention	5,250	122,730	(60,740)	67,240
1,298,942	Integrated Commissioning Service	1,400,420	53,740	(2,390)	1,451,770
1,279,429		1,385,350	(433,910)	547,250	1,498,690
	Public Health				
289,490	Public Health	315,890	67,430	(64,000)	319,320
289,490		315,890	67,430	(64,000)	319,320
80,683,561	TOTAL CONTROLLABLE	84,177,620	3,776,320	2,973,940	90,927,880
421,685	TOTAL NON CONTROLLABLE	558,860	12,490	(16,870)	554,480
4,091,806	TOTAL EXCLUDED RECHARGES	3,494,270	0	0	3,494,270
85,197,052	PORTFOLIO TOTAL	88,230,750	3,788,810	2,957,070	94,976,630

ADULT CARE & HEALTH PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref	VARIATION IN 2024/25		ORIGINAL BUDGET 2023/24
	£'000	£'000	£'000
1 2023/24 BUDGET		88,231	
2 Increased Costs		3,789	
Full Year Effect of Allocation of Central Contingency			
3 Market Sustainability and Improvement Fund	2,788		2,788
4 Adult Social Care Discharge Fund	Cr 1,084		Cr 1,084
5 Social Care Grant re ASC reforms	Cr 720		Cr 15,265
6 Funding from Contingency for Social Care Grant	<u>1,400</u>	2,384	Cr 15,265
Movements Between Portfolios/Departments			
7 Transfer of LD Care Management Staff & funding to Children's 0-25 years' service	Cr 144		117
8 Care Placements Team Staff to Childrens Division	<u>Cr 320</u>	Cr 464	320
Real Changes			
<i>Savings identified for 2024/25 as part of the 2023/24 Budget process</i>			
9 Develop in-Borough supported housing schemes for Learning Disabilities Services	Cr 174		17,920
10 Shared lives project out of Borough	Cr 8		558
11 Sexual Health	<u>25</u>	Cr 157	3,188
<i>Other Real Changes</i>			
12 Repurposed ASC Reform Monies (2024/25)		Cr 1,400	Cr 2,880
<i>Growth</i>			
13 ACM - Placements - 23/24 FYE	4,637		30,223
14 Learning Disabilities - 23/24 FYE	833		46,397
15 Mental Health - 23/24 FYE	529		6,598
16 National Living Wage	1,640		800
17 Fall out of IBCF one off use	400		Cr 400
18 Learning Disabilities Growth	<u>1,534</u>	9,573	46,397
<i>Mitigation</i>			
19 Preparing for adulthood support	Cr 46		46,397
20 Better Care Fund Inflation	Cr 177		0
21 Improved Better Care Fund Inflation	Cr 51		
22 LA Discharge funding	Cr 1,081		Cr 1,083
23 ICB Discharge Funding	Cr 1,213		0
24 Market Sustainability Improvement Fund	<u>Cr 2,420</u>	Cr 4,988	Cr 3,810
<i>Transformation Programme Savings</i>			
25 Strategic needs assessment of those with learning disabilities to support commissioning of supported housing and associated services	Cr 250		46,397
26 Extra care housing for older people	Cr 100		14,806
27 Providing a Direct Payment for D2A	Cr 25		956
28 Charging Policy for Adhoc Transport Costs	Cr 10		Cr 4,718
29 Reduce Agency fees by recruiting ASYE and permanent staff	Cr 50		0
30 Digital Transformation in Adult Social Care	Cr 50		7,070
31 Adult Social Care Reform - General Includes models of care and community hubs	Cr 50		7,070
32 Mental Health Housing Support transformation	Cr 50		6,100
33 DOLs reduction in the number of assessments	Cr 14		885
34 Enhanced Domiciliary Care	Cr 369		7,070
35 Ordinary Residents Review	Cr 200		14,806
36 Disabled Facilities Grant (DFG)	Cr 20		7,070
37 Enhanced Reablement	Cr 200		14,806
38 Efficiencies across the Promoting Independence Service	Cr 250		7,070
39 CareLink/ AT Service Transformation.	Cr 203		7,070
43 Variations in Recharges		218	
44 Variations in Insurances		Cr 17	
45 2024/25 DRAFT BUDGET		<u><u>94,976</u></u>	

ADULT CARE & HEALTH PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Market Sustainability and Improvement Fund (Dr £2,788k)
Drawdown of Market Sustainability and Improvement Fund expenditure budget (23/24 level) to Adult Social Care.
- 4 Adult Social Care Discharge Fund (Cr £1,084k)
Drawdown of the Adult Social Care Discharge Fund grant (23/24 level) to Adult Social Care.
- 5 Social Care Grant for ASC reforms (Cr £720k)
Allocation of part of the Adult Social Care Reform grant funding from 23/24 to the Adult Social Care budget.
- 6 Funding from Contingency for Social Care Grant - (Dr £1,400k)
Adjustment from contingency to reflect the final allocation of Social Care Grant for 23/24.

Movements Between Portfolios/Departments

- 7 Transfer of LD Care Management Staff & funding to Children's 0-25 years' service (Cr £144k)
This is the full year effect of the transfer of Learning Disabilities care management staff and funding for a 0.5 fte to the 0-25 years' service within Childrens Social Care.
- 8 Care Placements Team Staff to Childrens Division (Cr £320k)
This is the full year effect of the transfer of several staff from the Care Placements team to the Children's Division.

Real Changes

Savings identified for 2024/25 as part of the 2023/24 Budget process

- 9 Develop in-Borough supported housing schemes for Learning Disabilities Services (Cr £174k)
Development and implementation of the Housing with Care Strategy to address growth pressures.
- 10 Shared lives project out of Borough (Cr £8k)
Continued focus of Shared Lives to place residents in brough and support residents out-of-borough return.
- 11 Sexual Health (Dr £25k)
This is a reduction in the 2023/24 savings of £50k relating to further developing on-line provision and therefore reduce clinic attendance.

Other Real Changes

- 12 Adult Social Care Reform Monies (2024/25) (Cr £1,400k)

There is an increase in government funding in 2024/25 for Adult Social Care Reforms.

Growth

- 13 Assessment & Care Management - Full Year Effect of 2023/24 (Dr £4,637k)
The full year effect of the 2023/24 overspend on Assessment & Care Management is £4,637k and this has been funded in the 2024/25 budget.
- 14 Learning Disabilities - Full Year Effect of 2023/24 (Dr £833k)
The full year effect of the 2023/24 overspend on Learning Disabilities services is £833k and this has been funded in the 2024/25 budget.
- 15 Mental Health - Full Year Effect of 2023/24 (Dr £529k)
The full year effect of the 2023/24 overspend on Mental Health services is £529k and this has been funded in the 2024/25 budget.
- 16 National Living Wage (Dr £1,640k)
Provision of £1,640k has been included in the 2024/25 budget to fund the impact of the increase to the National Living Wage.
- 17 Fall out of one-off IBCF funding (Dr £400k)
£400k of one-off underspends on the Improved Better Care Fund (iBCF) was allocated in 2023/24 to part fund growth pressures. This has now been removed from the budget in 2024/25 so there is a fall out of £400k.
- 18 Learning Disabilities Growth (Dr £1,534k)
There are demand-related pressures on the Learning Disabilities budget in 2024/25 arising mainly from transition clients and increased client needs and complexity. This is offset by both mitigation and transformation savings as detailed below.

Mitigation

- 19 Preparing for adulthood support (Cr £46k)
This saving will be delivered through the 0-25 service who now hold this budget.
- 20 Better Care Fund Inflation (Cr £177k)
Additional inflation from the Better Care Fund above that already allocated in the budget.
- 21 Improved Better Care Fund Inflation (Cr £51k)
Additional inflation from the Improved Better Care Fund above that already allocated in the budget.
- 22 LA Discharge funding (Cr £1,081k)
Increase in the Hospital Discharge funding for Bromley in 2024/25, and use of funding in baseline of Discharge funding to support growth in budget.
- 23 ICB Discharge Funding (Cr £1,213k)
Utilisation of the SEL ICB Discharge funding to support increased demand in adult social care in 2024/25.
- 24 Market Sustainability Improvement Fund (Cr £2,420k)
Increase in the Market Sustainability Improvement Fund funding for Bromley in 2024/25.

Transformation Programme Savings

- 25 Strategic needs assessment of those with learning disabilities to support commissioning of supported housing and associated services (Cr £250k)
LD commissioning of supported housing including building and expanding current stock.
- 26 Extra care housing for older people (Cr £100k)
Demand and capacity management in the 6 Extra Care Housing schemes
- 27 Providing a Direct Payment for D2A (Cr £25k)
Provide DPs to residents on discharge identified as eligible in place of D2A.
- 28 Charging Policy for Adhoc Transport Costs (Cr £10k)
Reduction in transport costs due to charging users for adhoc journeys.
- 29 Reduce Agency fees by recruiting ASYE and permanent staff (Cr £50k)
Reduction in agency fees due to recruitment of newly qualified social workers and permanent staff.
- 30 Digital Transformation in Adult Social Care (Cr £50k)
Implementation of ASC Digital Transformation Strategy.
- 31 Adult Social Care Reform - General Includes models of care and community hubs (Cr £50k)
Delivery of ASC Transformation Strategy including strategic coproduction project.
- 32 Mental Health Housing Support transformation (Cr £50k)
Savings from the new MH service post procurement and a lower overall number of people in high-cost placements, with individuals "stepping down" to current vacancies.
- DOLs reduction in the number of assessments (Cr £14k)
- 33
Introduction of the DOLs Portal, enabling professionals to complete online assessments.
- 34 Enhanced Domiciliary Care (Cr £369k)
Saving based on estimate of long term savings in residential care, less cost of intervention.
- 35 Ordinary Residents Review (Cr £200k)
Review OR list to identify Working Age Adults/Older People whose care and support is currently being paid for by Bromley, however, are the responsibility of another local authority. Re-charge other LA for previous and ongoing costs.
- 36 Disabled Facilities Grant (Cr £20k)
Review care and support to identify where DFG could be used to help residents remain at home and maintain independent living.

- 37 Enhanced Reablement (Cr £200k)
Enhanced reablement offer - pathway is part of the prevention offer, reducing reliance on domiciliary care.
- 38 Efficiencies across the Promoting Independence Service (Cr £250k)
OT preventive offer/model includes supporting increased number of people in the community to achieve the outcomes that matter to them in their life.
- 39 CareLink/ AT Service Transformation (Cr £203k)
Continued delivery of CareLink/AT Service Transformation programme.
- 40 Utilisation of public health reserve to mitigate against inflation increases (Cr £263k)
Inflation on Public Health services recharged in to PH from other departments funded from the PH reserve.
- 41 Utilisation of public health reserve to mitigate against inflation increases - Payroll (Cr £89k)
Provision for inflationary pay award's for Public Health staff funded from the PH reserve.
- 42 Variations in Capital Charges (Net £0)
The variation in capital charges is due to a combination of the following:
(i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2024/25.
(ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2024/25 capital programme schemes.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 43 Variations in Recharges (Dr £218k)
Variations in recharges are offset by corresponding variations elsewhere and have no impact on the overall position. The variations in recharges include £218k for inflation in services that are recharged to Public Health.
- 44 Variations in Insurance (Cr £17k)
Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

