

Decision Maker: **Executive**

Date: **13th January 2021**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2021/22 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2021/22 to 2024/25

Contact Officer: Peter Turner, Director of Finance
Tel: 020 8313 4338 E - mail: peter.turner@bromley.gov.uk

Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report seeks approval of the initial draft 2021/22 Budget including the full year effect of changes agreed as part of the 2020/21 Council Tax report and savings approved during the year with the resultant impact on the Council's medium term "budget gap".
 - 1.2 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. Details of the capital programme will be reported separately to the next meeting of the Executive.
 - 1.3 PDS Committees views will also be sought and reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on the 2021/22 Council Tax and Adult Social Care precept levels.
 - 1.4 The report provides details of the Provisional Local Government Finance Settlement 2021/22 which was published on 17th December 2020 and represents a one year settlement only. The longer-term Spending Review has been postponed until 2021. The outcome of the Fair Funding Review and Devolution of Business Rates, which could have a significant impact on future funding, have been delayed by one year until at least 2022/23.
 - 1.5 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2021/22 Council Tax report to the next meeting of the Executive.
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2. RECOMMENDATIONS

2.1 The Executive is requested to:

- 2.1.1 Agree the initial draft 2021/22 Budget detailed in Appendix 7 including continuation of the iBCF hospital discharge funding reserve and setting aside New Homes Bonus funding for housing investment;**
- 2.1.2 Refer the initial draft 2021/22 Budget for each portfolio to the relevant PDS Committees for consideration;**
- 2.1.3 Note the financial projections for 2022/23 to 2024/25;**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2021/22 Budget;**
- 2.1.5 Delegate the setting of the schools' budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with the Schools Forum (see section 11);**
- 2.1.6 Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive;**
- 2.1.7 Agree the proposed contribution of £247,274 in 2021/22 to the London Boroughs Grant Committee (see section 10);**
- 2.1.8 Note the outcome of the Provisional Local Government Financial Settlement 2021/22 as detailed in the report;**
- 2.1.9 Note the budget gap remaining of an estimated £14.1m per annum by 2024/25 and that any decisions made for the 2021/22 Budget will have an impact on the future year projections;**
- 2.1.10 Note that any final decision by Executive on recommended Council Tax and Adult Social Care Precept levels to Council will normally be undertaken at the next meeting of Executive;**
- 2.1.11 Note that further details are awaited on arrangements to consider for the pan-London Business Rate Pool 2021/22. Any updates available, following publication of this report will be circulated separately (see section 6.19.7).**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report

Corporate

Policy Status: Existing Policy

BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 4
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £175m Draft 2021/22 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 7 for overall funding of Council's budget
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Personnel

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2021/22 Financial Control Budget to be published in March 2021
 2. If from existing staff resources, number of staff hours – N/A
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Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in is applicable.
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Procurement

1. Summary of Procurement Implications: None arising directly from this report
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected) - the Draft 2021/22 Budget includes the financial impact of the Council's strategies, service plans etc. which impact on all the Council's customers (including council taxpayers) and users of the services.
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Ward Councillors Views

1. Have ward councilors been asked for comments? N/A
2. Summary of Ward Councillor comments: Council wide

3. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1 The Draft 2021/22 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting Building a Better Bromley Priorities.
- 3.2 The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2021/22. It is important to note that some caution is required in considering any projections for 2022/23 to 2024/25 as this depends on the outcome of the Government's next Spending Review as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates.
- 3.3 A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The level of Government borrowing this year is significantly higher than experienced by the banking crisis in 2008. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2020/21 is £394bn – highest level since 1944/45, with overall debt representing 105% of GDP. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues. The Chancellor has indicated that output is not expected to return to pre-crisis levels until the fourth quarter of 2022/23 – some economists predict it will take longer. Future forecasts will also be dependent on the final Brexit arrangements. The Spending Review provided a one-year settlement which leaves considerable uncertainties over future years.
- 3.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one year financial settlement for 2020/21. The 2021/22 settlement does provide additional funding but this needs to be considered in the context of the 'new normal' and the considerable cost pressures facing local government. Austerity measures for future years will be a consideration but this is particularly problematic for the Government at the current time given the recessionary impact of the Covid situation and the need for a sustainable economic recovery. It is currently predicted that it could take 10 to 15 years to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best case scenario. Austerity measures remain a real possibility from say 2023/24 as the Government will need to address the impact of the public finances from the Covid situation. Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results could lead to future real term funding reductions remaining for local government. Even if funding levels are maintained the ongoing demographic

and other costs pressures are unlikely to be matched by corresponding increases in government funding.

- 3.5 The financial forecast detailed in this report assumes that Government funding for local government will be broadly flat in 2022/23 and future years, despite local government cost pressures. The Provisional Local Government Finance Settlement 2021/22 provides funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years. The Social Care Green Paper (originally planned to be published in Summer of 2018) remains outstanding and the Spending Review 2020 refers to 'the Government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year'.
- 3.6 An update on the economic situation which can impact on public finances is provided in Appendix 1. Further details of the Provisional Local Government Finance Settlement 2021/22 are provided in Appendix 2.
- 3.7 The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.
- 3.8 Bromley has the second lowest settlement funding per head of population in 2021/22 for the whole of London, giving us £111 per head of population compared with the average in London of £297 – the highest is £498. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Further details are provided in Appendix 3. If the council tax was the average of the five other low grant funded boroughs, our income would increase by £25.8m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents – the most recent response is included in Appendix 4. Despite being a low cost authority, Bromley has achieved general savings of around £100m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

4. SUMMARY OF FINANCIAL FORECAST

- 4.1 Key issues include;
- 4.1.1 Two of the Council's main activities which are grant funded are schools and housing benefits. Both of these areas of spend continue to be ring-fenced.
- 4.1.2 A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures (e.g. the impact of the National Living Wage).
- 4.1.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.

4.1.4 Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £14.1m per annum by 2024/25. Without any action to address the budget gap in future years reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.

4.1.5 The reasons for the budget gap by 2024/25 include, for example:

(a) inflation pressures partly offset by assumed council tax increase (1.99% per annum) and social care precept (2021/22 only) of 3% leaving a balance required of £4.4m;

(b) Growth/cost pressures of £51.7m, partly offset by mitigation of £33.9m resulting in a net additional cost of £17.8m;

(c) Impact of reinstatement of highways maintenance of £2.5m per annum to revenue budget (previously capitalised);

(d) Full year effect of the Phase 1 Transformation Savings (£1.5m in 2021/22 increasing to £2.0m per annum in 2024/25);

(e) Phase 2 Transformation Savings of £2.1m in 2021/22 increasing to £4.4m per annum in 2024/25;

(f) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (saving of £3.7m per annum);

(g) Other variations of £0.5m (income).

