

Decision Maker: Renewal, Recreation and Housing Portfolio Holder

For Pre-decision scrutiny by the Renewal, Recreation and Housing PDS Committee

Date: 2nd July 2019

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2018/19

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Chief Officer: Nigel Davies, Executive Director of Environmental and Community Services
Sara Bowrey, Director of Housing

Ward: Boroughwide

1. Reason for report

This report provides the Portfolio Holder with the provisional final outturn position for 2018/19 for the previous Renewal, Recreation and Housing Portfolio. This shows an over spend of £79k for 2018/19.

2. **RECOMMENDATION(S)**

The Portfolio Holder is requested to:

- 2.1 Endorse the 2018/19 provisional outturn position for the Renewal, Recreation and Housing Portfolio.
- 2.2 Approve the release of the carry forward sums from 2018/19 held in the Central Contingency, as detailed in para 6.13.

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: Recurring Cost
 3. Budget head/performance centre: Renewal, Recreation and Housing Budget
 4. Total current budget for this head: £24.535m
 5. Source of funding: Existing revenue budgets 2018/19
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Staff

1. Number of staff (current and additional): 201.6 ftes
 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 provisional outturn for the Renewal, Recreation and Housing Portfolio shows an over spend of £79k against a controllable budget of £17.036m, representing a 0.46% variation. The detailed variations are shown in Appendix 1 with a summary included in Section 6.
- 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 total variation for the Renewal, Recreation and Housing Portfolio at the year-end was an over spend of £79k. Some of the major variations are summarised below, with more detail included in Appendix 1.
- 6.2 As requested at the November 2018 PDS meeting, the following table summarises the budget variations over the key areas: -

	Latest		Variation	%
	Approved	Projection		
	£'000	£'000	£'000	
Staffing	8,121	7,667	-454	-5.59%
Running expenses	7,057	7,243	186	2.64%
Contracts	5,509	5,625	116	2.11%
Temporary accommodation - costs	17,680	17,739	59	0.33%
Housing Benefits - payments	107,461	108,594	1,133	1.05%
Temporary accommodation - income	-10,565	-10,525	40	-0.38%
Housing Benefits - subsidy	-109,960	-110,945	-985	0.90%
Other Income	-8,348	-8,530	-182	2.18%
Consultants	81	247	166	204.94%
	17,036	17,115	79	0.46%

Further details of the variations are provided in Appendix 1

The following sums are included in the budgets above, which were drawdown from the Central Contingency:

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

Environment & Community Services Department (Cr 234k)

- 6.3 Within Building Control there was an overall net underspend of £92k, largely due to vacant posts.
- 6.4 Income for planning applications was above budget by £100k which was more than offset by additional costs of £194k incurred for specialist consultancy and legal work required for planning appeals.
- 6.5 Part year vacancies within renewal total £172k, which partly funded advice required for public enquiries and the Local Plan implementation, £67k.
- 6.6 There was an under spend of £94k that relates to a carry forward request New Home Bonus projects within Renewal and an under spend of £23k for Town Centre Management projects.
- 6.7 Other net variations within the ECS Department total Cr £14k.

Education, Care & Health Services Department (Dr £313k)

- 6.8 Supporting People budgets had an under spend of £74k as a result of contract savings.

- 6.9 There was a net overspend of £51k in Housing Needs, largely due to increases in nightly paid accommodation (£99k), increased provision for uncollectable temporary accommodation debts (£64k), Travellers site utilities, maintenance and loss of income (£44k), partly offset by underspends on prevention work (£156k).
- 6.10 Housing Benefit was overspent by £335k, mainly as a result of the increase in provision for unrecoverable benefit at £188k above budgeted levels, with the remaining overspend mainly relating to the overpayment subsidy being lower than budgeted.
- 6.11 The table below summarises the main variances: -

Summary of Major Variations	£'000
Building Control	Cr 92
Income from planning applications	Cr 100
Specialist consultancy/legal advice	194
Renewal staff vacancies	Cr 172
Public enquiry & local plan implementation	67
Underspend related to NHB funded work within Renewal (C/F Request)	Cr 94
Underspend related to NHB funded work within TCM (C/F Request)	Cr 23
Other variations with the ECS Department	Cr 14
Total Variation for the ECS Department	Cr 234
Temporary Accommodation	99
Increase in Bad Debt Provision	252
Homelessness Prevention	Cr 156
Travellers Sites	44
Furniture Storage	Cr 104
Choice Based Letting	Cr 21
Housing Benefit	147
New Housing System	49
Other variations within ECHS Department	3
Total Variation for the ECHS Department	313
Total Variation for the RRH Portfolio	79

