

**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:** **4<sup>th</sup> November 2020**

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** **BUDGET MONITORING 2020/21**

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**Chief Officer:** Director of Housing, Planning and Regeneration

**Ward:** All Wards

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1. Reason for report

- 1.1 This report provides an update of the latest revenue budget monitoring position for 2020/21 for the Renewal, Recreation and Housing Portfolio based on activity up to the end of September 2020.

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2. **RECOMMENDATION(S)**

2.1 The Portfolio Holder is requested to:

- i) Endorse the latest 2020/21 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: £19.8m
  5. Source of funding: Existing revenue budget 2020/21
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### Personnel

1. Number of staff (current and additional): 194.7 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 2020/21 financial year for the Renewal, Recreation and Housing Portfolio. The impact of Covid-19 on the Portfolio's budgets is not included as these details are reported separately to the Executive.
- 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 £34k on the controllable budget.

The following table summarises the variations over the key areas:

	<b>£'000</b>
Building Control staffing	Cr 63
Planning staffing	Cr 137
Land Charges staffing	Cr 30
Libraries contract	50
Temporary Accommodation	246
Housing Needs staffing	Cr 177
Travellers Sites	68
Other variations	9
	<hr/> <b>Cr 34</b>

- 3.3 There are projected underspends on Planning, Building Control and Land Charges staffing budgets due to vacant posts being held whilst the level of activity remains lower as a result of the wider economic conditions since the beginning of the financial year.
- 3.4 The Libraries contract is forecast to overspend by £50k this financial year due to additional pension costs for the staff that transferred to GLL at the commencement of the contract.
- 3.5 Temporary accommodation budgets are currently projected to overspend by £246k. The projection is based on the number of current clients as at the end of Sept 2020, and an assumed increase of 10 clients each month for the next 6 months. This increased assumption (from the 5 per month assumed in the growth allocation in the 2020/21 budget) reflects an expectation of higher numbers of evictions later in the year.
- 3.6 Housing Needs salary costs are projected to underspend by £177k mainly due to staffing vacancies.
- 3.7 The Travellers Site service is expected to overspend by £68k mainly due to a forecast overspend of £55k on the grounds maintenance and utilities budgets, a forecast shortfall of £37k on site fees due to voids, partly offset by a forecast underspend of £16k on other running expenses budgets and an underspend of £8k on the salaries budget.

3.8 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	9,027	8,623	Cr 404	Cr 4.5
Running expenses	4,948	4,984	36	0.7
Contracts	4,274	4,324	50	1.2
Temporary accommodation - costs	17,689	17,775	86	0.5
Housing Benefits - payments	102,373	102,373	0	0.0
Temporary accommodation - income	Cr 11,455	Cr 11,295	160	Cr 1.4
Housing Benefits - subsidy	Cr 104,847	Cr 104,847	0	0.0
Other income	Cr 7,027	Cr 6,989	38	Cr 0.5
Consultants	150	150	0	0.0
	<b>15,133</b>	<b>15,099</b>	<b>Cr 34</b>	<b>Cr 0.2</b>

3.9 The cost pressures identified above are projected to impact in 2021/22 by Cr £42k. Further growth of £702k for Housing has been assumed in the financial forecast; however, there is a total of £987k savings assumed from the mitigation and transformation work streams, mainly through the provision of new affordable housing.

#### 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 2020/21 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 2020/21 is an underspend of £34k based on the financial information available as at 31<sup>st</sup> September 2020.

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.

<b>Non-Applicable Sections:</b>	Legal, Personnel and Procurement Implications
Background Documents: (Access via Contact Officer)	2020/21 Budget Monitoring files in ECS and ECHS Finance Section