ADULT CARE & HEALTH PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Adult Social Care													
Assessment and Care Management	9,241,290	210,830	384,660	4,950,070	53,790,800	6,223,880	Cr 13,048,550	Cr 684,590	Cr 15,352,170	Cr 20,452,810	0	0	25,263,410
Carers	0	0	0	0	0	103,000	0	0	0	Cr 99,520	0	0	3,480
Direct Services	1,850,470	0	82,160	103,490	47,940	0	0	0	Cr 571,480	Cr 1,377,200	0	0	135,380
Learning Disabilities Services	1,305,230	25,600	910,250	33,630	53,779,880	5,799,720	Cr 425,190	Cr 1,534,950	Cr 3,949,420	Cr 4,283,900	0	0	51,660,850
Mental Health Services	128,750	0	15,970	Cr 335,710	10,671,800	223,940	0	Cr 1,090,610	Cr 394,980	Cr 223,390	0	0	8,995,770
Quality Assurance & Safeguarding	1,957,410	1,950	2,930	890,060	6,430	0	0	0	0	Cr 80,720	0	0	2,778,060
Placement and Brokerage	979,870	0	4,470	2,470	0	0	0	0	0	Cr 293,890	0	0	692,920
	15,463,020	238,380	1,400,440	5,644,010	118,296,850	12,350,540	Cr 13,473,740	Cr 3,310,150	Cr 20,268,050	Cr 26,811,430	0	0	89,529,870
Integrated Commissioning Service													
Better Care Fund	0	0	0	0	9,079,455	0	Cr 1,806,000	Cr 29,724,485	0	22,010,710	0	0	Cr 440,320
Improved Better Care Fund	0	0	0	0	190,530	0	Cr 7,730,240	0	0	7,539,710	0	0	0
Information & Early Intervention	0	0	0	0	3,892,180	0	Cr 170,590	Cr 263,300	0	Cr 3,391,050	0	0	67,240
Integrated Commissioning Service	1,483,620	0	3,350	35,350	282,790	0	0	Cr 194,120	Cr 20,700	Cr 138,520	0	0	1,451,770
	1,483,620	0	3,350	35,350	13,444,955	0	Cr 9,706,830	Cr 30,181,905	Cr 20,700	26,020,850	0	0	1,078,690
Public Health													
Public Health	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Health	1,993,890	0	3,100	559,795	9,430,220	0	Cr 16,332,905	Cr 7,560	0	5,283,780	0	Cr 611,000	319,320
	1,993,890	0	3,100	559,795	9,430,220	0	Cr 16,332,905	Cr 7,560	0	5,283,780	0	Cr 611,000	319,320
	18,940,530	238,380	1,406,890	6,239,155	141,172,025	12,350,540	Cr 39,513,475	Cr 33,499,615	Cr 20,288,750	4,493,200	0	Cr 611,000	90,927,880

Service area	Premises Related Expenditure £	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget £
Adult Social Care								
Assessment and Care Management	164,320	Cr 112,540	116,070	0	31,000	191,790	4,113,180	29,568,380
Carers	0	0	0	0	0	0	0	3,480
Direct Services	0	4,220	0	0	0	4,220	Cr 2,900	136,700
Learning Disabilities Services	138,830	11,240	0	0	125,000	275,070	Cr 2,792,890	49,143,030
Mental Health Services	24,460	0	Cr 29,740	0	45,000	39,720	Cr 1,514,510	7,520,980
Quality Assurance & Safeguarding	0	3,140	0	0	0	3,140	Cr 1,026,470	1,754,730
Placement and Brokerage	0	1,970	0	0	0	1,970	Cr 694,890	0
	327,610	133,110	Cr 145,810	0	201,000	515,910	Cr 1,918,480	88,127,300
Integrated Commissioning Service								
Better Care Fund	0	0	0	0	0	0	20,320	Cr 420,000
Improved Better Care Fund	0	0	0	0	0	0	0	0
Information & Early Intervention	0	0	0	0	0	0	0	67,240
Integrated Commissioning Service	0	2,450	0	0	0	2,450	5,103,350	6,557,570
	0	2,450	0	0	0	2,450	5,123,670	6,204,810
Public Health								
Public Health	0	36,120	0	0	0	36,120	289,080	644,520
	0	36,120	0	0	0	36,120	289,080	644,520
	327,610	171,680	Cr 145,810	0	201,000	554,480	3,494,270	94,976,630

ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO**DRAFT REVENUE BUDGET 2024/25 - SUMMARY**

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Street Scene & Green Spaces				
1,151,000	Arboriculture Management	814,160	26,910	7,490	848,560
92,000	Business Support and Markets	25,700	1,480	74,535	101,715
1,189,000	Senior Management	1,330,700	46,580	0	1,377,280
79,000	Carbon Management	155,680	5,460	0	161,140
211,000	Performance Management and Business Support	223,900	7,840	0	231,740
6,439,000	Parks and Green Space	6,854,440	254,880	280,220	7,389,540
6,491,000	Neighbourhood Services	6,961,350	243,670	124,640	7,329,660
18,503,000	Waste Services	20,722,120	727,240	371,910	21,821,270
34,155,000		37,088,050	1,314,060	858,795	39,260,905
	Traffic, Parking & Highways				
8,979,000	Highways (Including London Permit Scheme)	9,339,020	343,470	568,460	10,250,950
0	Highways Planning	0	0	0	0
(8,209,000)	Parking	(9,186,200)	175,320	(537,300)	(9,548,180)
(140,000)	Traffic & Road Safety	161,100	49,435	(234,900)	(24,365)
630,000		313,920	568,225	(203,740)	678,405
	Transport Operations and Depot Management				
552,000	Transport Operations and Depot Management	631,230	24,230	74,250	729,710
552,000		631,230	24,230	74,250	729,710
35,337,000	TOTAL CONTROLLABLE	38,033,200	1,906,515	729,305	40,669,020
1,673,000	TOTAL NON CONTROLLABLE	6,743,090	54,260	2,248,870	9,046,220
2,284,000	TOTAL EXCLUDED RECHARGES	2,343,260	0	0	2,343,260
39,294,000	PORTFOLIO TOTAL	47,119,550	1,960,775	2,978,175	52,058,500

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref		VARIATION IN		ORIGINAL BUDGET
		2023/24	2024/25	
		£'000	£'000	2023/24
				£'000
1	2023/24 BUDGET			
			47,120	
2	Increased Costs		1,961	
	Full Year Effect of Allocation of Central Contingency			
3	Energy Contract Inflation	840		1,533
4	Contract Inflation Uplifts across ECS	924		40,281
5	Removal of contribution from Earmarked Reserves	<u>400</u>	2,164	Cr 800
	Real Changes			
	<i>Other Real Changes</i>			
6	Absorption of inflation increases for statutory NRSWRA income	42		Cr 314
7	Increase in refuse/recycling collection to reflect additional units	60		
8	Increase in refuse/recycling disposal to residual waste to reflect additional units	48		
9	Increase in refuse/recycling disposal of recyclate waste to reflect additional units	21		
10	Income on sale of recyclates	<u>Cr 100</u>	71	Cr 18,220
	<i>Growth</i>			
11	Revenue Impact of Capital Financing Programme	180		Cr 180
12	Permanent loss of income in street trading and markets	<u>80</u>	260	Cr 232
	<i>Mitigation</i>			
13	Car parking income	Cr 500		
14	Temporary loss of income due to West Wickham car park closure	<u>84</u>	Cr 416	Cr 14,587
	<i>Transformation Programme Savings</i>			
15	JC Decaux Street Advertising-Traffic and Road Safety	Cr 233		Cr 38
16	Veolia contract 1% reduction on the remaining life of the contract- Waste	Cr 200		18,220
17	Fees and Charges review	Cr 588		Cr 7,077
18	Full year effect of Parking Transformation savings	<u>Cr 132</u>	Cr 1,153	Cr 14,587
19	Variations in Capital Charges		2,000	0
20	Variations in Recharges		Cr 17	Cr 317
21	Variations in Insurances		69	1,103
22	2024/25 DRAFT BUDGET		<u>52,059</u>	

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Energy Contract Inflation (Dr £840k)
This is to recognise cost pressures arising from the current state of the energy market.
- 4 Contract inflation uplifts within Street Scene, Parks and Waste Services (Dr £924k)
Full year effect of the inflation allocation in 2023/24 for the Waste contract.
- 5 Removal of Covid related Earmarked Reserve Funding (Dr £400k)
Contingency budget has been allocated to remove temporary Covid grant funding from reserves which has now come to an end.

Real Changes

Other Real Changes

- 6 Absorption of inflation increases for statutory NRSWRA income (Dr £42k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As income under the New Roads & Street Works Act (NRSWA) are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.
- 7,8,9 Increase in refuse/recycling collection and disposal to reflect additional units (Dr £129k)

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 2024/25.
- 10 Income on sale of recyclates (Cr £100k)
Increased income from the sale of recyclates to reflect additional housing units.
- Growth*
- 11 Revenue Impact of Capital Financing Programme (Dr £180k)
This represents the loss of rental income due to the the transfer of the Crystal Palace Park to the Crystal Palace Park Trust.
- 12 Permanent loss of income in street trading and markets (Dr £80k)
Street trading income has been affected by the continuation of temporary measures originally introduced during the Covid pandemic, these measures have now been made permanent, therefore a growth in budget has been awarded to mitigate the permanent loss of income.

Mitigation

13 Car parking income (Cr £500k)

Removal of one-off contingency funded mitigation for reduced parking income levels post pandemic equates in an increase in income of £500k in 24/25 following a £500k increase in the previous year.

14 Temporary loss of income due to West Wickham car park closure (Dr £84k)

The West Wickham car park is temporarily closed due to refurbishment of the leisure centre.

Transformation Programme Savings

15 JC Decaux Street Advertising (Cr £233k)

Planned increases in advertising screens across the borough will generate additional income of £233k per annum for the Council.

16 Veolia contract 1% reduction on the remaining life of the Waste contract (Cr £200k)

Due to contractual issues with Veolia, it is anticipated that a 1% reduction on the remaining life of the contract can be achieved, subject to negotiations with the contractor.

17 Fees and Charges review (Cr £588k)

This is an agreed increase to the services' fees and charges budgets following a Council wide review of their current fees and charges.

18 Full year effect of Parking Transformation savings(Cr £132k)

This represents the full year impact of several parking transformation savings proposals from 23/24 that are now coming into fruition. This includes the removal of all pay and display machines, the charging of various free car parks, implementation of more TESLA charging points, changing limited time wait to cashless and changing of Sunday and evening parking tariffs.

19 Variations in Capital Charges (Dr £2,000k)

Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2024/25.

20 Variations in Recharges (Cr £17k)

The variations in recharges include a Cr £17k for inflation in services that are recharged to Public Health.

21 Variations in Insurance (Dr £69k)

Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service

ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Street Scene & Green Spaces													
Arboriculture Management	291,060		7,760	601,140								Cr 51,400	848,560
Business Support and Markets	354,790	66,735	800	176,170					Cr 496,780				101,715
Senior Management	1,369,140		3,800	4,340									1,377,280
Carbon Management	134,190		450	26,500									161,140
Performance Management and Business Support	224,250		310	7,180									231,740
Parks and Green Space	99,030	5,235,240	5,600	58,430	2,556,670			Cr 61,250	Cr 230,420	Cr 273,760			7,389,540
Neighbourhood Services	663,550	13,250	43,590	133,820	6,491,640				Cr 16,190				7,329,660
Waste Services		38,980		11,669,380	19,108,980				Cr 8,536,470	Cr 59,600		Cr 400,000	21,821,270
	3,136,010	5,354,205	62,310	12,676,960	28,157,290	0	0	Cr 61,250	Cr 9,279,860	Cr 333,360	0	Cr 451,400	39,260,905
Traffic, Parking & Highways													
Highways (Including London Permit Scheme)	1,658,920	1,869,450	33,740	7,867,420					Cr 1,129,090	Cr 47,890	Cr 1,600		10,250,950
Highways Planning													0
Parking	903,950	1,291,460	2,480	551,100	2,983,550			Cr 155,240	Cr 15,209,300	Cr 91,140		Cr 7,320	9,548,180
Traffic & Road Safety	1,749,735		8,060	58,170					Cr 588,940	Cr 1,251,390			24,365
	4,312,605	3,160,910	44,280	8,476,690	2,983,550	0	0	Cr 155,240	Cr 16,927,330	Cr 1,208,140	Cr 1,600	Cr 7,320	678,405
Transport Operations and Depot Management													
Transport Operations and Depot Management	333,300	417,250	24,780	37,010					Cr 82,630				729,710
	333,300	417,250	24,780	37,010	0	0	0	Cr 82,630	0	0	0	0	729,710
	7,781,915	8,932,365	131,370	21,190,660	31,140,840	0	0	Cr 299,120	Cr 26,207,190	Cr 1,541,500	Cr 1,600	Cr 458,720	40,669,020

Service area	Premises Related Expenditure £	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget £
Street Scene & Green Spaces								
Arboriculture Management		327,590				327,590	Cr 466,850	709,300
Business Support and Markets		840				840	Cr 39,430	63,125
Senior Management		1,790				1,790	Cr 939,070	440,000
Carbon Management		390				390	Cr 39,580	121,950
Performance Management and Business Support		390				390	Cr 99,000	133,130
Parks and Green Space	747,460	134,820	Cr 158,430		2,290,000	3,013,850	Cr 369,450	10,033,940
Neighbourhood Services	4,890	5,280			39,000	49,170	264,960	7,643,790
Waste Services		0			20,000	20,000	1,445,400	23,286,670
	752,350	471,100	Cr 158,430	0	2,349,000	3,414,020	Cr 243,020	42,431,905
Traffic, Parking & Highways								
Highways (Including London Permit Scheme)		675,640	Cr 22,340		4,379,000	5,032,300	2,272,020	17,555,270
Highways Planning					10,000	10,000	0	10,000
Parking	14,010	42,740	Cr 56,520		421,000	421,230	Cr 682,830	8,444,120
Traffic & Road Safety		3,550				3,550	330,360	309,545
	14,010	721,930	Cr 78,860	0	4,810,000	5,467,080	3,285,210	9,430,695
Transport Operations and Depot Management								
Transport Operations and Depot Management	127,860	17,340	Cr 13,080		33,000	165,120	Cr 698,930	195,900
	127,860	17,340	Cr 13,080	0	33,000	165,120	Cr 698,930	195,900
	894,220	1,210,370	Cr 250,370	0	7,192,000	9,046,220	2,343,260	52,058,500