4.1.6 The above variations assume that there will not be Government funding reductions over the next four years and that the planned mitigation of growth pressures (see (b)) above is realised.

4.1.7 In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2023/24 due to net service growth/cost pressures and the fall out of one-off funding. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

5. DRAFT 2021/22 BUDGET AND FINANCIAL FORECAST

5.1 Details of the latest financial forecast, including the Draft 2021/22 Budget, are shown in Appendix 5 and summarised in the table below:

Variations Compared with 2020/21 Budget	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Changes in Government Core Funding	-0.4	-0.4	-0.4	-0.4
Cost Pressures				
Increased costs (2% per annum)	5.5	11.3	17.1	23.1
Reinstatement of highways maintenance (previously capitalised)	0.0	2.5	2.5	2.5
Total Additional Costs	5.5	13.8	19.6	25.6
Income / Savings				
Interest on balances	0.0	1.0	1.5	1.5
Release general provision in contingency for significant uncertainty/variables	-1.7	-3.7	-3.7	-3.7
Savings from children's social care linked to invest to save funding	-0.3	-0.3	-0.3	-0.3
Adult social care and children's social care grant	-0.3	-0.3	-0.3	-0.3
Homelessness Prevention grant	-0.3	-0.3	-0.3	-0.3
Transformation Savings	-3.6	-6.0	-6.3	-6.4
Freedom pass saving/reduced usage in 2020/21	-2.2	-3.3	-1.8	0.0
Total Income / Savings	-8.4	-12.9	-11.2	-9.5
Other Changes (includes use of non-recurring funds)				
Real Changes and other Variations	0.3	1.1	0.6	0.9
Carbon Neutral Initiatives Fund	-0.9	-0.9	-0.9	-0.9
Total Other Changes	-0.6	0.2	-0.3	0.0
COVID Funding				
Additional cost pressures - COVID impact in 2021/22	8.0	0.0	0.0	0.0
Additional Funding to support further COVID cost impact in 2021/22	-8.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0
Council Tax				
Assumed increase in council tax base number of prop. offset by increase in council tax support claimants	0.0	0.0	0.0	-0.7
Increase in cost of Council tax support (funded by grant)	2.3	0.0	0.0	0.0
Government funding towards additional council tax support costs	-2.3	0.0	0.0	0.0
Increase in council tax (assume 1.99% per annum)	-3.3	-6.7	-10.2	-13.7
Impact of Adult Social Care Precept (assume 3% per annum)	-5.0	-5.0	-5.0	-5.0
Projection of future year collection fund surplus	0.0	-2.0	-1.0	0.0
Provision for unrecoverable 2020/21 council tax collection losses - COVID	2.2	2.2	2.2	0.0
Government funding for 2020/21 council tax collection losses - COVID	-1.6	-1.6	-1.6	0.0
Total Council Tax	-7.7	-13.1	-15.6	-19.4
Growth/Cost Pressures including mitigation (see Appendix 6)				
Education	0.9	1.2	1.6	1.9
Children's Social Care	2.8	2.2	2.9	3.4
Adult Social Care	5.5	7.4	9.5	11.7
Housing	1.7	0.2	-1.2	-1.7
Environment	2.3	2.1	1.6	1.1
Reduction in investment property income	1.2	1.1	1.2	1.4
Building Maintenance	1.0	1.0	0.0	0.0
Part funding for loss of fees and charges income (COVID)	-0.5	0.0	0.0	0.0
Total growth/cost pressures	14.9	15.2	15.6	17.8
Sub-total	3.3	2.8	7.7	14.1
Use of previous Collection Fund Surplus to meet budget gap	-3.3	-2.7	-5.1	0.0
Remaining "Budget Gap"	0.0	0.1	2.6	14.1

The above table shows, for illustrative purposes the impact of a council tax increase of 4.99% in 2021/22 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.7m. The financial forecast assumes that any future increases in the Adult Social Care precept cease beyond 2021/22. It should be noted that the current legislation only provided powers for this precept until the end of 2021/22.

- 5.2 Appendix 5 highlights that the Council, in the medium term will have an underlying budget gap and will need to take action to ensure a statutory balanced budget is realised in future years.
- 5.3 The above table highlights that it will have been possible to achieve a potential balanced budget for next two years through increasing council tax (including adult social care precept) to provide a key sustainable source of income and utilising the transformation savings. This would be achieved despite the impact of the Covid situation. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections from 2022/23 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is awaited – these changes combined could have a significant impact on the Council's finances.
- 5.4 In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings of around £100m were realised since 2009/10. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

6. CHANGES SINCE THE 2020/21 BUDGET THAT IMPACT ON THE DRAFT 2021/22 BUDGET AND FINANCIAL FORECAST

- 6.1 The 2020/21 Council Tax report reported to Executive in February 2020 identified a significant "budget gap" over the four year financial planning period. Some key changes are summarised below.

6.2 Provisional Local Government Finance Settlement 2021/22 – Core Funding

- 6.2.1 The Local Government Finance Settlement 2020/21, which covered 2020/21 only, provided a significant improvement in funding for local government and represented the most positive funding proposal for local government since austerity began 10 years ago. The latest 2021/22 settlement provides a continuation of real increases in funding although this is mainly reliant on the utilisation of the ASC precept to support cost pressures in social care. It has also provided funding towards the cost of the Covid situation in 2021/22. In summary, good news for 2021/22 but leaves uncertainty for future years. After allowing for continuation of the Government's concession on negative Revenue Support Grant, there is an inflationary increase in core grant funding in 2021/22 and the forecast assumes that the level of core grant funding will remain unchanged in future years.

6.3 Inflation

- 6.3.1 The main measure of inflation for annual price increases for the Council's contracted out services is Retail Price Index (excluding mortgage interest rates) i.e. RPIX. This measure is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2021/22 Budget assumes contract price increases of 2.0%, per annum from 2021/22, which compares with the existing RPIX of 1.1%. Inflation is expected to increase, compared with current levels, which has been assumed in the Draft 2021/22 Budget.

Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.

