

Decision Maker: **PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING**
For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on:

Date: **25th March 2020**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2019/20**

Contact Officer: Keith Lazarus, Head of Finance (ECS & Corporate)
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Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

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

2. RECOMMENDATION(S)

2.1 The Portfolio Holder is requested to:

- i) Endorse the latest 2019/20 budget monitoring 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: 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): 196 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 This report sets out the results of the latest quarterly revenue budget monitoring exercise for the 2019/20 financial year for the Renewal, Recreation and Housing Portfolio.
- 3.2 The projected outturn for 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 underspend of £182k on the controllable budget.

The following table summarises the variations over the key areas:

	£'000
Building Control staffing	Cr 42
Planning staffing	Cr 252
Planning income	157
Planning IT costs	51
Supporting People contracts	Cr 107
Temporary Accommodation	119
Housing Needs staffing	Cr 167
Other Housing Needs running costs	Cr 99
Travellers Sites	99
Housing Information System	46
Other variations	13
	Cr 182

- 3.3 Within Building Control, there is a net projected under spend of £42k within the staffing budget due to vacant posts.
- 3.4 There is a net underspend of £62k within the Planning Department. Staffing is projected to underspend by £252k due to part year vacancies. This is partly offset by a projected deficit of planning income of £157k, mainly from non-major planning applications. It is thought that developers have been delaying applications in order to improve their chances for approval against the anticipated increased housing targets of the revised London Plan which is due to be published in the near future. In addition, improvements in IT, including a project to enable more efficient mobile working, are expected to cost £51k this year.
- 3.5 The Supporting People budget is projected to underspend by £107k, 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 £119k. This is mainly due to a reduction in income from Bellegrove and Manorfields.
- 3.7 Housing Needs salary costs are projected to underspend by £167k mainly due to staffing vacancies. There is also a forecast underspend of £99k on other running cost budgets, including £80k on furniture storage.
- 3.8 There are also overspends relating to traveller site utility and maintenance costs plus some loss of income from rent arrears, as well as additional costs relating to the implementation of the new Housing IT System.

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

	Latest approved budget £'000	Projection £'000	Variation £'000	%
Staffing	8,670	8,199 Cr	471 Cr	5.4
Running expenses	5,144	5,291	147	2.9
Contracts	4,450	4,450	0	0.0
Temporary accommodation - costs	17,711	17,012 Cr	699 Cr	3.9
Housing Benefits - payments	105,965	105,965	0	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 6,717 Cr	6,681	36 Cr	0.5
Consultants	158	145 Cr	13 Cr	8.3
	15,726	15,544 Cr	182 Cr	1.2

- 3.10 The cost pressures identified above are projected to impact in 2020/21 by £27k. Further net growth of £465k for Housing has been assumed in the financial forecast; however, there is a total of £1,342k savings assumed from the mitigation and transformation work streams, mainly through the provision of modular housing for use as temporary accommodation.

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 underspend of £182k (£27k overspend full year effect) based on the financial information available as at 31st December 2019. This figure excludes the non-controllable variation of Cr £1k.
- 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