DRAFT REVENUE BUDGET 2024/25 - SUMMARY

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Public Protection and Enforcement				
483,000	Community Safety	539,470	21,510	40,150	601,130
823,000	Mortuary & Coroners Service	939,420	32,880	0	972,300
1,251,000	Public Protection	1,591,800	86,060	(40,830)	1,637,030
2,557,000		3,070,690	140,450	Cr 680	3,210,460
	Emergency Planning				
152,000	Emergency Planning	157,240	5,479	(740)	161,979
152,000		157,240	5,479	(740)	161,979
2,709,000	TOTAL CONTROLLABLE	3,227,930	145,929	(1,420)	3,372,439
3,000	TOTAL NON CONTROLLABLE	11,820	400	19,530	31,750
950,000	TOTAL EXCLUDED RECHARGES	816,100	0	0	816,100
3,662,000	PORTFOLIO TOTAL	4,055,850	146,329	18,110	4,220,289

PPE Portfolio

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref	VARIATION IN 2024/25		ORIGINAL BUDGET 2023/24
	£'000	£'000	£'000
1 2023/24 BUDGET		4,056	
2 Increased Costs		146	
Full Year Effect of Allocation of Central Contingency			
3 Energy Contract Inflation		1	43
4 Out of Hours Noise Service in Community Safety approved in Ma	<u>50</u>	51	1,953
Real Changes			
<i>Transformation Programme Savings</i>			
5 Fees and Charges review	Cr 3	Cr 3	Cr 440
6 Variations in Recharges		Cr 50	Cr 943
7 Variations in Insurances		20	12
29 2024/25 DRAFT BUDGET		<u>4,220</u>	

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Energy Contract Inflation (Dr £2k)
This is to recognise cost pressures arising from the current state of the energy market.
- 4 Out of Hours Noise Service in Community Safety (Dr 50k)
In March 2023, an increase of £50k from Contingency was approved for the Out of Hours Noise Service in Community Safety. This is in line with the 23 January 2023 decision of the Public Protection and Enforcement Policy Development and Scrutiny Committee to deliver the out of hours noise service on Friday, Saturday, Sunday and Bank Holidays between 19:00 and 02:00 using dedicated staff on fixed or permanent Council contracts.

Real Changes

- Transformation Programme Savings*
- 5 Fees and charges review, Cr £3k
This is an agreed increase to the services' fees and charges budgets following a Council wide review of their current fees and charges.
- 6 Variations in Recharges (Cr £50k)
The variations in recharges include a Cr £50k for inflation in services that are recharged to Public Health.
- Variations in Insurance (Dr £20k)
Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and
- 7 the costs of delivering the service

PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Public Protection and Enforcement													
Community Safety	618,830	0	5,550	284,380	106,880	0	Cr 380,000	0		Cr 34,510			601,130
Mortuary & Coroners Service	0	0			972,300	0		0					972,300
Public Protection	2,241,820	46,720	32,860	160,360	521,910	0		Cr 461,330	Cr 905,310				1,637,030
	2,860,650	46,720	38,410	444,740	1,601,090	0	Cr 380,000	0	Cr 461,330	Cr 939,820	0	0	3,210,460
Emergency Planning													
Emergency Planning	148,359	0	5,020	8,600		0	0	0	0	0	0	0	161,979
	148,359	0	5,020	8,600	0	0	0	0	0	0	0	0	161,979
	3,009,009	46,720	43,430	453,340	1,601,090	0	Cr 380,000	0	Cr 461,330	Cr 939,820	0	0	3,372,439

Service area	Premises Related Expenditure £	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget £
Public Protection and Enforcement								
Community Safety		1,420				1,420	818,630	1,421,180
Mortuary & Coroners Service		0				0	82,060	1,054,360
Public Protection		30,150				30,150	Cr 159,400	1,507,780
	0	31,570	0	0	0	31,570	741,290	3,242,030
Emergency Planning								
Emergency Planning		180				180	74,810	236,969
	0	180	0	0	0	180	74,810	236,969
	0	31,750	0	0	0	31,750	816,100	4,220,289

RENEWAL, RECREATION AND HOUSING PORTFOLIO**DRAFT REVENUE BUDGET 2024/25 - SUMMARY**

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Culture and Regeneration				
1,455,990	Culture	1,119,505	40,980	25,000	1,185,485
5,715,120	Libraries and Museums	5,174,685	195,850	576,000	5,946,535
13,710	Town Centre Management and Business Support	43,760	1,540		45,300
7,184,820		6,337,950	238,370	601,000	7,177,320
	Planning				
89,650	Building Control	69,370	2,450	0	71,820
(125,910)	Local Land Charges	(116,740)	(4,110)	0	(120,850)
1,822,810	Planning	986,310	32,540	(1,123,000)	(104,150)
1,786,550		938,940	30,880	(1,123,000)	(153,180)
	Operational Housing				
1,276,121	Housing Strategy, Advice and Enabling	1,521,760	44,560	67,310	1,633,630
(1,502,352)	Housing Benefits	(1,585,750)	0	0	(1,585,750)
(54,416)	Housing Improvement	(20,370)	(710)	0	(21,080)
7,051,382	Allocations and Accommodation	5,613,110	311,590	882,180	6,806,880
920,949	Supporting People	1,134,250	39,700	(39,700)	1,134,250
1,090,871	Housing Options and Support	1,671,050	63,400	190,210	1,924,660
8,782,555		8,334,050	458,540	1,100,000	9,892,590
17,753,925	TOTAL CONTROLLABLE	15,610,940	727,790	578,000	16,916,730
(411,813)	TOTAL NON CONTROLLABLE	(540,950)	(17,620)	1,490,000	931,430
5,690,865	TOTAL EXCLUDED RECHARGES	5,583,120	0	0	5,583,120
23,032,977	PORTFOLIO TOTAL	20,653,110	710,170	2,068,000	23,431,280

RENEWAL, RECREATION AND HOUSING PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref	£'000	VARIATION IN 2024/25 £'000	ORIGINAL BUDGET 2023/24 £'000
1 2023/24 BUDGET		20,653	
2 Increased Costs		710	
Full Year Effect of Allocation of Central Contingency			
3 Energy Cost Inflation	368		285
4 Libraries contract inflation	<u>191</u>	559	4,501
Movements Between Portfolios/Departments			
5 CIL Funding Opportunities	<u>Cr 1,000</u>	Cr 1,000	Cr 1,019
Real Changes			
<i>Other Real Changes</i>			
6 Utilisation of Homes for Ukraine monies	Cr 2,600		0
7 Removal of COVID Funding	<u>200</u>	Cr 2,400	Cr 500
<i>Growth</i>			
8 Housing Management	138		
9 Temporary Accommodation - 23/24 FYE	4,766		18,151
10 Temp Accom. - growth	2,126		18,151
11 Planning Enforcement Officers (2 posts)	<u>92</u>	7,122	455
<i>Mitigation</i>			
12 Additional PRS lettings	Cr 220		18,151
13 Homelessness Prevention Grant	Cr 1,000		3,686
14 Housing development programme	Cr 392		18,151
15 Housing acquisition programme	Cr 1,315		18,151
16 Increase in Planning Fees	<u>Cr 200</u>	Cr 3,127	
<i>Transformation Programme Savings</i>			
17 Allocation Scheme Review	Cr 372		18,151
18 Identify and reduce numbers of long stay TA	Cr 221		18,151
19 Social Housing Nominations	Cr 93		18,151
20 Transformation of Planning IT System -	Cr 15		31
21 Library Services Contract	100		4,501
22 Future of the Resource Centres/Community Outreach Service	<u>25</u>	Cr 576	Cr 43
23 Variations in Capital Charges		1,417	
24 Variations in Insurances		73	
25 2024/25 DRAFT BUDGET		<u><u>23,431</u></u>	

RENEWAL, RECREATION AND HOUSING PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Energy contract inflation - to recognise cost pressures arising from the current state of the energy market. (Dr £368k)
- 4 Libraries contract inflation (Dr £191k)

Movements Between Portfolios/Departments

- 5 CIL Funding Opportunities (CR £1,000k)
Income from the Borough Community Infrastructure Levy (BCIL) is expected to increase year on year following its formal adoption in June 2021 as more developments subject to the BCIL are commenced.

Real Changes

Other Real Changes

- 6 Utilisation of Homes for Ukraine monies (Cr £2,600)
Utilisation of Homes for Ukraine monies to support related cost pressures
- 7 Removal of COVID Funding (£200k)
Fall out of additional funding related to covid pandemic
- Growth*
- 8 Housing Management (Dr£138k)
Additional posts to manage the Housing contracts and ensure compliance and governance of the HRA.
- 9 Temporary Accommodation - 23/24 FYE (Dr£4,766k)
The full year effect of Temporary Accommodation reported in the Quarter 2 cycle of budget monitoring is currently estimated to be an overspend of £4,766k
- 10 Temp Accom. - growth (Dr£2,126k)

The growth pressure on the temporary accommodation budgets is due to the increase in homelessness in the borough, with a projected increase of 20 households per month (before the mitigation savings identified at notes 14 and 15).
- 11 Planning Enforcement Officers (2 posts) - (DR £92k)
Growth to allow for 2 planning enforcement officers to be added to the establishment, this will increase the services ability to inspect more planning violations and potentially raise more income for the council through fines.
- Mitigation*
- 12 Additional PRS lettings (Cr £220k)
Securing additional PRS properties for move on from temporary accommodation in discharge of the homelessness duty.
- 13 Homelessness Prevention Grant (Cr £1,000)
In the recent Autumn Statement, it was announced that the government is providing £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship

- 14 Housing development programme (Cr £392k)
This is 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.
- 15 Housing acquisition programme (Cr £1,315k)
Savings on temporary accommodation scheme budgets as a result of property acquisition schemes such as Meadowship Homes, joint venture with Pinnacle and the Beehive scheme.
- 16 Increase in Planning Fees - (CR £200k)
Increase in Planning Fees (£350k gross, £100k for staff, £50k set aside for any additional staff pressures elsewhere) - (CR £200k)
- Transformation Programme Savings*
- 17 Allocation Scheme Review (Cr 372k)
Measures to target move on for long TA stayers and secure alternative accommodation and enhanced prevention to reduce the number of presentations to be piloted through the new scheme during 24/25.
- 18 Identify and reduce numbers of long stay TA (Cr £221k)
Reduction in temporary accommodation costs
- 19 Social Housing Nominations (Cr £93k)
Social Housing Nominations (Capital & Asset Review, Covenant Developer to waiver right to restrict numbers of Social Housing).
- 20 Transformation of Planning IT System (CR £15k)
Cost of System not yet determined savings indicative at this stage
- 21 Library Services Contract (DR £100k)
- 22 Future of the Resource Centres/Community Outreach Service (DR £25k)
Co-location has enable rental payment reduction.
- 23 Variations in Capital Charges (Dr £738k)
- The variation in capital charges is due to a combination of the following:
- (i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council’s fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2024/25.
- (ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2024/25 capital programme schemes.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 24 Variations in Insurance (Dr £65)
Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