6.4 Interest on Balances

- 6.4.1 Despite the previous decrease in the Bank of England base rate from 0.75% to 0.25% and then to 0.1%, there has been only a marginal impact on the interest income that the Council is obtaining from lending to banks. The decline in the base rate will mean that any options with regard to the reinvestment of maturing deposits have become seriously limited following bank credit rating downgrades and the general low interest rate environment. However, the Council remains 'locked in' to several fixed-rate two-year lending deals that will yield a higher rate of return until they mature during either 2021/22 or 2022/23.
- 6.4.2 The Council has also benefitted from its revised strategy that enable it to make alternative investments of up to £100m which have generated additional income, at a rate higher than that available from bank lending. This has included increasing lending to Housing Associations and additional sums being invested in a Multi-Asset Income Fund.
- 6.4.3 Despite the very challenging economic outlook and low interest rate environment in the UK, taking into account the factors outlined above, the draft budget for 2021/22 assumes that this income from this source will remain unchanged from the previous year. However, the low interest rate environment is expected to reduce overall income from 2022/23 by £1m increasing to £1.5m per annum from 2023/24.
- 6.4.4 The Covid situation creates challenges for the banking sector relating to credit losses. The Bank of England indicated that banks could absorb around £200bn in credit losses should a doomsday economic scenario follow Covid – this is relevant as part of the treasury management income relates to lending to banks.

6.5 Central Contingency Sum – reduction in provision for risk/uncertainty

- 6.5.1 The Council retains a Central Contingency Sum as part of the overall budget which includes a provision for risk/uncertainty, allows for unforeseen costs and includes various significant costs not allocated to Portfolio Budgets at this stage.
- 6.5.2 The Draft 2021/22 Budget assumes the release of £1.75m per annum in 2021/22, rising to £3.75m per annum from 2022/23.
- 6.5.3 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. It will also assist in dealing with the uncertainty relating to the Covid situation. If the monies remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue. To illustrate the benefit of the investment approach the Council has potential income in 2021/22 totalling £13.8m from a combination of treasury management income and rents from investment properties. Without this income, equivalent service reductions may be required.

6.6 Additional Government Funding for Social Care and Homelessness

6.6.1 The Government has provided additional funding in 2021/22 of £340k towards children's social care and adults social care and £271k towards homelessness prevention. The additional funding should be considered to partly offset the growth/cost pressures identified in Section 6.12.

6.7 Transformation Savings

6.7.1 With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends groups) and exploring opportunities around community based place shaping led by the Council as a community leader. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of around £100m per annum since 2009/10 and the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income but this alone will not be enough to meet the future years' budget gap. The key consideration is how the Council can balance the budget over the next four years. Considering the core statutory minimum service requirements, Chief Officers are undertaking a transformational review across all services, focussing on higher spend services first with options being presented to future meetings. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.

6.7.2 The Councils Transforming Bromley includes key workstreams as follows:

- Environment and Public Protection
- Housing, Planning and Regeneration (including Transforming Property)
- Children's Services and Education
- Adult Social Care
- Professional Services
- Workplace Modernisation (including digitalisation)

6.7.3 The Draft 2021/22 Budget includes the full year effect of the Phase 1 Transformation Savings, agreed as part of the 2020/21 Budget totalling £1,525k in 2021/22 increasing to £1,974k per annum from 2023/24);

6.7.4 The Draft 2021/22 Budget also includes the Phase 2 Transformation Savings totaling £2,102k in 2021/22 increasing to £4,435k per annum in 2024/25.

6.7.5 More details of the savings are provided within Appendix 7.

6.7.6 This key work continues and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

6.8 Reduction in Freedom Pass Costs

6.8.1 The cost of the Council's contribution to the freedom pass scheme in 2021/22 is calculated taking into account the average number of journeys and costs of the period 2019/20 and 2020/21 (previous two years). Therefore, any reduction in journeys during the Covid situation will impact on the overall cost for 2021/22 and 2022/23. There has been a significant reduction on trip levels during the Covid situation and there is expected to be a reduction in usage and journeys during 2021/22 to reflect continuation of the Covid situation in early part of next year. There may also be an impact arising from the 'new normal' which could reduce the number of trips made by freedom pass holders.

6.8.2 The Draft 2021/22 Budget includes a real reduction in costs, after allowing for inflation, of £2,160k with estimated savings of £3,312k and £1,791k in 2022/23 and 2023/24 respectively. These savings are based on early estimates/predictions and should be treated with some caution.

6.9 Carbon Neutral Initiative Fund

6.9.1 The variation represents the fall out of pump-priming funding of £875k included in 2020/21 Budget. These monies were set aside for new initiatives that will result in reducing the Council's carbon footprint whilst reducing its long-term energy costs.

6.10 Council Tax Base

6.10.1 The Council's tax bases has been updated to reflect changes in properties compared with the previous year. The latest position indicates a tax base of 132,026 "Band D" equivalent properties for 2021/22, which assumes an allowance of 2.35% for non-collection. In addition the Draft 2021/22 Budget allows for an increase in council tax support costs to reflect an estimated increase in claimant numbers at a cost of £2.3m, which matches the indicative allocation of Government Grant available – such estimates need to be treated with caution.

6.10.2 The Draft 2021/22 Budget also includes an additional sum of £100k in the budget provision (allocated from 2020/21 Central Contingency) for the Council Tax Support Hardship Fund to reflect the expected increase in caseloads.

6.11 Covid Funding

6.11.1 The Government has provided funding of £7,795k towards Covid related costs in 2021/22. Given the uncertainty of the continuing Covid situation the Draft 2021/22 assumes that these monies will need to be set aside to meet further Covid related costs not specifically reflected in the budget for next year.

6.12 Cost/Growth Pressures and Mitigation

6.12.1 There remain significant cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs.

There are additional costs relating to building maintenance as well as the impact of future losses in income, compared with the 2020/21 Budget. Income losses include car park income and rent income mainly due to the Covid impact. The financial forecast elements are summarised below with more details in Appendices 6 and 7.

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Growth/cost pressures	28,037	35,735	42,863	51,713
Mitigation	-12,661	-20,486	-27,292	-33,867
Net additional costs *	15,376	15,249	15,571	17,846

* There is government grant of an estimated £0.5m for loss of fees and charges income due to Covid in first quarter of 2021/22 which has been excluded from the above.

6.12.2 It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2023/24 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

6.13 Collection Fund Surplus and Covid Impact

6.13.1 The forecast assumes that the collection fund surplus in 2018/19 of £5.9m has been used to support the revenue budget in 2022/23 and 2023/24.

6.13.2 The collection fund had a non-recurring surplus of £6.5m reflected in the 2019/20 Provisional Final Accounts report to the Executive, Resources and Contracts PDS on 27th May 2020. The surplus was achieved mainly through good debt recovery levels, an increase in new properties in the borough and the ongoing impact of actions in response to the data-matching exercise on single person discounts. A sum of £5.15m will be allocated to the Council, with the £1.35m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council's budget gap in 2021/22 (£3,242k) and in 2023/24 (£1,911k) – this reflects an approach adopted previously to smooth out future years budget gap.

