

Decision Maker: Renewal, Recreation & Housing Portfolio Holder

For Pre-decision Scrutiny by the Renewal, Recreation & Housing PDS Committee

Date: 26th June 2018

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2018/19

Contact Officer: Claire Martin, Head of Finance
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Chief Officer: Nigel Davies, Executive Director of Environment and Community Services
Ade Adetosoye OBE, Deputy Chief Executive & Executive Director

Ward: Borough wide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2018/19 for the Renewal, Recreation and Housing Portfolio based on expenditure and activity levels up to 31 May 2018. This shows a projected under spend of £156k for the total portfolio budget.

2. **RECOMMENDATION(S)**

That the Portfolio Holder is requested to:

- 2.1 To endorse the latest 2018/19 budget projection for the Renewal, Recreation & Housing Portfolio.
- 2.2 Approve the drawdown of the carry forward sums from 2017/18 held in the Central Contingency for the Housing Service, totalling £138k, excluding grant income, as detailed in para 6.11.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly from this report.
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Corporate Policy

1. Policy Status: Existing Policy: Sound financial management
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost Not Applicable
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: Renewal, Recreation & Housing Portfolio Budgets
 4. Total current budget for this head: £22.49m
 5. Source of funding: Existing revenue budgets 2018/19
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Personnel

1. Number of staff (current and additional): 194.3ftes
 2. If from existing staff resources, number of staff hours: N/A
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Legal

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

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

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2018/19 projected outturn is detailed in Appendix 1, with a forecast of projected spend for each division compared to the latest approved budget and identifies in full the reason for any variances.
- 3.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance. These variations will include the costs related to the recession.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The 2018/19 budget reflects the financial impact of the Council’s strategies and service plans which impact on all of the Council’s customers and users of our services.

5. POLICY IMPLICATIONS

- 5.1 “The “Building a Better Bromley” objective of being an Excellent Council refers to the Council’s intention to provide efficient services and to have a financial strategy that focuses on stewardship and sustainability. Delivering Value for Money is one of the Corporate Operating Principles supporting Building a Better Bromley.
- 5.2 The “2018/19 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2018/19 to minimise the risk of compounding financial pressures in future years.
- 5.3 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

6. FINANCIAL IMPLICATIONS

- 6.1 The Renewal, Recreation and Housing Portfolio is expected to under spend by £156k at the year-end, based on the financial information available as at 31 May 2018.

Environment & Community Services Department

- 6.2 For Building Control, there is a net projected under spend of £25k within the staffing budget due to vacant posts and reduced hours being worked.
- 6.3 Additional income of £60k is projected from non-major planning applications as a result of an increase in activity as well as the higher statutory charges.

6.4 There is an over spend of £18k on the Mytime contract as the actual inflation applied was 2.2% higher than the 2% built into the 2018/19 budget. This is offset by underspends elsewhere within the Portfolio.

Education, Care & Health Services Department

6.5 The supporting people budget is expected to underspend by £74k as a result of contact negotiations. However there is concern over a contract that may result in early termination. If this were to happen additional costs will be incurred

6.6 Temporary Accommodation costs are likely to exceed the budget by £1.135m due to a higher than expected increase in clients going to nightly paid accommodation.

6.7 It is expected that the provision for bad debts for rent accounts will need to be increased by £462k.

6.8 An amount of £1.597m will be drawn down from the Central Contingency to meet the extra costs of temporary accommodation and increase in bad debt provision.

6.9 Other variations include a £60k net overspend for Travellers sites, offset by a net under spend of £66k within Housing Needs and other minor variations of Cr £9k..

6.10 The table below summarises the main variances: -

Summary of Major Variations		£'000
Building Control staffing vacancies	Cr	25
Planning application income	Cr	60
Inflation on Mytime contract		18
Impact of early termination of a contract within the Supporting People Area	Cr	74
Temporary Accommodation		1,135
Increase in bad debt provision for rent accounts		462
Contingency drawdown	Cr	1,597
Travellers Sites		60
Housing Needs	Cr	66
Other variations	Cr	9
	Cr	156

Carry Forward Requests

6.11 The Renewal, Recreation & Housing Portfolio Holder is requested to approve the drawdown of the following carry forward sums held in the Central Contingency for the Housing Service: -

2017/18 Carry Forward Sums - Request to Drawdown		£
Implementing Welfare Reform Changes	The funds provided were to meet the cost of implementing welfare reform. Caseloads are likely to increase substantially. This funding will be needed in 2018/19 to help mitigate the impact and potential increase in homelessness resulting from these changes. In addition there have been delays in implementing Universal Credit nationally. The funding will therefore be needed to cover the costs of local implementation during 2018/19.	54,918
Flexible Homelessness Grant	The Flexible Homelessness Grant was a new grant in 2017/18 that has replaced the Management Fee included within the Housing Benefit Grant. The spend has been used during 2017/18 to offset the loss of income from the end of the HB Management Fee. Looking at the grant allocation and expected spend for 2018/19, it is currently expected that the grant income will not be enough to cover the costs, and therefore this carry forward would assist in meeting the expected demand in 2018/19.	82,600
Total Expenditure		137,518
Grant Income		Cr 137,518
Total (net of Grant Income)		0

Non-Applicable Sections:	Legal, Procurement and Personnel Implications
Background Documents: (Access via Contact Officer)	2018/19 budget monitoring files within ECS and ECHS Finance sections