RENEWAL, RECREATION AND HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable
	£	£	£	£	£	£	£	£	£				£
Culture and Regeneration													
Culture	1,184,257	70,520	6,780	200,710	64,020	0	0	0	Cr 75,930	Cr 151,495	0	Cr 113,377	1,185,485
Libraries and Museums	151,095	615,220		6,920	4,956,180	0	0	0	0	0	0	217,120	5,946,535
Town Centre Management and Business Support	2,870	22,280	1,060	23,870	42,040	0	0	Cr 42,040	Cr 4,780	0	0	0	45,300
	1,338,222	708,020	7,840	231,500	5,062,240	0	0	Cr 42,040	Cr 80,710	Cr 151,495	0	103,743	7,177,320
Planning													
Building Control	873,140	0	6,670	93,410		0	0	0	Cr 901,400	0	0	0	71,820
Local Land Charges	185,170	0	110	14,940		0	0	0	Cr 321,070	0	0	0	120,850
Planning	3,948,220	3,550	19,060	254,260	18,820	0	0	0	Cr 4,281,880	0	0	Cr 66,180	104,150
	5,006,530	3,550	25,840	362,610	18,820	0	0	0	Cr 5,504,350	0	0	Cr 66,180	153,180
Operational Housing													
Housing Strategy, Advice and Enabling	1,386,990	0	560	488,680	0	0	2,678,420	Cr 51,360	0	0	0	Cr 2,869,660	1,633,630
Housing Benefits		0		114,220	0	70,728,640		Cr 72,428,610	0	0	0	0	1,585,750
Housing Improvement	389,930	0	4,700	4,610	0	0			Cr 420,320	0	0	0	21,080
Allocations and Accommodation	1,316,080	567,170	4,000	362,200	28,516,040	0	Cr 2,503,230	Cr 4,267,540	Cr 70,890	Cr 17,254,620	0	137,670	6,806,880
Supporting People	0	0	0	0	1,134,250	0			0	0	0	0	1,134,250
Housing Options and Support	1,889,270	227,820	60,830	6,400	672,920	0	Cr 21,270	Cr 639,470	0	Cr 214,900	0	Cr 56,940	1,924,660
	4,982,270	794,990	70,090	976,110	30,323,210	70,728,640	153,920	Cr 77,386,980	Cr 491,210	Cr 17,469,520	0	Cr 2,788,930	9,892,590
	11,327,022	1,506,560	103,770	1,570,220	35,404,270	70,728,640	153,920	Cr 77,429,020	Cr 6,076,270	Cr 17,621,015	0	Cr 2,751,367	16,916,730

Service area	Premises Related Expenditure	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget
	£							£
Culture and Regeneration								
Culture	133,550	128,020	Cr 994,260	0	1,844,000	1,111,310	138,400	2,435,195
Libraries and Museums	97,580	85,960	0	0	356,000	539,540	59,390	6,545,465
Town Centre Management and Business Support		70	0	0	0	70	254,210	299,580
	231,130	214,050	Cr 994,260	0	2,200,000	1,650,920	452,000	9,280,240
Planning								
Building Control	0	1,320	0	0	0	1,320	193,510	266,650
Local Land Charges	0	430	0	0	0	430	181,640	61,220
Planning	0	7,370	0	0	0	7,370	850,890	754,110
	0	9,120	0	0	0	9,120	1,226,040	1,081,980
Operational Housing								
Housing Strategy, Advice and Enabling	0	1,900	0	0	1,077,560	1,079,460	1,536,790	4,249,880
Housing Benefits	0	0	0	0	0	0	1,779,440	193,690
Housing Improvement	0	830	0	0	Cr 2,000,000	Cr 1,999,170	265,870	1,754,380
Allocations and Accommodation	69,140	17,000	0	0	102,000	188,140	34,910	7,029,930
Supporting People	0	0	0	0	0	0	0	1,134,250
Housing Options and Support	0	2,960	0	0	0	2,960	288,070	2,215,690
	69,140	22,690	0	0	Cr 820,440	Cr 728,610	3,905,080	13,069,060
	300,270	245,860	Cr 994,260	0	1,379,560	931,430	5,583,120	23,431,280

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO**DRAFT REVENUE BUDGET 2024/25 - SUMMARY**

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Financial Services				
847,360	Audit	1,072,640	80,490	300,000	1,453,130
264,840	Director of Finance and Other	267,470	9,400		276,870
2,249,230	Exchequer - Payments & Income	2,295,300	85,570	149,500	2,530,370
5,953,060	Exchequer - Revenue & Benefits	6,831,210	237,430	Cr 47,140	7,021,500
581,880	Financial Accounting	732,850	49,870		782,720
1,730,050	Management Accounting & Systems	1,990,450	72,730	5,460	2,068,640
11,626,420		13,189,920	535,490	407,820	14,133,230
	Corporate Services				
179,350	Mayoral	183,770	6,420		190,190
1,473,740	Democratic Services	1,607,460	56,270	13,000	1,676,730
1,205,840	Electoral	512,290	17,930		530,220
6,911,270	Information Systems and Telephony	7,237,640	274,060	Cr 250,000	7,261,700
2,986,300	Legal Services	2,525,290	92,860	206,700	2,824,850
218,670	Management and Other (Corporate Services)	234,750	8,210		242,960
528,710	Procurement and Data Management	585,230	21,990		607,220
13,503,880		12,886,430	477,740	(30,300)	13,333,870
	Contact Centre, Registrars and Human Resources				
305,990	Comms	325,840	11,420		337,260
1,185,390	Contact Centre	1,248,930	48,530	54,730	1,352,190
2,429,010	HR	2,498,810	87,500	Cr 50,000	2,536,310
(98,750)	Registration of Birth Death and Marriage	Cr 131,510	Cr 4,570	Cr 18,000	Cr 154,080
3,821,640		3,942,070	142,880	(13,270)	4,071,680
	Chief Executive				
826,140	Management and Other (C.Exec)	1,161,830	40,670		1,202,500
826,140		1,161,830	40,670	0	1,202,500
	PEOPLE DEPT				
	Strategy and Corporate Projects				
132,880	Commissioning	237,480	8,310	0	245,790
1,780,090	Strategy, Performance and Engagement	1,883,930	67,470	50,000	2,001,400
1,912,970		2,121,410	75,780	50,000	2,247,190
	PEOPLE DEPT				
	Total Facilities Management				
2,134,180	Facilities and Support	1,726,850	67,470	183,000	1,977,320
114,100	Investment and Non Operational Property	823,290	28,800	52,210	904,300
(270,060)	Strategic & Operational Property	1,020,050	35,690	0	1,055,740
2,190,040	TFM Client Monitoring Team	1,957,070	74,960	0	2,032,030
(8,709,390)	-Investment Income	Cr 8,776,720	Cr 307,190	3,137,000	Cr 5,946,910
(1,530)	- Other Rental Income - Other Portfolios	Cr 1,683,280	Cr 58,940	180,000	Cr 1,562,220
2,630	- Repairs & Maintenance (All LBB)	2,513,330	87,990		2,601,320
(4,540,030)		(2,419,410)	(71,220)	3,552,210	1,061,580
	CENTRAL ITEMS				
808,500	CDC & Non Distributed Costs	1,361,000	47,630	0	1,408,630
5,963,940	Concessionary Fares	7,320,160	256,190	1,888,900	9,465,250
0	Contribution to Insurance Fund	500,000	0	Cr 500,000	0
(7,729,030)	Interest on General Fund Balances	Cr 9,841,100	13,070	Cr 2,200,000	Cr 12,028,030
(956,590)		(659,940)	316,890	(811,100)	(1,154,150)
26,194,430	TOTAL CONTROLLABLE	30,222,310	1,518,230	3,155,360	34,895,900
1,010,560	TOTAL NON CONTROLLABLE	8,366,990	2,870	Cr 7,864,630	505,230
(25,270,400)	TOTAL EXCLUDED RECHARGES	Cr 24,054,030			Cr 24,054,030
(1,700)	Less R & M allocated across other Portfolios	Cr 1,725,590	Cr 60,410		Cr 1,786,000
1,530	Less Rent allocated across other Portfolios	1,683,280	58,940	Cr 180,000	1,562,220
1,934,420	PORTFOLIO TOTAL	14,492,960	1,519,630	(4,889,270)	11,123,320

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2024/25

Ref	VARIATION IN 2024/25		ORIGINAL BUDGET 2023/24
	£'000	£'000	£'000
1 2023/24 BUDGET		14,493	
2 Increased Costs		1,520	
Full Year Effect of Allocation of Central Contingency			
3 Inflation on Contract		163	9,432
4 Legal Salaries - Childrens & Adults		170	857
5 Provision for increase in fuel costs		183	10,636
7 Revenue Impact of Capital Financing Programme		<u>3,137</u>	Cr 8,777
<i>Growth</i>			
8 Increase in freedom pass costs		1,889	7,312
9 Additional cost of legal servcies - review		60	2,236
10 Modern Gov move to cloud		13	0
11 External Audit Fees		300	432
12 Fall out of contribution to insurance fund	Cr	500	500
13 School Income		<u>50</u>	Cr 129
<i>Transformation Programme Savings</i>			
14 Fees and Charges	Cr	41	Cr 675
15 HR - Workforce Costs/training	Cr	50	381
16 Digitalisation	Cr	<u>250</u>	0
		Cr 341	
17 Variations in Capital Charges		Cr 7,944	
18 Variations in Insurances		130	
19 2024/25 DRAFT BUDGET		<u>11,123</u>	

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Liberata Contract Inflation (Dr £1,834k)
Full year effect of the inflation allocation in 2023/24 for the Liberata contract.
- 4 Legal Salaries - Childrens & Adults (Dr £170k)
Permanent increase in Legal Resources in respect of children & adult social care cases.
- 5 Energy contract inflation (Dr £1,834k)
To recognise cost pressures arising from the current state of the energy market.

Real Changes

Other Real Changes

- 6 Interest on Balances (Cr £2,200k)
Income from external interest generated through Treasury Management is expected to increase owing to a succession of increases in the Bank of England base rate, leading to the availability of much improved counter-party rates for fixed interest investments of one and two year duration.
- 7 Revenue Impact of Capital Programme (Dr £3,137k)
This represents the loss of rental income due to the disposal of investment properties.
- Growth*
- 8 Freedom Passes (Dr £1,889k)
An increase in the budget for concessionary fares to match the indicative settlement figure agreed at London Councils' Transport and Environment Committee in December 2023.
- 9 Legal Staffing (Dr £60k)
The additional cost of Legal Service staff following an establishment review.
- 10 Democratic Services -Modern Gov (Dr 13k)
The Modern Gov system which is held on our in-house servers are due to be decommissioned, This will mean switching to a cloud based service at an additional cost.
- 11 External Audit Fees (Dr £300k)
Provision for the anticipated increase in external audit fees nationally for additional costs as well as an allowance for dealing with objector to the accounts.

- 12** Fall out of contribution to insurance fund (Cr £500k)
Removal of one- off temporary contribution which was added to the 23-24 Insurance Fund.
- 13** School Income (Dr £50k)
The current level of income from the schools is no longer achievable. This brings the budget down to an achievable level going forward
- Transformation Programme Savings*
- 14** Fees and Charges - (Cr £41k)
This is an agreed increase to the services' fees and charges budgets following a Council wide review of their current fees and charges.
- 15** HR - Workforce Costs/training (Cr £50k)
Reduction to the corporate HR training budget
- 16** Digitalisation (Cr £250k)
This represents the anticipated cost savings by digitilising various aspects of the council's services and processes to online and cloud services, reducing the need for a physical presence.
- 17** Variations in capital charges (Cr £7,944k)
The variation in capital charges is due to a combination of the following:
(i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2024/25.
(ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2024/25 capital programme schemes.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 18** Variations in Insurance (Dr £130k)
Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO

DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Financial Services													
Audit	539,940	0	470	766,690	352,080	0	0	Cr 7,790	0	Cr 198,260	0	0	1,453,130
Director of Finance and Other	239,300	0	1,790	41,020	0	0	0	Cr 3,640	0	0	Cr 1,600	0	276,870
Exchequer - Payments & Income	291,560	0	560	32,400	2,330,550	0	0	0	Cr 124,700	0	0	0	2,530,370
Exchequer - Revenue & Benefits	460,540	0	2,160	1,009,230	6,397,320	229,340	Cr 214,910	0	Cr 862,180	0	0	0	7,021,500
Financial Accounting	703,420	0	220	340,110	77,580	0	0	Cr 87,770	Cr 58,440	Cr 222,400	0	30,000	782,720
Management Accounting & Systems	1,894,610	0	2,180	145,190	109,430	0	0	0	Cr 770	Cr 82,000	0	0	2,068,640
	4,129,370	0	7,380	2,334,640	9,266,960	229,340	Cr 214,910	Cr 99,200	Cr 1,046,090	Cr 502,660	Cr 1,600	30,000	14,133,230
Corporate Services													
Mayoral	109,400	0	26,300	54,490	0	0	0	0	0	0	0	0	190,190
Democratic Services	390,480	0	0	1,286,250	0	0	0	0	0	0	0	0	1,676,730
Electoral	360,730	0	560	174,930	0	0	0	0	Cr 6,000	0	0	0	530,220
Information Systems and Telephony	1,791,140	0	110	938,950	5,050,400	0	0	0	0	Cr 593,070	0	74,170	7,261,700
Legal Services	2,550,730	0	1,580	694,960	0	0	0	Cr 23,640	Cr 95,700	Cr 216,410	0	Cr 86,670	2,824,850
Management and Other (Corporate Services)	241,210	0	660	1,090	0	0	0	0	0	0	0	0	242,960
Procurement and Data Management	631,500	0	950	15,960	1,750	0	0	0	0	Cr 42,940	0	0	607,220
	6,075,190	0	30,160	3,166,630	5,052,150	0	0	Cr 23,640	Cr 101,700	Cr 852,420	0	Cr 12,500	13,333,870
Contact Centre, Registrars and Human Resources													
Comms	334,710	0	170	2,380	0	0	0	0	0	0	0	0	337,260
Contact Centre	185,910	0	0	155,850	1,093,440	0	0	0	0	Cr 83,010	0	0	1,352,190
HR	2,439,770	11,850	530	1,189,820	259,530	0	Cr 1,059,210	Cr 34,230	Cr 271,750	0	0	0	2,536,310
Registration of Birth Death and Marriage	608,030	0	270	37,520	0	0	0	Cr 84,400	Cr 715,500	0	0	0	154,080
	3,568,420	11,850	970	1,385,570	1,352,970	0	Cr 1,059,210	Cr 118,630	Cr 987,250	Cr 83,010	0	0	4,071,680
Chief Executive													
Management and Other (C.Exec)	658,270	0	910	543,320	0	0	0	0	0	0	0	0	1,202,500
	658,270	0	910	543,320	0	0	0	0	0	0	0	0	1,202,500
PEOPLE DEPT													
Strategy and Corporate Projects													
Commissioning	243,370	0	0	2,420	0	0	0	0	0	0	0	0	245,790
Strategy, Performance and Engagement	1,849,810	0	110	210,630	67,460	0	0	Cr 0	Cr 83,520	Cr 43,090	0	0	2,001,400
	2,093,180	0	110	213,050	67,460	0	0	Cr 0	Cr 83,520	Cr 43,090	0	0	2,247,190
PEOPLE DEPT													
Total Facilities Management													
Facilities and Support	42,060	1,715,390	0	311,120	20,490	0	0	0	Cr 59,160	Cr 52,580	0	0	1,977,320
Investment and Non Operational Property	Cr 0	247,420	0	642,360	220	0	0	0	0	0	0	14,300	904,300
Strategic & Operational Property	0	199,840	0	0	981,870	0	0	Cr 241,290	Cr 6,350	0	0	121,670	1,055,740
TFM Client Monitoring Team	1,726,760	0	670	483,040	6,560	0	0	0	0	Cr 185,000	0	0	2,032,030
-Investment Income								Cr 5,946,910					Cr 5,946,910
- Other Rental Income - Other Portfolios								Cr 1,562,220					Cr 1,562,220
- Repairs & Maintenance (All LBB)		2,601,320											2,601,320
	1,768,820	4,763,970	670	1,436,520	1,009,140	0	0	Cr 7,750,420	Cr 65,510	Cr 237,580	0	135,970	1,061,580
CENTRAL ITEMS													
CDC & Non Distributed Costs	1,408,630	0	0	8,670	0	0	0	0	0	0	0	0	1,417,300
Concessionary Fares	0	0	0	211,750	0	9,456,580	0	0	0	0	0	0	9,668,330
Contribution to Insurance Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on General Fund Balances	0	0	0	0	0	0	0	0	0	0	Cr 12,321,870	82,090	Cr 12,239,780
	1,408,630	0	0	220,420	0	9,456,580	0	0	0	0	Cr 12,321,870	82,090	Cr 1,154,150
	19,701,880	4,775,820	40,200	9,300,150	16,748,680	9,685,920	Cr 1,274,120	Cr 7,991,890	Cr 2,284,070	Cr 1,718,760	Cr 12,323,470	235,560	34,895,900

Service area	Premises Related Expenditure	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget
	£	£	£	£	£	£	£	£
Financial Services								
Audit	0	2,450	0	0	0	2,450	Cr 744,470	711,110
Director of Finance and Other	0	90	0	0	0	90	Cr 252,010	24,950
Exchequer - Payments & Income	0	360	0	0	0	360	Cr 1,421,340	1,109,390
Exchequer - Revenue & Benefits	0	1,050	0	0	0	1,050	Cr 3,653,380	3,369,170
Financial Accounting	0	760	0	0	0	760	Cr 633,530	149,950
Management Accounting & Systems	0	3,090	0	0	0	3,090	Cr 1,712,610	359,120
	0	7,800	0	0	0	7,800	Cr 8,417,340	5,723,690
Corporate Services								
Mayoral	0	220	0	0	0	220	Cr 86,830	103,580
Democratic Services	0	1,260	0	0	0	1,260	Cr 977,880	700,110
Electoral	0	750	0	0	0	750	694,160	1,225,130
Information Systems and Telephony	0	2,740	0	0	0	2,740	Cr 7,653,490	Cr 389,050
Legal Services	0	3,450	0	0	0	3,450	Cr 2,185,500	642,800
Management and Other (Corporate Services)	0	140	0	0	0	140	Cr 167,370	75,730
Procurement and Data Management	0	1,640	0	0	0	1,640	Cr 542,640	66,220
	0	10,200	0	0	0	10,200	Cr 10,919,550	2,424,520
Contact Centre, Registrars and Human Resources								
Comms	0	890	0	0	0	890	Cr 203,120	135,030
Contact Centre	0	180	0	0	0	180	Cr 1,169,920	182,450
HR	0	7,710	0	0	0	7,710	Cr 1,766,420	777,600
Registration of Birth Death and Marriage	0	1,700	0	0	0	1,700	327,600	175,220
	0	10,480	0	0	0	10,480	Cr 2,811,860	1,270,300
Chief Executive								
Management and Other (C.Exec)	0	1,410	0	0	0	1,410	Cr 801,950	401,960
	0	1,410	0	0	0	1,410	Cr 801,950	401,960
PEOPLE DEPT								
Strategy and Corporate Projects								
Commissioning	0	680	0	0	0	680	Cr 293,030	Cr 46,560
Strategy, Performance and Engagement	0	19,330	0	0	0	19,330	Cr 1,884,530	136,200
	0	20,010	0	0	0	20,010	Cr 2,177,560	89,640
PEOPLE DEPT								
Total Facilities Management								
Facilities and Support	445,490	102,680	Cr 4,270	0	114,000	657,900	Cr 3,047,970	Cr 412,750
Investment and Non Operational Property	209,120	8,120	Cr 875,320	Cr 5,067,320	227,000	Cr 5,498,400	1,431,450	Cr 3,162,650
Strategic & Operational Property	80,050	2,110	0	0	0	82,160	Cr 1,057,990	79,910
TFM Client Monitoring Team	80,660	1,320	0	0	0	81,980	Cr 1,633,490	480,520
-Investment Income			5,946,910			5,946,910		0
- Other Rental Income - Other Portfolios			1,562,220			1,562,220		0
- Repairs & Maintenance (All LBB)			Cr 2,601,320			Cr 2,601,320		0
	815,320	114,230	4,028,220	Cr 5,067,320	341,000	231,450	Cr 4,308,000	Cr 3,014,970
CENTRAL ITEMS								
CDC & Non Distributed Costs	0	0	0	0	0	0	5,382,230	6,799,530
Concessionary Fares	0	0	0	0	0	0	0	9,668,330
Interest on General Fund Balances	0	0	0	100	0	100	0	Cr 12,239,680
	0	0	0	100	0	100	5,382,230	4,228,180
	815,320	164,130	4,028,220	Cr 5,067,220	341,000	281,450	Cr 24,054,030	11,123,320

Future Local Authority Landscape

1. The Levelling UP, Housing and Communities Committee wrote to the Secretary of State, Michael Gove, on 27th November 2023 reflecting concerns that local government is now 'at infection point, where next year about half of authorities could be in financial distress'. A letter from the Chairman refers to the Government's acknowledgement that local government has faced 'a very significant reduction in its spending power'. The letter from the committee refers to 'the situation is becoming untenable for some local authorities and greater central Government support is clearly required'. The letter also refers to 'whilst it is clear that there have been some failures of leadership and decision-making which have caused acute financial distress in specific local authorities, we have heard that there are now system-wide issues which are driving general financial distress across the sector'.
2. The Office for Local Government plans to visit 'at risk' councils as part of a new 'early warning system' to flag potential serious failure in local authorities'. The Chief Executive of Oflog Josh Goodman referred to 'in recent years there has been a small but significant number of cases of serious failure of leadership governance or culture in a local authority. Some of these might have been avoided if the problems had been identified and addressed at an earlier stage'.
3. The Local Government Association (LGA) indicated that the Provisional Local Government Finance Settlement 2024/25 would not be enough to help authorities cope with 'severe cost and demand pressures which have left councils of all political colours and types warning of serious challenges they face to set balanced budgets next year'. They referred to the settlement leaving councils with a £4bn funding gap over the next two years and leave services 'exposed to further cuts'. A survey undertaken by LGA found that:
 - One in five council leaders and chief executives in England think it is very or fairly likely their council will need to issue a Section 114 notice this year or next;
 - Half are not confident they will have enough funding to fulfill their legal duties in 2024/25. This includes the delivery of statutory services.
4. In response to the Provisional Local Government Finance Settlement 2024/25, London Councils referred to 'we still anticipate a funding shortfall in 2024/25 of at least £500m with worrying consequences for local services across the capital. Despite this year's increase the long-term trend shows Core Spending Power is well below where it would have been had it tracked to inflation'.
5. For the first time the Office for Budget Responsibility (OBR) have been specific comments of concern about local government and in their submission with the Autumn statement 2023 referred to 'There is still a risk in our forecast from wider pressures on local authority finances. Since 2020-11 local authority spending has fallen from 7.4 to 5.0 per cent of GDP, and it falls further in our forecast to 4.6 per cent of GDP in 2028-29. Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow,

for example adult and children social care, pressure on local authority finances and services will continue’.

6. A submission to the Secretary of State, Michael Gove, from the County Councils Network (CCN), responding to the Autumn Statement, referred to inflation, escalating demand for services, and facing in year overspending ‘some 1 in 10 of our councils were unsure or not confident they can balance their budget this year, growing to 4 in 10 next year, and 6 in ten by 2026’... ‘The majority of CCN councils have no choice but to increase their planned level of service reductions, reduce investment on growth-creating capital projects, and levy high council tax rises’...’Failure to provide additional funding would mean England’s largest councils would face the prospect of outlining painful reductions to frontline services, raising council tax to the maximum permitted, and using reserves at unsustainable levels to balance budgets’
7. ‘The funding settlement hides the complexity of a fundamentally flawed system’ said Rob Whiteman, CIPFA Chief Executive. He referred to ‘Much of this new money will be consumed by the increased national minimum wage and rising temporary accommodation costs. The settlement fails to address the long-term funding crisis faced by councils’. He also mentioned that ‘many local authorities risk drowning in a sea of rising demand and inflationary costs’ and following the Autumn Statement, it is disappointing that this well-worn cycle of crisis-cash-repeat funding remains’.. ‘If the government is to meet demand and growing cost pressures on challenges that councils face, this volatile and uncertain funding approach ought to be replaced by long-term settlements for our most essential services’.
8. A Council’s Chief Financial Officer (Section 151 Officer) is required to make a Section 114 Notice if it appears that the expenditure in a financial year is likely to exceed the resources (including sums borrowed) available for the organisation to meet that expenditure. Once a Council has issued a Section 114 notice, spending on all but essential services must immediately cease. The Council would be required to meet within 21 days of the notice being issued to discuss what to do next. In November, Nottingham became the ninth council since 2018 to issue a Section 114 Notice, under which a council signals that it is unable to fulfil its legal duty to balance its books. Birmingham and Woking also issued Section 114 Notices during 2023. The number would have been even higher if some Councils hadn’t sought a Capitalisation Direction which effectively enables borrowing to fund revenue costs – this is not a sustainable solution. Over 40 local authorities have publicly reported being in a position of ‘financial distress’.
9. The National Audit Office produced the report titled Local Government Finance System: Overview and Challenges Thirty-Fourth Report of Session 2021–22 Report, published in January 2022. The report refers to:
 - ‘The sector is facing a wide range of risks that have built up during the period of sustained financial pressure on local authorities’
 - ‘The Department (DLUHC) needs to identify key areas of concern regarding the sustainability of local government finance and explain how these will be addressed as part of its stewardship role.’
 - ‘The sector is still facing uncertainty and stop-gap financial arrangements until such time as the longer-term reforms are put in place’.