6.13.3 As a result of the financial pressures associated with the Coronavirus pandemic (including irrecoverable losses through payment failure and an increase in support claimants), the Council is likely to incur a deficit on the 2020/21 collection fund, creating budget pressure for 2021/22. In recognition of this, the government has agreed that deficits arising only in 2020/21 will be spread over the following three years rather than the usual period of a year. On this basis, the draft budget recognises estimated irrecoverable council tax losses of £2.191m for each of the next three years, though this will be compensated by government at a rate of 75% resulting in an estimated net loss of £548k per annum, after funding.

6.13.4 The financial forecast also assumes additional income of £2m in 2022/23 reducing to £1m by 2023/24, with no additional income in 2024/25.

6.14 New Homes Bonus

6.14.1 As reported previously, the scheme was introduced to incentivise housebuilding by providing funding for all areas that allow new homes to be built. Over time the funding available has reduced and funding was expected to cease following the Fair Funding Review which has now been delayed. The overall funding available nationally has reduced in 2021/22. The Council is expected to receive £707k in 2021/22, compared

with £1,612k in 2020/21. Given the priority to fund housing schemes, and that funding is non-recurring, the 2021/22 Draft Budget assumes that any funding received (£707k for 2021/22) will be set aside to assist in funding housing investment which ultimately will reduce the cost of homelessness in the longer term – this is consistent with the approach used as part of the 2020/21 Budget.

6.15 Improved Better Care Fund (iBCF) Funding – set aside

6.15.1 In March 2017, after the Council agreed its 2018/19 Budget, the Government agreed further iBCF non-recurring funding of £4.463m in 2017/18, £3.363m in 2018/19 and £1.677m in 2020/21. The utilisation of these monies required the joint agreement with Bromley CCG. The Provisional Local Government Finance Settlement 2021/22 has confirmed that the non-recurring funding for 2020/21 will continue for another year. As part of the 2020/21 Budget, the monies due that year were used to create a 'whole system reserve' that can be called to avoid any crisis in the joint health and social care systems. This can include, for example, utilising resources to aid hospital discharge when the clients still have complex needs. Many of our providers will not take people at this level of intensity without an enhanced payment - the reserve could be used to fund this. This effectively provides an expansion of winter pressures funding but will be used in other times of the year. The Draft 2021/22 Budget assumes that this arrangement continues, whilst iBCF funding remains.

6.16 Council Tax and Adult Social Care Precept

6.16.1 Government funding for local government takes into account the amount that can be raised locally through council tax and the adult social care precept. Therefore, there is an inherent assumption that local authorities will be increasing council tax and utilising the adult social care precept towards meeting costs and demographic pressures for social care. For Bromley, this change does not take into account any need to address low funding levels for the Council raised previously with the Government. Councils can still choose locally the level of council tax increase required, subject to referendum options. In calculating the Council's spending power, the Government has assumed that social care authorities will have an average council tax increase applying both the social care precept (for 2021/22 only) and general council tax increases every year. For illustrative purposes, the financial forecast assumes an overall council tax increase of 4.99% in 2021/22 (including adult social care precept of 3%), without the need for a referendum, and future year increases of 1.99% per annum (see also Section 15). Over 72% of the Council's increase in Spending Power for 2021/22, announced by the Government, relates to the full utilisation of the Adult Social Care Precept (3% increase) and a council tax increase of around 2%.

6.17 ESTIMATED FINANCIAL IMPACT OF COVID-19

6.17.1 2020/21 Financial Monitoring

6.17.1.1 The key challenge is the cost of the impact of Covid-19 and the extent to which the Government funds the net cost to the Council. Examples of the financial impact include:

- (a) Additional costs relating to direct support, enhancements to contract prices during this interim period (where necessary), additional staffing support, provision of new services, mortuary costs etc;
- (b) Planned budget savings which cannot be delivered during this period;
- (c) Loss of income which includes, for example, car parking and enforcement, business rates, council tax collection, rent income from investment properties and treasury management.

6.17.1.2 The latest financial monitoring position reported to the Leader, following pre scrutiny by Executive, Resources, Commissioning and Contract Management Committee on 18th November 2020, showed an overall net overspend of £1,538k within portfolio budgets and a £2,595k credit variation on investment income, central items and prior year adjustments. This represents the impact of the first six months of the financial year and the full year impact of 2019/20 outturn. The most significant financial risk to the Council related to Covid-19 impact.

6.17.2 Notification to Government of Potential Costs/Income Losses and Funding Available

6.17.2.1 Details of the return submitted to MHCLG on the latest estimated cost/income losses due to Covid-19 for the current year was reported in November 2020.

6.17.2.2 Since the 2020/21 Budget was approved in February 2020 the Covid situation has led to the following key issue:

- Funding from Government of £159.1m (as at November 2020) of which £55m relates to additional business rate relief, £62.1m for support to businesses and the balance of £42m to support services and deal proactively in addressing the Covid situation;
- The latest estimated financial impact is a net cost, after government funding of £1.8m in 2020/21 and losses in income collection of council tax and business rates of £9m within the Council's collection fund which results in a revenue impact over the next three years (2021/22 to 2023/24) – this element is expected to be funded from Government grant of £6.8m resulting in a net cost of £2.2m. Therefore overall costs of £4m at this stage. These estimates need to be treated with caution at this stage due to the uncertainty of the ongoing Covid situation;
- The financial impact will continue to be monitored on a monthly basis and the Council will continue to seek additional Government funding to reduce the impact on local council tax.
- The 2021/22 Draft Budget includes specific net additional costs/income losses of £4.1m relating to Covid, compared with the 2020/21 Budget plus additional costs of £2.3m to reflect increased council tax caseload (funded by Government) and a general provision of £7.8m to meet any further costs not specifically identified in the Draft 2021/22 Budget at this stage – the sum of £7.8m matches the level of additional Government funding provided to meet these uncertain costs. There will be the costs relating to Covid impact in 2021/22 as well as the impact of the 'new normal' following the Covid situation.

- The longer-term impact is expected to result in additional cost pressures, in part, to reflect the impact of a global recession. There will be a global recovery but realistically that may not materialise until at least 2022/23. Apart from the additional costs arising from a recession which can range from council tax support and additional services for vulnerable residents etc, there is likely to be a significant impact on the Council's income. The Council has sought funding support on the 'new normal' impact for future years as part of the Spending Review submission to Government (details attached in Appendix 4). The financial impact in 2021/22 (as well as future years) remains unclear at this stage. This will need to be monitored closely.

6.18 Real Changes – Various

6.18.1 The real changes relate mainly to additional resources previously approved for property and legal divisions, agency contract savings and various other changes. Further details are reflected in the policy sheets in Appendix 7.

6.19 Business Rates

6.19.1 The original Government proposals indicated that the funding "baseline" will be reset in 2020 and every 10 years thereafter. The previously planned full devolution of business rates was to change to 75% (rather than 100%) of business rates and was expected to be implemented from 2021/22 with the reset, undertaken every 3 years, to commence in 2021/22.

