

Decision Maker: **PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING**

Date: **For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on Tuesday 5th November 2019**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2019/20**

Contact Officer: James Mullender, Head of Finance, Adults, Health & Housing
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Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

1.1 This report provides the budget monitoring position for 2019/20 for the Renewal, Recreation and Housing Portfolio based on activity up to the end of September 2019.

2. **RECOMMENDATION(S)**

2.1 **The Portfolio Holder is requested to:**

- i) **Endorse the latest 2019/20 budget projection for the Renewal, Recreation & Housing Portfolio.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly arising 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: Not Applicable
 3. Budget head/performance centre: RR&H Portfolio Budgets
 4. Total current budget for this head: £21.7m
 5. Source of funding: Existing revenue budget 2019/20
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Personnel

1. Number of staff (current and additional): 201 Full time equivalent
 2. If from existing staff resources, number of staff hours: Not applicable
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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: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services
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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 2019/20 projected outturn for the Renewal, Recreation and Housing Portfolio is detailed in Appendix 1A, broken down over each division within the service. Appendix 1B gives explanatory notes on the movements in each service. The current position is a projected overspend of £60k on the controllable budget.

3.2 The following table summarises the variations over the key areas:

		£'000
Building Control staffing	Cr	28
Planning staffing	Cr	229
Planning income		174
Supporting People contracts	Cr	92
Temporary Accommodation		103
Travellers Sites		54
Choice Based Lettings		26
Housing Information System		32
Other variations		20
		60

3.3 Within Building Control, there is a net projected under spend of £28k within the staffing budget due to vacant posts and reduced hours being worked.

3.4 There is an underspend of £229k within Planning staffing due to part year vacancies. This is partly offset by a projected deficit of planning income of £174k, mainly from non-major planning applications. The London Plan is due to come into effect in early 2020 and new housing targets will increase. It is thought that developers are currently delaying applications in order to increase their chances for approval against the raised targets

3.5 The Supporting People budget is projected to underspend by £92k, mainly as a result of contract savings.

3.6 Although the growth in numbers of households in costly nightly paid accommodation has reduced from that seen in recent years as a result the preventative work and the supply of properties through the More Homes Bromley scheme, Temporary Accommodation budgets are projected to overspend by £103k. This is mainly due to a reduction in income from Bellegrave and Manorfields.

3.7 There are also overspends relating to traveller site utility and maintenance costs, a shortfall of Choice Based Lettings income, as well as additional costs relating to the implementation of the new Housing IT System.

3.8 The following table provides a summary of the variations across the portfolio by type of spend:

	Latest approved budget		Projection		Variation		%
	£'000		£'000		£'000		
Staffing	8,578		8,085	Cr	493	Cr	5.7
Running expenses	5,181		5,465		284		5.5
Contracts	4,450		4,493		43		1.0
Temporary accommodation - costs	17,736		17,021	Cr	715	Cr	4.0
Housing Benefits - payments	105,966		105,965	Cr	1	Cr	0.0
Temporary accommodation - income	Cr 11,253	Cr	10,435		818	Cr	7.3
Housing Benefits - subsidy	Cr 108,401	Cr	108,401		0		0.0
Other income	Cr 6,688	Cr	6,564		124	Cr	1.9
Consultants	158		158		0		0.0
	15,727		15,787		60		0.4

3.9 The cost pressures identified above are projected to impact in 2020/21 by £27k. Further net growth of £1,049k for Housing has been assumed in the financial forecast, however, given the Council's "budget gap", which is projected to increase to around £32m by 2022/23, these growth items are currently unfunded.

4. POLICY IMPLICATIONS

4.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.

4.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.

4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2019/20 to minimise the risk of compounding financial pressures in future years.

4.4 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.

5. FINANCIAL IMPLICATIONS

5.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B.

5.2 Overall the current projected position for 2019/20 is an overspend of £60k (£27k overspend full year effect) based on the financial information available as at 30th September 2019. This figure excludes the non-controllable variation of Dr £8k.

5.3 Costs attributable to individual services have been classified as "controllable" and "non-controllable" in Appendix 1A. 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.

5.4 As such, any variations arising are shown as "non-controllable" within services but "controllable" within the Resources, Commissioning and Contracts Management 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.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications
Background Documents: (Access via Contact Officer)	2019/20 Budget Monitoring files in ECS and ECHS Finance Section