1. Investment Income

- 1.1 The 2024/25 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 Walnuts, Biggin Hill Airport and other sundry properties). This provides a budgeted income of £5.9m. Income from treasury management investments of £12.0m combined with income from investment properties, potentially provides a total investment income of £17.9m. The strategy of generating additional investment income has helped reduce the budget gap by an equivalent amount.
- 1.2 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.

2. Commissioning and Procurement

- 2.1 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.
- 2.2 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".
- 2.3 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.

3. Managing Rising Demand

- 3.1 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.

4. Adult Social Care Reform

- 4.1 In September 2021, the Government provided plans to reform adult social care in England and £5.4bn (cumulative) was allocated for the period 2022/23 to 2024/25 to fund the reforms. The funding was initially planned to come from the new Health and Social Care Levy, but in September 2022 the Government announced the levy would be cancelled. The then Health Secretary, Thérèse Coffey, however, said that funding for social care would remain unchanged.
- 4.2 The Government originally proposed that the adult social care charging reforms would be implemented from October 2023. However, at the Autumn Statement 2022, the Chancellor

announced that the reforms would be delayed for two years (until October 2025), with the funding allocated “to allow local authorities to provide more care packages.”

- One of the reforms, The Fair Cost of Care, sought to resolve the issues of self funders cross subsidising the rate paid by Local Authorities. In preparation for the introduction of this an exercise was completed with care providers to ascertain the ‘Fair Cost of Care’ in order that the Council could work towards paying this over a period of years.
- £1.4 billion was to be provided to local authorities to support them to increase the rates they pay to providers where necessary (move towards paying a “fair cost of care”)

4.3 Prior to the 2022 Autumn Statement announcement delaying the charging reforms, the Government had announced the Fair Cost of Care reforms would be implemented in stages from October 2023 to April 2025. The Council has previously raised concerns that the funding for the reforms was insufficient, particularly for the Fair Cost of Care, with Bromley facing a higher funding shortfall compared with many other local authorities.

4.4 As part of the 2023/24 Local Government Finance Settlement, the funding for Fair Cost of Care and Charging Reforms was ‘repurposed’ to support additional cost pressures on adults and children’s social care which was welcomed by the Council. There remains uncertainty about the future funding for the reforms when implemented in October 2025 and whether the existing ‘repurposed’ funding would need to be diverted to support the delayed reforms. The financial forecast assumes that the ‘repurposed’ funding can be used to support the Council’s revenue budget and will not be required to fund the delayed reforms. This remains a potential financial risk for the Council and creates uncertainty for the future funding of key services. The expectations of providers were, however, raised and costs for care have continued to remain high and are increasing on the back of the exercise carried out to determine the Fair Cost of Care.

4.5 The Draft 2024/25 Budget includes the ‘repurposed’ Adult Social Care Reform funding (£2.65m in 2024/25) which has been consolidated into the Social Care grant, as well as the second year of the Market Sustainability and Improvement Fund grant (**£5.2m** in 2024/25).

4.6 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. As part of support for wider system reform the £1.8bn over the period 2022/23 to 2024/25 was originally planned to be allocated as follows:

- 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 be determined

4.7 Despite much of this now being delayed the Council has continued to seek to maximise the opportunities to utilise technology and digitalisation, has developed a workforce strategy and worked with the voluntary sector to improve the offer to carers.

5. Integration with Health

- 5.1 The Council continues to work with the South East London Integrated Care Board 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. Any opportunities for further integration will be considered by the Bromley Local Care Partnership, which is co-chaired by the Leader of the Council.
- 5.2 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.
- 5.3 The new Integrated Care System (ICS) created from June 2022 provides 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'. The Local Care Partnership maintains oversight of decisions to ensure that they are not made to the detriment of the Bromley population.

6. CORE STATUTORY MINIMUM REQUIREMENTS

- 6.1 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.
- 6.2 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.
- 6.3 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.

- 6.4 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.
- 6.5 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.

7. Extended Producer Responsibility for Packaging

- 7.1 The Government plan to introduce an administrative and waste management fee to organisations that handle and supply packaging that is ultimately collected by local authorities through packaging waste. It is an environmental policy that requires producers to pay the full costs of dealing with the waste they produce from when it is placed onto the market, through to the end of its life. It will relate to organisations that originate such packaging and the charge will depend on the size of the organization and ability for the packaging to be recycled. Fees were originally are expected to be determined in 2024 and potential collection of fees is expected to commence during mid to late 2024/25 – this has been deferred by a further year to 2025/26. The income collected is expected to be distributed to local authorities on the relative need and resources of individual local authorities. It is not clear how much of the additional income will be redistributed and the individual impact on each local authority. It remains uncertain how the Government would distribute the monies and the final implementation date. The Government is currently consulting on recycling electrical goods for kerbside collection. For both these potential changes, no assumptions have been made in the financial forecast, at this stage, relating to additional costs and income for the Council.

8. Fair Funding Review/ Devolution of Business Rates

- 8.1 In 2015, the Government said it would allow councils to retain 100% of business rates although this was revised down to 75% in 2017. Originally the roll out was to begin in 20/21 but has since been postponed and will not be undertaken during this life of Parliament.
- 8.2 In February 2016, the Government announced a review of the needs assessment formula used to determine the distribution of central government funding between local authorities. This was known as the Fair Funding Review.
- 8.3 The need for a Fair Funding Review is important as it will have been a decade since the funding formula have been updated whilst population has increased, and housing costs have continued to increase as well as other significant service demands for residents compared with some other parts of London and England. The basis of determining funding also needs to be able to reflect the situation facing boroughs such as Bromley. An assessment of whether the business rates retention system continues to incentivise councils to deliver business rates growth and is the fairest way to distribute funding is also overdue. The funding baseline no longer resembles the baseline of the Council relating to the early 2010s and therefore is no longer 'fit

for purpose’.

- 8.4 A report to the Public Accounts Committee report titled Local Authority Financial Sustainability and the Section 114 Regime (Second Report of Session 2021/22) referred to the delay in the Fair Funding Review and the Secretary of State agreeing that the current distribution mechanism does not represent the ‘fairest way to distribute resources’. The Committee recommended that the ‘Government implement Fair Funding Review and business rate reset as soon as possible’. The Fair Funding Review and business rate reset is yet to be implemented, despite various delays and it has been announced that it will not be implemented in the current spending review period.
- 8.5 The current formula uses outdated formulas with some core data relating to 2013, despite changes across local authorities. Bromley has consistently raised concerns about the unfair funding formula which does not provide adequate recognition of the costs pressure facing the Council and lacks any reward for good performance. Bromley’s submission, in advance of the Autumn Statement, is shown in Appendix 4. The Levelling Up, Housing and Communities Committee were advised by Local Government Minister Hoare that ‘there is no work at hand to reform the funding formula today or casting forward’. It is increasingly challenging for local authorities, including Bromley, without clarity over medium-term funding.
- 8.6 Local Governments funding arrangements were previously expected to experience their most significant reform for over two decades. Any changes were expected to include transitional arrangements that will impact on any ‘winners’ or ‘losers’ amongst Councils. The financial forecast assumes no financial changes from such a review.
- 8.7 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 2024/25 Budget.

RISK AREAS WITHIN CHILDREN, EDUCATION AND FAMILIES PORTFOLIO FOR 2024/25 ONWARDS

Overall Demand Pressures

Children, Education and Families Department continue to experience a high level of demand in particular with regard to the mental health of young people and exploitation. The following report sets out the pressures and the actions being taken to reduce these financial pressures.

In particular, we continue to experience considerable pressures with regard to the costs of placements for young people coming to residential care, particularly where there is a complexity of need. Despite maintaining a good record of keeping the number of young people in the care of the Local Authority to a safe minimum the unit cost of these placements continues to rise at a rate considerably higher than any rate of inflation.

Whilst there are a number of financial pressures that impact upon CEF, the costs of residential placements accounts for a significant proportion of these pressures.

Key Areas of Pressure:

a) SEN Transport; We continue to see particular pressures in relation to costs which are driven by continued fuel costs for taxi's, and driver recruitment and wages. The measures which were agreed in summer 2022 that enabled changes to routes through route optimisation, increased travel training and introduction of personalised budgets have been effective in reducing overall costs and moving more young people onto less expensive modes of transport. Proportionally more children have been moved away from taxi transport and the overall number of routes have reduced to ensure more efficient route optimisation.

We will continue to work to move greater numbers of young people onto public transport or family provided transport. These initiatives will also be undertaken alongside a number of other initiatives to shift demand such as creating more in Borough placements through the creation of new special schools and increasing local school places. We are also continuing to work towards reducing the rate of new EHCP plans through providing viable different options for children with emerging special needs in order to then reduce future demand for transport.

b) DSG; Whilst this continues to be a significant area of pressure, it is important to highlight that this pressure remains a real issue for every Local Authority and requires national responses and changes. The key driver to reducing the overspend for the DSG will be the continued work to find alternative supports to families that means that we can offer alternatives to assessing for an EHCP. We continue to develop initiatives that contribute to the overall reduction of EHCP's and the associated support packages that impact the High needs block of the Dedicated Schools Grant (DSG). These initiatives include the restructure of the Education Division to ensure increased capacity to front-line teams that undertake the assessments. The initial signs of impact show that we are reducing the rate of plans being agreed and also reducing the numbers of EHCP applications by diverting requests towards other types of early support. Although the demand for plans

across the course of the year show an increase in overall numbers, these new pathways are beginning to show that the rate of increase is beginning to reduce. Over the course of the next year we will need to maintain this focus to further reduce the rate of increase despite demand being forecast to grow.

- c) Residential Placements;** As highlighted in the initial paragraphs of this document, this area continues to be the main area of financial pressure for the department, due primarily to the continued rise in the unit cost of these placements. Nationally there is a shortage of placements for the more complex children that come into care. This means that at any one time there are a large number of Local Authorities chasing a finite number of placements, leading to higher prices for beds and often “bidding wars” between Local Authorities to secure placements. The price of residential care is estimated to have risen by 15-17% over the past year alone. In comparison, the overall numbers of children coming into care has remained broadly static over the past 4 years and we have managed to prevent the rise in numbers seen by other Local Authorities in the post Covid period. Our comparative numbers remain considerably lower than statistical neighbours and the national average. During the recent Ofsted inspection, inspectors were also satisfied that our thresholds were safe and appropriate.
- d) CSC Staffing;** The financial pressures in relation to staffing relate to the use of agency staffing. At present we have approx. 20% of staff within Children’s Social Care as agency, against a budget tolerance of 10%. Like many professions, post-pandemic we have seen a number of experienced staff leave the profession, which has hampered progress to reduce the reliance on agency staff. Across all London Authorities the average for use of agency staffing is 22%, therefore we are slightly below the London average. We continue to look to innovative ways of reducing this reliance and over the past two years have considerably increased the numbers of trainee Social Workers we have taken on through both the “Front-line” and “Step-Up” recruitment initiatives. In addition, we have also looked to recruit Social Workers from overseas. This has proved successful and in the past 15 months we have recruited 20 social workers from Zimbabwe and South Africa. We will look to recruit another 20 SW’s in 2024/25.
- e) Actions to Mitigate Pressures;** In addition to the existing initiatives that are outlined above we are also already developing a number of further initiatives to reduce expenditure through delivering services differently and seeking to find innovative ways of addressing the continuing cost pressures throughout the Department. These will be vital in seeking to remain within the target of a 3.5% cash limit envelope, particularly in light of the continued inflation of placement costs which remain at a rate considerably above 3.5% figure. These mitigation actions include the following;
- Exploration of developing and running our own children’s home as a way of reducing some placement costs.
 - “Professionalising” a group of our foster carers with increased levels of support so that they can care for some of our more complex young people rather than going into residential care.
 - Reviewing the use of some buildings used across the Department to see where we might be able to amalgamate delivery services out of one building rather than a range of different buildings.

RISK AREAS WITHIN ADULT CARE AND HEALTH PORTFOLIO FOR 2024/25 ONWARDS

POSITION BY DEPARTMENT – OTHER KEY ISSUES/RISKS

Adult Social Care

The budget proposals represent a realistic position for Adult Social Care which build on the continued success of previous transformation programmes. The new proposals seek to address further areas of potential efficiencies and to address some inequalities in current service delivery. Work on developing these has been carried out with providers of services, both statutory and voluntary and those represented by them.