6.19.2 Alongside delaying the move to 75% Business Rates Retention and the implementation of the Fair Funding Review, as expected, the Government will not proceed with a reset of business rate baselines in 2021/22. The Spending Review 2020 confirmed that the revaluation of business rates will take effect on 1st April 2023 and a final report with the outcome of a fundamental review of business rates expected to be published in the Spring.

6.19.3 The Government's fundamental review of business rates is exploring the potential of:

- (a) a capital values tax (combined capital value of non-domestic property determined by purchase value or on basis of regular revaluations) and
- (b) online service tax (tax based on business's online sales) which could be used to fund business rate reductions for retail properties.

This review follows a 2019 Treasury Select Committee inquiry suggesting the number of business rate reliefs available is evidence that the system is 'broken'.

6.19.4 The Council previously retained a 30% share of local business rates with 50% retained by the Government and 20% retained by the GLA. That position was subsequently changed to 30%/33%/37% in 2017/18 to reflect changes in GLA funding. This was changed in 2018/19 to reflect the 100% devolution to London as part of the London Business Rate Pilot Pool.

6.19.5 Executive agreed to join the London Business Rate Pool in 2018/19 which Members supported and provided additional income of £5.1m in 2018/19. The scheme provided the full (100%) devolution of business rates with the growth shared across London boroughs and the GLA. The Government had agreed to allow the continuation of the pilot for 2020/21 but reflecting a reduced share (75%) of business rates.

6.19.6 On 8th October 2019, the London Council's Leaders' Committee confirmed support to a pan-London business rate pool and the Mayor of London has agreed to give up the share of and net financial benefit to the GLA of this scheme. Although the incentives have significantly reduced compared with the previous pilot scheme there was a potential opportunity for the Council to have a share of any gains made across London for 2020/21. This was approved by the Executive on 15th January 2020.

6.19.7 The Covid situation during 2020/21 and its associated medium- term impact will affect the financial benefits and risks of the pooling scheme. It also creates significant uncertainty in considering the continuation of the pool in 2021/22. At the time of writing this report, further details are awaited. Once more information is available details will be circulated separately for Members to consider prior to the meeting of the Executive.

6.20 Schools Funding

6.20.1 Details of the impact of changes in school funding and the associated implications for 2021/22 and future years are provided in Section 11 of this report.

6.21 Government Grants

6.21.1 The full details of the final grant settlement for 2021/22 relating to all the grants received by the Council are awaited. Details of the Provisional Local Government Settlement 2021/22 are shown in Appendix 2.

7. DETAILED DRAFT 2021/22 BUDGET

7.1 Detailed draft 2021/22 Budgets are attached in Appendix 7 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets will now be forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February. Further updated information will also be available for individual PDS Committees.

7.2 Appendix 7 sets out the draft 2021/22 budget for each Portfolio as follows:

- A summary of the Draft 2021/22 Revenue Budget per Portfolio
- A high-level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2021/22 Draft Contingency Sum
- A summary sheet per Portfolio showing actual 2019/20 expenditure, 2020/21 budget, 2021/22 budget and overall variations in planned spending between 2020/21 and 2021/22
- A summary of the main reasons for variations per Portfolio in planned spending between 2020/21 and 2021/22 together with supporting notes.

8. OPTIONS BEING UNDERTAKEN WITH A "ONE COUNCIL" APPROACH

8.1 As indicated elsewhere in the report, the Council will face future year cost and demographic pressures whilst Government funding is expected to remain 'flat' i.e. not keep pace with such costs. There remains uncertainty around future funding from

2021/22 following the awaited outcome of the Government's 'Fair Funding' review. The Government assumption remains that alternatives to Government funding will be potential increase in taxation receipts generated by council tax (including social care precept) and, where possible, business rates. Details of options relating to increasing council tax and the social care precept are identified elsewhere in this report. There are also clear benefits to explore opportunities to increase (or recover) the council's business rate base through economic development, identify invest to save opportunities as well as realise investment income as shown below.

8.2 Community Infrastructure Levy (CIL)

- 8.2.1 This represents a new local levy on developments that local planning authorities can introduce to help fund infrastructure in the area. Most of any monies raised would be spent on large infrastructure projects, usually linked to the Local Plan, although there is some flexibility on spend for community projects.
- 8.2.2 The Borough CIL has been considered by the Development Control Committee and the Executive and is now being progressed through examination in public. This includes consulting on the charging schedule which is also subject to independent inspection before adoption. All being well, this will mean that implementation can commence from the middle of 2021 with income of c£0.5m achieved in this first year, rising to £2.7m by 2023/24.
- 8.2.3 An officer group is in place to develop a clear list of priorities for use of the CIL in line with the priorities identified in the Infrastructure Delivery Plan.

8.3 Asset Review

- 8.3.1 As part of the Transforming Bromley Programme, the 'Transforming Property – Creation of a £30m Disposal Programme' report to the Leader, following pre scrutiny by the Executive, Resources, Commissioning and Contract Management Committee on 10th September 2020 referred to a fundamental asset review seeking to:
- Optimise value and maximise capital receipts;
 - Identify opportunities for disposal;
 - Confirm properties which provide value to the community and remain in essential use.
- 8.3.2 A key consideration is whether the Council's current assets add value to service delivery or income generation. Within any consideration it remains important to recognise that assets can make a significant non-financial contribution which is beneficial to the Council and the wider community. This review will determine whether there are specific council sites that can be prioritised for housing provision to help reduce cost pressures on the homelessness budget as well as opportunities to generate capital receipts from disposals to fund the Council's capital programme priorities.

8.4 Growth Fund

- 8.4.1 A key priority for the Council is economic development. This is essential, particularly with the need to assist in the recovery from the Covid situation and its impact on the community. Economic development creates employment opportunities, potentially reduces the cost of council tax support and generates income through business rates

and potentially new homes bonus. There will be other opportunities to support economic development through the Community Infrastructure Levy and Section 106 monies set aside for employment opportunities.

8.4.2 Funding of £39.15m was set aside with total uncommitted funding of £12.7m remaining.

8.5 Investment Fund

8.5.1 The Council has also set aside an Investment Fund which was originally used primarily for property investments to enable the Council to achieve sustainable investment income which exceeds treasury management rates. Funding of £104.8m was set aside, including a contribution of £20.3m from the Council's capital programme. There remains uncommitted monies for other potential schemes of £12.5m.

