

Decision Maker: Renewal, Recreation & Housing Portfolio Holder

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

Date: 6th March 2019

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 December 2018. This shows a projected over spend of £71k 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 Note that a report elsewhere on the agenda requests the drawdown of a total of £2.489m from the 2018/19 Central Contingency in relation to temporary accommodation pressures and the impact of the Homeless Reduction Act as detailed in paragraph 6.16.

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: 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: £24.845m
 5. Source of funding: Existing revenue budgets 2018/19
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Personnel

1. Number of staff (current and additional): 198.6ftes
 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 controllable budget for the Renewal, Recreation and Housing Portfolio is expected to over spend by £64k at the year-end, based on the financial information available as at 31 December 2018. This figure excludes the non-controllable variation of Dr £7k.
- 6.2 As requested at the June PDS meeting, the following table summarises the budget variations over the key areas: -

	Latest Approved	Projection	Variation	%
	£'000	£'000	£'000	
Staffing	8,400	7,776	-624	-7.43%
Running expenses	5,832	5,786	-46	-0.79%
Contracts	5,384	5,403	19	0.35%
Temporary accommodation - costs	18,462	18,411	-51	-0.28%
Housing Benefits - payments	107,976	108,257	281	0.26%
Temporary accommodation - income	-11,592	-11,540	52	-0.45%
Housing Benefits - subsidy	-109,960	-109,960	0	0.00%
Other Income	-7,751	-7,498	253	-3.26%
Consultants	126	306	180	142.86%
	16,877	16,941	64	0.38%

Further details of the variations are provided in Appendix 1

The following sums are included in the budgets above, which are requested for drawdown from the 2018/19 Central Contingency, as set out in paragraph 6.15:

	£'000
Staffing	196
Running Costs	822
Temporary accommodation - costs	883
Temporary accommodation - income	588
	2,489

Environment & Community Services Department (Cr £176k)

- 6.3 For Building Control and Land Charges, there is a net projected under spend of £83k within the staffing budget due to vacant posts and reduced hours being worked.
- 6.4 There is an overall deficit of income of £90k expected for planning income. This is mainly from non-major planning applications and pre-application meetings. The deficit is partly offset by an under spend of £68k within staffing due to part year vacancies.
- 6.5 Additional costs of £137k have been incurred for the procurement of specialist advice required for planning appeals, where there is no in-house expertise.
- 6.6 Part year vacancies within Renewal have resulted in an under spend of £196k. This is offset by £50k for consultancy and legal fees for the public enquiries following submission of the London Plan.
- 6.7 Town Centre development work funded by the New Homes Bonus is likely to underspend by £80k and a carry forward request will be submitted to the Executive in June to enable the remaining work to be completed. This is subject to receiving formal approval from the GLA to re-profile the spend.

- 6.8 Within the Recreation division there is a net under spend of £11k projected, mainly as a result of part year vacancies.
- 6.9 There are part year vacancies within the Housing Improvement team totalling Cr £32k which is partly offset by a shortfall of renovation grant agency fee income of £10k.
- 6.10 Other minor variations across the department total Dr £7k.

Education, Care & Health Services Department (Dr £240k)

- 6.11 The supporting people budget is expected to underspend by £74k as a result of contact negotiations.
- 6.12 Temporary Accommodation costs are likely to exceed the budget by £1.472m. This is due to a higher than expected increase in clients going to nightly paid accommodation together with an increase in the provision for bad debts for rent income.
- 6.13 In addition, there are overspends of £676k as a result of additional homeless prevention work/initiatives, and £342k (mainly in staffing) relating to the implementation of the Homeless Reduction Act.
- 6.14 As a result of the increase in unrecoverable Housing Benefit overpayments, there is a projected overspend of £281k on the bad debt provision.
- 6.15 Other minor variations across the department total Dr £32k.
- 6.16 Previous reports to Members have highlighted the ongoing pressure on Operational Housing budgets from the increasing number of homeless households as a result of the current housing market situation and the impact of welfare reform, as well as the impact of the Homeless Reduction Act. Members are requested to note that a report elsewhere on the agenda requests the drawdown of a total of £2.489m from the 2018/19 Central Contingency sums set aside in respect of these pressures. The budgets included in Appendix 1 assume this drawdown is agreed.
- 6.17 The table below summarises the main variances within the divisions: -

Summary of Major Variations		£'000
Building Control/Land Charges staffing vacancies	Cr	83
Planning income		90
Vacancies within planning	Cr	68
Specialist advice for planning appeals		137
Vacancies within Renewal team	Cr	196
Potential costs of public enquiry		50
Town Centre works funded from New Homes Bonus (c/f request)	Cr	80
Net underspend within Recreation Division	Cr	11
Vacancies within Housing Improvement team	Cr	32
Renovation grant agency fee income		10
Other net variations across the ECS Department		7
Supporting People contracts	Cr	74
Temporary accommodation		940
Temporary accommodation bad debts		532
Homelessness prevention		676
Change in legislation		342
Housing Benefit bad debt provision		281
Other net variations in ECHS department		32
Contingency requested for drawdown	Cr	2,489
		64

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