The impact of people being discharged from hospital with higher levels of acuity, requiring more care at higher cost continues to be a pressure. There was a reduction in the monies from health to pay for discharges to clear hospital beds, which has created an additional pressure and will become a risk if this funding is further reduced. Another remaining pressure is with those young people moving through transition into adulthood as the new Moving into Adulthood service is yet to start delivering efficiencies.

A further risk lies with the government's delay of some of the Adult Social Care reforms. Work with the provider sector has raised genuine expectations of the Council moving towards the Fair Cost of Care, pushing up care costs.

Adult Social Care is committed to moving forward with the increased use of digital technology to make best use of available staff capacity, whilst enabling service users to remain independent.

The Directorate continue to prepare for the new Assurance Process with the Care Quality Commission, who will consider as part of the assurance process if appropriate resource is available to meet statutory requirements. As the Director of Adult Social Care, I am content that the available budget for the next financial year is appropriate to do this, within the current governmental requirements, but any additional burdens introduced within the year will require additional funding.

Public Health

Recurring cost pressures of annual NHS pay awards and inflation continue to put pressure on the new and existing public health contracts, specifically Sexual Health and 0-19 Services. However, these are being managed through careful budget monitoring and contract management during 23/24. This position is likely to continue unless next year's pay awards and inflation rise beyond current level. In the case of Sexual Health, the agreed new clinical procedures and treatments identified during 23/24 will be incorporated into the London Integrated Sexual Health Tariffs from 24/25. Current forecast suggests that the cost implication could potentially be absorbed by the current Public Health Grant budget. This is feasible as recent online activity indicates the rate of growth has slowed with the possibility of plateauing during the coming year in 24/25.

However, the Office of Health Improvement and Disparities (OHID) has prescribed several new and emerging public health initiatives to enhance existing programmes with expectation that local implementation will take place during 24/25. While grant funding is available for service implementation, there will not be any for programme management as it is expected that existing staffing capacity will support these. As Bromley does not have provision for some of these programmes, i.e. Stop Smoking and Weight Management, there will not be any capacity available to implement these requirements. This is further

compounded by the retirement of a few key staff members within the Department, however, a couple of them have opted for return to work on reduced hours. This has meant the experience required is retained but additional specific public health programme support will be needed to fulfil future mandated obligations.

A medium-term Public Health Grant budget forecast (24/25 to 27/28) suggested that the additional prescribed staffing cost would give rise to an immediate pressure in the first year of 2024/25 but thereafter this would be fully covered throughout the planning horizon to 2027/28. This forecasted position remains the same under three different financial scenarios from 1% to 0% Public Health Grant Uplift from 25/26 to 27/28.

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2024/25 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, after a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs. Negotiations are currently underway with the Service Provider to examine whether the risk of increased costs can be built into contract extension costs as part of an early settlement of contract extension.

Legislative changes to DIY waste may have an impact on income streams leading into 2024/25 and the impact of these changes is currently being modelled and will be tabled at a ECS PDS early in 2024.

Waste Tonnages

The quantity of municipal waste collected in Bromley in recent years had been 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.

Waste tonnage has now returned to pre COVID levels, based on current costs 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.

Green Garden Waste

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.

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.

Recycling Income

Recycling prices remain 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 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

Uncertainty remains regarding TfL funding and whilst it is anticipated to cover the costs of providing road safety and improvement schemes, this again for 2024/25 will be based on a slimmed down programme compared to pre COVID levels.

Parking

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

The review of Parking and the move to 'cashless' parking is likely to mitigate some of the reduction in income following reviews undertaken in 2023/24.

Moving Traffic Contravention income remains down on projected levels due in part to lower traffic numbers brought about by COVID.

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 2027 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 2024/25 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. We are currently awaiting details of the business case to support the establishment of the second court.

RISK AREAS WITHIN RENEWAL & RECREATION HOUSING PORTFOLIO FOR 2024/25 ONWARDS

Housing

Significant increases in inflation, energy and prices and fuel costs are placing increased pressure on individuals and households' finances and ability to cover housing costs. Whilst work to prevent homelessness has been a key focus to stem the increase in the number of homeless households needing to be placed in temporary accommodation, options are limited, particularly in light of the freeze in local housing allowance levels over recent years and increasing gap between LHA and market rents. As a result, the Council is starting to see a further increase in the number of individuals and households approaching for housing support and requiring temporary accommodation.

Over recent months the Council has seen many landlords withdrawing from the market due to rising costs. This, coupled with increased demand for placements across London, has seen a reduction in the availability of accommodation able to be secured and significant increases in costs for accommodation which can be found. As such the Council is facing increased pressures through the number of placements required and increased placement costs.

Inflation and energy costs have also impacted on the level of tenants falling into rent arrears.

The Council has also seen a reduced number of lettings from housing association partners as the level of churn in the stock has decreased with more limited options for move-on of existing tenants.

Housing partners continue to report increased maintenance and repair costs due to inflation and this is also reflected within the Council's management contracts for temporary accommodation and the cost in relation to the travellers site for repairs and maintenance required to maintain health and safety standards.

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 was further complicated and exacerbated by the impact of Covid-19 which saw reductions in income from planning fees, building control and land charges. The Portfolio's draft budget for 2024/25 assumes any impacts from Covid will not remain beyond the current financial year however the broader economic situation has resulted in a drop of planning application submissions by approximately 10% nationwide. 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 2024/25 and beyond.

Nationally set Planning application fees were increased by 25% for non-major and 35% for major planning applications in December 2023 and this increase will help offset the reduction in applications being received.

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.

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 commencement of development, income generated is affected by the wider economic situation.

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.

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 adopted to ensure that moving forward the Council's capital funding is used 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.

As a long-term ambition, the Strategy inevitably involves 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 the stability of the 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 private 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 inward 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.

STRATEGIC PROPERTY

Operational Property

On 12th December 2022, the Council's Full Council Meeting considered and approved the Operational Property Review (OPR). This followed a review of the Council's operational property which had been undertaken to identify the optimal operational estate and understand the liability of it over a 10-year period together with the potential to undertake minor refurbishments where appropriate to minimise future liability. As part of this a programme of repair works totaling circa £80m is in the course of being implemented across the Council's operational estate. This is at risk to building cost and inflationary pressures together with general uncertain economic conditions.

The costs of these works identified as part of the OPR are proposed to be funded through the disposal of no-operational property assets and these have an indicative sales value of £75m. The receipt of these funds as envisaged is at risk to uncertain economic conditions and the prevailing property market, in particular interest rate changes.

The draft 2024/25 Budget and financial forecast includes provision of £2.6m to reflect essential repair and maintenance works across the Council's property estate prior to the OPR repair works being undertaken.

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 which was compounded by the impact of Covid 19. Some tenants have been unable to meet their rent obligations and have sought assistance from the Council in particular from the voluntary sector. The extent to how these trends will continue into 2024/25 and beyond remains fluid.

Energy Tariff

The Government Climate Change Levy (a carbon tax on energy) is still adjusted each April, with a planned increase levy charge on gas rising to £0.00775 / kwh from £0.00672 / kwh, but a standstill on electricity. Consequently, the Council's core gas costs will rise by approximately £11K/annum, assuming no major consumption changes.

The Council's Gas supply contract was secured in November 2022 on a 3-year flex rate basis. A flexible gas energy contract offers multiple buying opportunities, greater transparency, and the possibility of selling back. It allows us to take advantage of any falling market and provides the ability to re-forecast volume as opposed to a fixed contract. This supply contract will expire in September 2025, but with anticipated energy market prices looking to increase yet again, the Council could face larger gas bills.

The Council's Electricity supply contract is a fixed contract and was put in place in May 2023 and expires end of March 2024. We will look to tender this early in Jan/February 2024 to try and avoid price hikes forecast later in the year and will look at a fixed supply contract tendered from within a compliant framework.

In 2025, it is anticipated to undertake a tender within a Pan- London Councils Renewables PPA (Power Purchase Agreement) to procure with other Councils and use amalgamated consumption as leverage.

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 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 enable cohesive management of the Council's estate by bringing together the property team and other key functions together with Council's Service users. This will allow the Council's to consider how it can best manage and operate its estate moving forward to generate further savings and consider disposals where appropriate.

RISK AREAS WITHIN RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT PORTFOLIO FOR 2024/25 ONWARDS

CORPORATE SERVICES

Legal Services

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.

As stated in previous years, in line with national trends, the Council is still seeing 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 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, there has been an increase in referrals to social services and this has inevitably led to increase in instructions to legal services to commence proceedings, which increased demand for resources and increased spend on counsel.

The complex adults' social care cases and Deprivation of Liberty Safeguard (DOLS) applications have 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 as well as education capital projects continues to require additional legal resource and it has been agreed that this will be funded through the various schemes.

However, we are constantly looking to reduce legal cost and increase our external income where possible. We are liaising with services to discuss their legal spend and ways of reducing demand. In addition to that we are finding more efficient ways of delivering our services using technology and resourcing work at different levels experience.

Procurement Services

The Procurement Act 2023 is close to its final stages in Parliament and is expected to go 'live' in October 2024. The Bill introduces several new requirements, particularly around transparency (including a significant increase in formal Notices) and changes in process which will require additional time and resource for procurement planning, design, and implementation. This may lead to additional capacity and resource pressures, but these cannot be determined yet. In the short term (2024/2025) it is anticipated that any pressures can be contained within the existing procurement resources, but this will need to be kept under review as the impact of the Procurement Act becomes better understood.

Digital and IT Services

The Council's Digital and IT services contract has been signed following a successful procurement process and award of the contract to BT. The transition to new contract and

provider will be completed by the end of 2023. We are currently working on another major program to migrate on-premises Data Centre to Cloud to provide more resilient services and support the accommodation move. And this is due to complete in early 2024. Third major program in Digital and IT is to provide connectivity and the services in new accommodation, which has also begun in the summer of 2023. The time scale for the completion is predicated on the accommodation program. The Digital Transformation Programme continues to be progressed. The team is now working on a new Digital and IT Strategy for approval by the Executive in 2024.

Electoral Services

The UK Government is continuing to make significant changes to the electoral system through the Elections Act 2022.

The first tranche of these changes (including the introduction of showing photo ID at polling stations, the issue of a free Voter Authority Certificate to eligible residents without valid photo ID, and new accessibility requirements) were implemented at elections held in May 2023.

The second tranche of these changes come into force in advance of the May 2024 elections and will include new measures relating to absent voting, overseas electors, European citizens voting & candidacy rights and other election related changes.

They will apply at UK Parliamentary (General) elections in Great Britain, Local elections in England (including the GLA elections) and any by elections.

Secondary legislation is currently passing through Parliament containing the detail on how these latest measures will work in practice.

New Burdens funding is being provided by the UK Government to cover the initial costs to implement these changes. However, the Service may require additional resources to ensure the safe and effective implementation of the changes, but this will be kept under review.

HR & Customer Services

The service has recovered well post pandemic. The loss of the Old Palace as a ceremony venue, and the provision made in the new building will reduce ceremony income. The service is planning mitigation for this and looking at new alternative ceremony opportunities and web-based advertising as new income options to recover the position as much as possible.

Exchequer Services

Housing Benefit Admin Subsidy (HBAS)

The DWP have not yet provided the provisional allocation for housing benefit admin subsidy to be received for 2024/25 however this is expected before the end of December. The methodology uses the latest available Housing Benefit (HB) and Universal Credit (UC) caseload volumes. UC caseload volumes with a housing element has 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 2024/25. 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. The removal of temporary accommodation

Housing Costs from Universal Credit has lessened the financial impact for Bromley Council. Funding for 2024/25 has been recently confirmed and stands at £737k. The ongoing migration 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.

Last year the government advised that the plans to create a new housing element of Pension Credit, replacing pensioner Housing Benefit, have been pushed back from 2025 to 2028/29.

The impact of this will be significant to the Borough as the pensioner caseload is proportionally high. This also suggests that from 2028-29 the only residents in Bromley on HB will be those in temporary or supported/exempt accommodation.

The changes will 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 2023 working age claimants in receipt of Council Tax Support (CTS) have been required to pay a minimum of 30% towards their Council Tax liability. The scheme also restricts entitlement to band D liability. The minimum liability of 30% 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 April 2023 the Benefit Cap was increased by 10.1% in Bromley from £23,000pa to £25,323 for couples (with or without children) and £16,967pa for single claimants. For those placed outside of London the amounts will be £22,020pa and £14,753pa respectively.

Although most benefits and tax credits subject to capping are CPI-indexed and will be increasing by 6.7% from April 2024, there is no statutory requirement to annually uprate the benefit cap, although the Secretary of State for Work and Pensions is obligated to review the level of the benefit cap at least once every five years. For 2024/25 the cap will remain at their current levels.