8.6 Utilisation of the Growth/Investment Fund to support Housing and Regeneration Investment

8.6.1 A breakdown of spend to date and approved schemes for the Growth and Investment Funds were included in Appendix D of the 'Capital Programme Monitoring – 2nd Quarter 2020/21' report to the Leader, following pre scrutiny by Executive, Resources and Contract Management PDS Committee on 18th November 2020

8.6.2 As reported in January 2020, utilisation of the remaining uncommitted Growth and Investment Fund monies was to be prioritised for housing and, given the Covid situation impacting on the community, there is also a need to consider regeneration investment.

8.7 Housing Investment

8.7.1 The Council continues to face increased pressure from those presenting as homeless and, without a sufficient supply of accommodation, the Council faces no alternative but to utilise costly nightly rate accommodation. Despite all efforts to increase the supply of accommodation coming through housing association partners and private sector options this supply continues to be insufficient to meet the level of need and is likely to slow further as a result of COVID-19. Demand is also forecast to increase following financial pressures on households and evictions restarting.

8.7.2 Whilst the focus on preventative measures has assisted in slowing the rate of growth in temporary accommodation (TA) use, options are extremely limited and increasing pressure is being seen from households faced with homelessness. This means that there are in excess of 1,700 households in TA of which around 1,000 are in costly forms of nightly rate accommodation.

8.7.3 Projecting forward, this pressure looks set to continue meaning that without new affordable housing supply, numbers and the length of stay in TA will continue to rise. The housing transformation plan sets out the need for approximately 1,000 affordable units in addition to anticipated new supply to mitigate against the costs of temporary accommodation. To date, four schemes have been approved, and funding allocated for the provision of around 95 modular housing units at the following sites:

	York Rise	Burnt Ash	Anerley	Bushell Way	Total
Number of units	35	25	10	25	95
	£'000	£'000	£'000	£'000	£'000
Estimated scheme cost (incl. land value)	6,000	6,012	2,648	6,049	20,709
Financed by:					
Earmarked reserves	6,000				6,000
GLA grant		2,500	1,000	2,500	6,000
Section 106 contributions		523	210	523	1,256
Internal borrowing		2,989	1,438	3,026	7,453
	6,000	6,012	2,648	6,049	20,709

- 8.7.4 To meet the Housing Transformation target for the provision of 250 units, a further 155 units will be required. Based on the average costs above, this is likely to require further funding of around £34m.
- 8.7.5 Funding will also be required for the development or acquisition and refurbishment of 600 affordable homes also included in the Transformation work. This will be considered as part of the delivery vehicle options appraisal that is currently in progress, including through the Housing Revenue Account (see section on HRA below).
- 8.7.6 The Council has recently agreed the acquisition of 50 properties with Beehive. This scheme is funded by Beehive borrowing the funds for acquisition of the properties, which are then leased to the Council for use as affordable housing. Officers are exploring the option to expand this scheme and are considering the potential for other 'self-financing' development and acquisition schemes. Any such schemes will reduce future funding requirements to meet the target number of affordable homes detailed above.

8.8 Regeneration Investment

- 8.8.1 The Covid situation has had a real impact on the local economy affecting employment, housing, local businesses and other factors. Regeneration can be a key component in rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. A Regeneration Strategy has been developed to ensure that moving forward the Council's Growth Fund is utilised for maximum positive impact for the benefit of residents and local businesses across the borough. This includes maximising funding opportunities through securing S106 and CIL monies, creating opportunities for income generation, and leverage in of grant funding whilst aligning the existing Growth Fund with the Regeneration Strategy's Action Plan which will set out the Council's regeneration priorities over the next ten years.
- 8.8.2 As a long term ambition, the Strategy will inevitably involve significant capital investment over a number of years, and therefore there will be the risks to the Council that are associated with large capital projects, including construction industry inflation, cost overruns, unforeseen delays, and the long term security of funding resources, potentially including financing costs. Where schemes are reliant on capital receipts and housing sales, then there would also be the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability. A key component of progressing regeneration as well as mitigating risk to the Council, will be to support inwards investment from developers, which will

enhance opportunities, particularly in town centres as we support them to change and adapt over the next few years. Building new homes for Bromley residents, is a key focus for regeneration, and identifying opportunities to do this, jointly with developers is likely to advance schemes.

- 8.8.3 The Council will also disseminate Additional Restrictions Grant through 2021/22 in line with government advice to support businesses in their recovery.
- 8.8.4 The Covid situation has placed serious financial pressures on our culture and leisure sectors, as it has nationally. The recovery of the local economy will in part be reliant on the Borough's cultural offer and what attracts people to live, work and visit Bromley. From ensuring town centres are not just places to shop, but places that offer experiential opportunities, whether that is through theatres, cinemas, museums or other cultural offers. Bromley is well placed to respond and should continue to support our cultural offer and maximise use of our important heritage assets. A key priority will be working with stakeholders to leverage in funding where possible as well as reviewing other assets that could support our cultural and leisure offer including underutilised park buildings. Priorities in 2021/22 will include, the development in key areas, such as Crystal Place Park, which will support the long term future viability of this historic location, as well as undertaking a leisure strategy, which will help shape leisure services of the future, identify where investment is needed and how assets can be maximised to offer develop new facilities fit for the future.
- 8.8.5 Investment in our infrastructure is essential for:
- A thriving local economy
 - Business sustainability
 - A place where businesses want to be established
 - An area that people want to live, work and visit
 - A Borough that is open to develop, but continues to protect the unique character, green spaces and heritage.
 - Improved digital connectivity, support residents and businesses to be better connected.
- 8.8.6 Regeneration investment can achieve additional (or help maintain) income from the Council's business rate share. It will also enable economic growth and create employment in the borough.

8.9 Investment Income

- 8.9.1 The 2021/22 draft budget for income includes properties purchased to date from the Investment Fund and the Growth Fund and there is further income relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). This provides a budgeted income of £10.2m. Income from treasury management investments of £3.6m combined with income from investment properties, potentially provides a total investment income of £13.8m. The strategy of generating additional investment income has helped reduce the budget gap by an equivalent amount.

- 8.9.2 The Council's investments span a wide variety of options with the majority of income from commercial properties. Apart from lending to banks, housing associations and various local authorities other investment choices include a £40m investment in a property fund and £40m in a Multi Asset Income Fund which represents a medium term (3 to 5 years) investment opportunity. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk. The Council also undertook secure lending to a developer which generates interest income of 6% per annum and also supports a homelessness initiative.
- 8.9.3 The Council will explore using low cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a 3 to 5 year period. The Council remains debt free and has resources to encourage and invest in innovation and new types of investment for the future.
- 8.9.4 A prudent approach to budgeting and the front-loading of savings has enabled a longer term approach to generate further income and deliver spend to save from the additional resources available, as well as mitigate against significant risks, to provide a more sustainable financial position in the longer term. Given the significant benefits of achieving sustainable investment income/savings, which protects key services, this approach should continue, where possible. The Council has now prioritised future investment monies for housing and regeneration.