Carry Forward Requests

- 6.12 On 21st May 2019, Executive approved the carry forward of 2018/19 underspends, subject to the funding being allocated to the Central Contingency to be drawn down on the approval of the relevant Portfolio Holder.
- 6.13 The total sum relating to the RRH Portfolio being requested in this report is £490k which is fully funded by government, grant providing a net carry forward of £0k. Details are provided in the table below:

2018/19 Carry Forward Sums - Request to Drawdown		£'000
Fire Safety Grant	In June 2017, the Council received £56,589 from the London Fire and Emergency Planning Authority, following the successful bid made for gas safety checks, minor repairs for gas appliances and fire retardant bedding and clothing for disabled or vulnerable clients. To date, £13,935 has been spent and the remaining grant sum of £42,654 is requested to be carried forward to 2019/20, in order to continue to carry out the works as set out in the grant conditions.	42.7
New Homes Bonus - Regeneration	In total there were 4 NHB top slice revenue projects which secured funding agreed through the LEP in 2015/16. These were due to be delivered over 2 years commencing in 2015/16, although the GLA agreed to extend the period to the end of 2018/19. The 4 projects include: Penge town centre and Orpington town centre (a proportion of which was allocated to TCM and is included in a separate carry forward request), Biggin Hill Technology & Enterprise centre and Lagoon Rd industrial estate refurbishment. At the end of 2018/19, £94,416 remains unspent and a carry forward is requested so that the associated project work can be completed in 2019/20, as agreed with the GLA.	94.4
New Homes Bonus - Town Centre Management	There was an underspend of £23k in 2018/19 relating to the two NHB top slice projects within Orpington and Penge. Executive are requested to agree a carry forward on the balance for these specific projects, which will be completed during 2019/20, as agreed with the GLA.	23.5
Appeal & Enforcement - Asset Recovery Incentivisation Scheme (ARIS)	The Council was awarded a sum of £144,388 from a Proceeds of Crime Act prosecution as part of the Asset Recovery Incentivisation Scheme to carry out works on asset recovery, crime reduction projects and community projects. Due to the late notification of this funding, on 28th March 2018 Executive agreed to carry forward the unspent balance of £132,758 into 2018/19. £84,633 of this is allocated to Planning Enforcement (RR&H Portfolio) and the remaining balance of £48,125 is allocated to Trading Standards (PPE Portfolio). The works that were undertaken during 2018/19 were funded from underspends elsewhere in the service, enabling the funding to be carried forward for another year. Members are asked to approve a carry forward request for both the income and expenditure budget to 2019/20.	84.6
Planning Strategy & Projects - Custom Build Grant	The Custom Build grant of £30k was carried forward from 2017/18 due to late notifications from DCLG, as approved by Executive on 21 May 2018. In March 2019, notification was received from DCLG that the Council had been awarded an additional £30k Custom Build grant. The majority of the work funded from these grants will follow on from the Local Plan. Due to a lengthy public examination including legal challenges, the plan was eventually adopted much later than expected in January 2019, which resulted in the works being delayed. Therefore Executive are asked to carry forward these grants in order to carry out the works in 2019/20	60.0
Continued overleaf		305.2

2018/19 Carry Forward Sums - Request to Drawdown (cont'd)		£'000
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 2019/20 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.	54.8
Flexible Homelessness Support Grant	The Flexible Homelessness Support 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 the year to offset the loss of income from the end of the HB Management Fee. Looking at next years grant allocation and expected spend, 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 2019/20.	41.0
Homelessness Reduction Grant	The additional grant which has been given to reflect the latest MHCLG visits. The funding has been provided to assist in preventing and relieving homelessness for young people and as such will be required to during 2019/20 to implement the initiatives identified through the work with the MHCLG specialist adviser.	89.0
Total Expenditure		490.0
Grant Income		-490.0
Total (net of Grant Income)		0.0

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