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 and the cost-of-living situation

Prior to Covid-19 the overall caseload had been consistently reducing due to the natural migration of working age Housing Benefit claimants to Universal Credit.

Since March 2022 the Council Tax support caseload has reduced by 1,944 claims and is now lower than pre-pandemic levels.

Revenue collection was adversely affected by the pandemic and although there had been some improvement following the end of the pandemic it continues to be affected by the cost-of-living situation. This poses an on-going risk.

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Report No.
FSD24006

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: Wednesday 17 January 2024

Decision Type: Non-Urgent Executive Key

Title: Academy Information System and Aspien Corporate Debt Management System Software Licence and Maintenance Arrangements

Contact Officer: Claudine Douglas-Brown, Assistant Director: Exchequer Services
Tel: 020 8461 7479 E-mail: Claudine.Douglas-Brown@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

- 1.1 In July 2018, officers recommended to the Executive that the future provider of the Exchequer Service should undertake a health check of several IT systems used to deliver the service. The Executive noted that due to the complexities of a number of the systems and the need to provide sufficient time to migrate high risk data, these health checks should be carried out within 12 months of the Contract start date to confirm the value for money options going forward.
- 1.2 The Exchequer Services Contract commenced on 1st April 2020; however, the review of the Academy Information System (now known as Capita One Revenues & Benefits) and the Aspien Corporate Debt Management System were significantly delayed due to the impact of the pandemic.
- 1.3 Quotes for completing a full review of the Academy Information System were requested from our IT contractors, BT and from Liberata. Unfortunately, there were delays with obtaining the quotes and the delivery of the report, which was eventually delivered at the end of September 2023.
- 1.4 The report from Liberata recommends migrating to the NEC Revenues & Benefits system with transition costs of £1.52 million and annual costs of £259k on the basis that the NEC system offers greater automation which will improve collection and processing performance, however the indication from colleagues in the London Revenues Group (LRG) is that there is very little difference between the two systems.

- 1.5 Discussions with Liberata regarding the contents of the system review are ongoing and are likely to be completed within the next few months. We are also exploring the greater use of automation that is available within the Academy system.
 - 1.6 The Aspien Corporate Debt Management System is used by the Council's contractors Liberata in conjunction with the Council's financial system Oracle Fusion to bill and collect in the region of £60 million each year and the authorisation for extension of the agreement is due to expire in January 2024.
 - 1.7 The Council changed its financial system from Oracle R12 to Oracle Fusion in April 2022. The review of the debt recovery module, Advance Collections has commenced however it has not been possible to complete this due to the bedding in of Oracle Fusion. It has been estimated that the review will be completed within the next 12 months and if the outcome of the review is that Advance collections should be implemented a further 18 months would be required.
 - 1.8 This report seeks authorisation to renew the licence agreements for both the Academy System and the Aspien Corporate Debt Management System beyond 2024. The cumulative value of these extensions makes this an Executive decision.
-

2. RECOMMENDATION(S)

2.1 Executive, Resources and Contracts PDS Committee is recommended to note and comment on the report.

2.2 Executive is recommended to:

- i) Approve the renewal of the agreement for the Academy Information system until 31st March 2027 at an estimated annual cost of £182k; £546k over 3 years.**
- ii) Approve the renewal of the agreement for Aspien Corporate Debt Management System until 31st January 2027 at an annual cost of £9.9k; £30k over 3 years.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: It is not expected that there will be any adverse impact from the contract extension on vulnerable, adults, children and young people.
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority (*delete as appropriate*):

(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Estimated cost: £192k per annum, totalling £576k over the 3 years
 2. Ongoing costs: £182k pa (academy software annual maintenance and £9.9k pa (Aspien annual maintenance)
 3. Budget head/performance centre: Exchequer Services
Total current budget for this head: ££9.23m
 5. Source of funding: General Fund Revenue Budgets 2023/24
-

Personnel

1. Number of staff (*current and additional*): No change to existing staff resource
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement Any tendering procedure must comply with the Public Contract Regulations 2015.
 2. Call-in: Applicable:
-

Procurement

1. Summary of Procurement Implications: Beyond Term extension. Cumulative value of any single and/or all extensions, variations, modifications need to be applied
-

Property

1. Summary of Property Implications: N/A
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: N/A
-

Impact on the Local Economy

1. Summary of Local Economy Implications: N/A
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: N/A
-

Customer Impact

1. Estimated number of users or customers (*current and projected*): All households, customers, organisations and businesses within the Borough or transacting with the Authority.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Academy Information System (now known as Capita One Revenues & Benefits)

- 3.1 The Academy Information System is the core system for the administration of Housing Benefits and Council Tax Support. It is also the key system for the collection of Council Tax and Business Rates. The system enables the Council's contractors Liberata to manage financial transactions in excess of £432 million annually. The system also supports other functions through the purchase of additional modules as required. As with other software systems, the Council has a rolling agreement (unless notice is given) for which it pays an annual fee for the cost of licences, support and maintenance for the platform and associated modules.
- 3.2 The Academy Information system continues to meet the Council's requirements and it is expected that the system will continue to meet business needs beyond March 2024.
- 3.3 The Council has contracted with Capita Secure Systems Limited, and utilised its core system, the Academy Processing System since 2011 and over time various supplemental agreements, additions, extensions and renewals to the Contract have been approved and effected. The contract operates on a rolling annual renewal basis unless notice is given.
- 3.4 In 2016 the Council entered into an agreement with Capita for several Advantage Digital products which included the capability for online HB claims as well as Council Tax discounts and exemptions applications. These modules were implemented over a period of time with the discount and exemption forms going live in June 2021. They have reduced demand on administrative resources through automated and streamlined processes, however there are additional functions that have not yet been implemented to enable further automation and these are currently being explored.
- 3.5 In 2017 the Advantage Digital Platform (ADP) replaced the existing solution for the MyBromley account which was costly to support and maintain. The approach was that by expanding the use of ADP it would provide a single, joined up web portal system with lower running costs, avoiding expensive integration to achieve a single sign-on between multiple systems.
- 3.6 These additional products are a significant part of the Council's digital offering, providing residents with improved accessibility to council services. The current system and additional modules have proved to be reliable and effective across Finance and Customer Services and is widely used by other local authorities. This allows us to utilise service design used across other councils.
- 3.7 The estimated cumulative spend to date with Capita Business Systems in regard to the Academy contract is £2.58m. The annual cost of the Capita contract renewal will be £182k.
- 3.8 The expiration of authorisation for the current Capita arrangement in 2024 will limit the time within which to conduct a full review of the Academy Processing System and the ADP modules.
- 3.9 Authority is sought to renew the contract with Capita for three years. During the renewal contract period the Council will explore and implement further automation and complete the review of other available systems to assist in determining future requirements and report on the options available at a future meeting of the Executive.
- 3.10 It is important to note that procurement for a new system will be a significant project that may require one-off upfront costs for project management, mobilisation, data transfer and implementation. This key system which is used to support a significant number of council tax payers and recipients of housing benefit payments (the more vulnerable group) is still used by a large number of local authorities with a limited number of alternative systems available.

Aspien Corporate Debt Management System

3.11 The Council has contracted with Ash Information Systems Limited since April 2016 and the estimated cumulative spend to date is £76k.

3.12 The annual cost of the Ash Information Systems contract renewal will be £9.9k.

3.13 Authority is sought to renew the contract with Ash Information Systems Ltd for three years. During the renewal contract period the Council and Liberata will undertake a review of the system to assist in determining whether to implement the Advance Collections module of Oracle Fusion. It is likely the implementation would be carried out in a two phased approach once Oracle Fusion has been implemented and bedded in.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The extension of the contracts is not expected to have any adverse impact on vulnerable, adults, children and young people.

5. TRANSFORMATION/POLICY IMPLICATIONS

The “Building a Better Bromley” objective of being an Excellent Council refers to the Council’s intention to provide efficient and effective services and value for money to our residents. The proposal will allow for a full review of the Academy system and the transition to Advance Collections.

6. FINANCIAL IMPLICATIONS

6.1 Executive is recommended to:

i) Approve the renewal of the agreement for the Academy Information system until 31st March 2027 at an estimated annual cost of £182k; which equates to £546k for the total 3 years.

ii) Approve the renewal of the agreement for Aspien Corporate Debt Management System until 31st January 2027 at an annual cost of £9.9k; £30k over 3 years’

6.2 There is sufficient budget within the Exchequers service revenue budgets to meet the annual budgetary requirements of both contracts above, which comes to approximately £192k per annum in total for the next 3 years at a total cost of £576k.

7. LEGAL IMPLICATIONS

This report seeks approval to;

i) Approve the renewal of the agreement for the Academy Information system (Capita one) for a period of three years until 31st March 2027 at an estimated annual cost of £182k;

ii) Approve the renewal of the agreement for Aspien Corporate Debt Management System with Ash Information Systems Limited for a period of three years until 31st January 2027 at an annual cost of £9.9k.

7.2 The estimated cumulative spend to date with Capita Business Systems in regard to the Academy contract is £2.58m. The annual cost of the Capita contract renewal will be £182k. The estimated cumulative spend to date with Ash Information Systems Limited is £76k and the annual cost will be £9.9k.

- 7.3 The renewal of the Aspien Corporate Debt Management System falls below the threshold set out in the Public Contracts Regulations 2015 (the regulations) whereas the extension of the Academy System would need to comply with Regulation 72 due to the cumulative value falling above the relevant Regulations threshold.
- 7.4 Regulation 72 allows contracts to be modified without a new procurement procedure where the requirement for the additional services/goods have become necessary where a change of contractor cannot be made for economic or technical reasons (for example requirements for interchangeability or interoperability with existing equipment, services or installations) and would cause significant inconvenience or substantial duplication of costs, provided that any increase in price does not exceed 50% of the value of the original contract. The report states that procurement for a new system will be a significant project that may require one-off upfront costs for project management, mobilisation, data transfer and implementation. The reasons given in this report justify the making of such modifications by way of an extension/renewal of both Contracts and would fall within Regulation 72 (1).
- 7.5 The Council's requirements for authorising an extension are covered in CPR 23.7 and 13.1. For a contract of this value, the Approval of the Executive following Agreement by the Portfolio Holder, the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance must be obtained.

8. PROCUREMENT IMPLICATIONS

- 8.1 This report seeks authorisation for an extension beyond term to renew the agreement for the Academy Information System (known as Capita One Revenues & Benefits) to Capita Business beyond 2024, for period of 3 years ending 31st March 2027. At an estimated annual cost of £182K.
- 8.2 The estimated cumulative spend to date with Capita Business in regard to the Academy Information System contract is £2.58 million. The annual cost of the Capita contract renewal will be £182K.
- 8.3 This report also seeks authorisation for an extension beyond term to renew the agreement for Aspien Corporate Debt Management System to Ash Information Systems beyond 2024, for period of 3 years ending 31st March 2027. At estimated annual cost of £9.9K
- 8.4 The estimated cumulative spend to date with Ash Information Systems Ltd in regard to the Aspien Corporate Debt Management System spend to date is £76K.
- 8.5 The cumulative value of these extension beyond term makes this an Executive decision.
- 8.6 The Council's requirements for authorising an extension beyond term are covered in CPR 23.7.5 and 13.1. For an extension of this value, the Agreement of the Chief Officer, Director of Corporate Services, Assistant Director Governance & Contracts, Director of Finance, and Portfolio Holder must be obtained and approval of Executive. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 8.7 Following Approval, the extension must be applied via a suitable Change Control Notice, or similar, as specified in the contract.
- 8.8 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

9. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

The Academy system is hosted by Liberata who exclusively uses Ark data centres which are committed to the European Green Deal, achieving the ambitious greenhouse gas reductions of the climate law, and leveraging technology and digitalisation to achieve the goal of making Europe climate neutral by 2050. For the last 6 years, all Ark facilities have been powered by 100% renewable energy. To improve sustainability further Ark has developed innovative direct air evaporative cooling capability that dramatically lowers energy consumption and cost, capable of providing compressor free cooling for 100% of every year.

10. IMPACT ON THE LOCAL ECONOMY

This proposal has been judged to have little or no impact on local people and communities.

Non-Applicable Headings:	Personnel implications, Property Implications, customer impact, impact on health and wellbeing, Ward councillor views
Background Documents: (Access via Contact Officer)	Report No. DRR18/011 Executive Committee 11th July 2018 - Retender of the Exchequer Services Contract Report No. FSD21072 Executive Committee 24th November 2021 Academy Information System and Aspien Corporate Debt Management System Software Licence and Maintenance Arrangements

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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