8.10 Update on the Housing Revenue Account (HRA)

- 8.10.1 In July 2020 Council approved the setting up of a Housing Revenue Account (HRA) for the provision of affordable housing. Although there is no longer a requirement to submit an HRA business plan to the government, it is not only good practice for authorities to prepare HRA business plans but under self-financing there is a need for the HRA to have a detailed business plan for service and financial planning, and to sustain the assets and ensure that debts can be serviced.
- 8.10.2 Although three sites have been identified that could be appropriated to the HRA for the development of affordable housing, these haven't yet been appropriated to date as they must first be appropriated for planning purposes. As a result, the Council cannot yet set a budget for the HRA for 2021/22.
- 8.10.3 Officers are currently working to develop the 30-year business plan, which will include indicative budgets and financing requirements for potential sites that have been identified. Future reports will be presented for the consideration of business cases for individual sites and the development of the HRA business plan.
- 8.10.4 By appropriating the land into the HRA, the market value of the land is charged to the HRA. Although this is not an actual capital receipt, it does mean that the General Fund can incur more capital expenditure without needing to borrow through an adjustment to the Capital Financing Requirement. Further details of the impact on capital financing will be covered in the HRA 30-year business plan and annual treasury management strategy reports.

8.11 Review of Fees and Charges

- 8.11.1 There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. Chief Officers will continue to review fees and

charges during 2021/22 to identify opportunities to reduce the future years 'budget gap'.

8.12 Invest to Save

8.12.1 The Invest to Save earmarked reserve was approved by Council in October 2011, with an initial allocation of £14m, to enable "loans" to be provided for Invest to Save initiatives, with advances to be repaid within a "reasonable" period and on-going revenue savings to contribute towards reducing the budget gap. Five schemes have been approved to date with a total approved sum of £9.9m to be advanced from the fund (the most significant of which was the street lighting replacement scheme at £8.5m). As at 31st March 2020, the actual balance on the Fund stood at £18.2m. To date, full year effect savings in excess of £1m have been achieved on the five schemes.

8.13 Commissioning and Procurement

8.13.1 The Council will continue to identify opportunities for contract savings including the review of inflation provision and repackaging of contracts and re-negotiation to secure the best value for the Council.

8.13.2 In the last few years significant savings have been delivered through commissioning of services. There are cost pressures identified in the financial forecast but all opportunities to identify commissioning savings whilst protecting key services will be explored to assist in reducing the Council's "budget gap".

8.13.3 It remains key that commissioning plans, through the transformation programme are in place across services to identify options for most effective service delivery, identifying future changes, evidence any necessary cost pressures, provide mitigation options for addressing cost pressures and identifying demographic pressures. This will include options around innovative service delivery, providing key services at a lower cost and exploring partnership, external funding and commercial income opportunities.

8.14 Managing Rising Demand

8.14.1 Apart from supply side improvement there remains the need to manage future demand by ensuring there is a focus on outcomes rather than service delivery which includes the need to rethink the relationship between the citizen and the service. More collaborative working with other public agencies will help to ensure that the most effective outcomes can be delivered whilst resources are reducing.

8.15 Health and Social Care

8.15.1 The Spending Review and Autumn Statement 2015 referred to "the Government will integrate health and social care across the country by 2020 and requires every part of the country to have a plan in place by 2017 for full implementation by 2020". This was a significant step combined with wider integration proposals with health and social care evolving in different parts of the country. One example of integration includes the work undertaken in Manchester which seeks to ensure integration maintains local democratic accountability at its core.

- 8.15.2 The Council is working with the Bromley borough based board (linked with South East London CCG) to explore opportunities for any further delivery of local integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the pooling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.
- 8.15.3 Advice from Chartered Institute of Public Finance and Accountancy (CIPFA) states that Councils have a duty to their own council taxpayers as well as their clients and need to ensure that their council taxpayers are not, in effect, being asked to underwrite a portion of NHS costs.
- 8.15.4 The impact of the Sustainability and Transformation Plans led by the health services and the continuation of the Better Care Fund and Improved Better Care Fund will be monitored closely to identify the risks/opportunities that may arise to meet the Building a Better Bromley priorities. There may be future structural changes within the NHS that also need to be considered as part of the Council's future plans.
- 8.15.5 There is a national recognition that Social Services is underfunded. One of Bromley's high cost pressure relates to adult social care and it remains essential that a fundamental solution is found to address funding. The Prime Minister has recognised the need to address this and his comments, reported in the press on 14th January 2020, indicate that action will be taken to address the significant funding issue for social care. Luke Hall, the Parliamentary Under-Secretary of State for Housing, on 5th February 2020 referred to the Government 'are committed to fixing the crisis in social care once and for all' ensuring we have a 'long term solution'. He also stated that 'it is absolutely true that councils face pressures on adult and children's care services'. The Spending Review 2020 refers to 'the Government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year'. The Social Care Green Paper was originally due to be published in the summer of 2018.

8.16 Identifying Further Savings

- 8.16.1 The scale of savings required in future years cannot be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended consequence' of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2021/22 Budget represents the second year of savings from the Transformation Programme (see section 6.7). This key work continues and further proposals will be reported to Members as part of addressing the four year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

8.17 Core Statutory Minimum Requirements

8.17.1 Local Authorities undertake numerous functions and provide a wide range of services. Some are mandatory and some are discretionary. We cannot stop carrying out functions where we are under a duty to deliver that function or service.

8.17.2 In an ideal world a local authority would be able to identify a core statutory service provision and if it wished to regroup services based on that. Unfortunately matters are not that straight forward. Where services are statutory, there may be a duty to provide a relevant service, but in both personal and general services there is scope for interpretation on whether level or type of provision has discharged the duty or not. This occupies a significant amount of court time. Sometimes because of contractual obligations or the creation of a legitimate expectation then a local authority cannot easily stop providing discretionary services and again that is a fruitful area for litigation.

8.17.3 In addition many of the non-statutory services provided by Bromley fall into the following categories

- They deliver income to the Council – examples being the discretionary ceremonies part of the registrars' service, adult education and aspects of treasury management;
- They reduce expenditure in statutory services; for example certain non-statutory homelessness prevention work and aspects of environmental services enforcement;
- Certain support services are integrally linked to the delivery of core council functions e.g. IT.

8.17.4 In 2011 Central Government compiled a list of 1,335 statutory duties which local authorities need to comply with. There followed a consultation on a possible reduction in the number of statutory duties. However, this was not taken forward at government level, despite local government facing significant grant reductions. The consensus is that rather than decreasing the number of statutory duties has increased since. For example work recently undertaken on behalf of the Directors of Children's Services indicates that children services duties have increased by 50% since 2011 in addition, the number of statutory duties Local Authorities need to comply with is now far closer to 2000 than the 1300 identified in 2011.

8.17.5 Bromley has undertaken several pieces of work to align its services closely with its statutory duties. This work which identifies statutory and non-statutory services contributes to the key Transformation work and each individual work stream is addressing the extent of the statutory service and savings proposed.

8.17.6 As part of any core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

8.18 Pension Fund

8.18.1 The overall pension fund performance was ranked 22nd in the LGPS universe for the year to 31st March 2020, 3rd over 3 years and 5 years, 2nd over 10 years and 1st over 20 and 30 years. In addition to winning the LGPS Investment Performance of the year

in 2017 and 2018 (assets under £2.5bn) and being runners up and 'Highly Commended' in 2019 and 2020 respectively, Bromley also won the Pensions, Treasury and Asset Management Award at CIPFA's Public Finance Awards 2019, recognising the consistent high performance of the Fund as well as top decile performance in treasury management. The impact of the outstanding performance has resulted in the Council's pension fund now being assessed by the Council's Actuary as 'fully funded' reducing the cost impact on the Council's General Fund. The outcome of the Actuarial Valuation was reported to Pensions Investment Sub Committee on 30th January 2020.

8.19 Balancing the Budget

8.19.1 The Council will need to seek primarily to balance its revenue budget over the financial forecast period and it remains essential to contain Council spending within original budget estimates to mitigate against further cost pressures. However, the Council could consider utilising balances, where necessary, to smooth the impact of the savings requirement throughout the period.

9. FUTURE LOCAL AUTHORITY LANDSCAPE

9.1 Although any devolution changes will provide significant opportunities in the future where councils have to increase income (with government funding withdrawn) the key question is whether such a financial model is sustainable for local government.

9.2 The Institute of Fiscal Studies (IFS) provided a report titled 'Covid-19 and English Council Funding: What is the Medium Term Outlook'. They reported that 'it is highly likely that Councils will have insufficient revenues to keep pace with rising spending needs... - this was true even before the Covid-19 crisis'. Their 'middle scenario' indicated that 'spending needed to maintain services at their pre Covid-19 level could exceed available revenues by £3.2bn in real terms in 2024/25 if council tax is increased by 2% and grant funding is increased in line with inflation'. The IFS recently published a report which referred to the Provisional Local Government Finance Settlement 2021/22 and its impact on Local Government Finance. They stated 'the picture for subsequent years is less rosy though. There is potential for longer-run and indirect effects of the crisis on the prevalence of chronic ill-health and safeguarding issues, which would come on top of pre-existing demand and cost pressures. This means it is highly likely that a funding gap will open up in future years, unless there are continued large increases in council tax and/or additional funding is allocated or devolved to councils'..... There is a whole raft of reviews that councils are waiting onthe longer-term financial outlook for local government therefore remains highly uncertain – and challenging'.

9.3 A local government journal, published in August 2020, referred to 'a leaked Cabinet Office document has warned that one in 20 councils are already at high risk of financial failure'.

9.4 Grant Thornton (GT) referred to 'in the event that the Chancellor provides a rollover of this year's funding levels 51% of Council's will be left with reserves equivalent to 5% or less of their net revenue expenditure by April 2022'. They viewed that 5% is generally regarded as leaving councils too exposed and unable to cope in the event of unexpected events – both Croydon and Northamptonshire who issued Section 114 notices had reserves of less than 4%).GT referred to 'public finances are facing

historically significant challenges, and our analysis shows just how close many councils are to breaking point’.

- 9.5 Local Government Information Unit (LGIU) and Municipal Journal (MJ) had a ‘State of Local Government Finance’ survey published in 2020. The outcome was as follows:
- Confidence in the sustainability of local government finance remains very low, with three quarters (74%) of councils saying they do not feel confident;
 - 12% of councils say they are in danger of being unable to fulfil statutory duties this year and 14% of councils said they anticipate an increase in judicial challenges to the level of service provision this year
 - 77% lack confidence in 100% Business Rate Retention as a mechanism to fund local government.
- 9.6 The National Audit Office (NAO) report on ‘Financial Sustainability of Local Authorities 2018’ referred to ‘compared with the situation described in our 2014 report, the financial position of the sector has worsened markedly, particularly for local authorities with care responsibilities’. The report also identified that despite social care authorities having higher level of reserves in 2010/11, some 10.6% have reserve levels (earmarked and non- earmarked) that would be fully consumed in less than three years if the current rate of decline continued. They also reported that a fifth of top-tier councils will exhaust their reserves within five years if they continue to spend them at present rates, raising concerns more councils could follow Northamptonshire CC in issuing a section 114 notice. The report referred to a real term reduction of government funding of 49.1% between 2010/11 and 2017/18 among English local authorities.
- 9.7 The Local Government Association referred to ‘councils need clarity and certainty about how local services will be funded over the next few years and beyond. Next year we need a multi-year settlement and meaningful progress towards a long-term, sustainable solution to the funding crisis our adult social care services continue to face. There must be no further delays to the process of reform.’
- 9.8 Even if funding is maintained at current levels with no subsequent reductions, there is a cost pressure relating to London’s population being expected to increase by 24% over the period to 2039 (double the rate of the rest of England).
- 9.9 The Government’s ambition for devolution together with a fundamental review of the role of local authorities and the role of state together with the arrangements for funding is key to address this overall picture. Greater devolution of powers and funding to local authorities will enable a greater lead role with other public sector organisations which will help partly address the challenges in the future landscape.
- 9.10 Local Government cannot afford the future unless it changes what it does. Changes for the future will need to include operational mergers between authorities for services, greater use of private and voluntary sector, devolution of powers and funding to local authorities as community leaders, a fundamental change in the role of State and implementing opportunities to join up with health and other public agencies (community budgets etc.). Any major change may require the investment of one-off resources. After the delivery of cost savings and efficiency, there is a greater need for transformation, demand management and income enhancement. The scale of the funding challenges may also result in the need to stop or reduce services in the longer term.

9.11 Bromley remains “better placed” to deal with the ongoing challenges but needs to ensure that early decisions are made and adequate reserves are retained to ensure sustainable finances in an increasingly difficult financial landscape. The retention of an adequate level of reserves is key to ensure that Bromley can prepare for future funding challenges and to deal with increasing financial uncertainty including the impact of the local government finance reforms. The Council is seeking fairer funding from Government and the response to the Fair Funding Review consultation paper is attached in Appendix 4. The Leader, Portfolio Holder for Resources, Commissioning and Contracts, Chief Executive and Director of Finance have met previously with Government ministers to discuss seeking a fairer funding deal for Bromley and its residents and have followed up the matter with local MPs. The Council previously secured non-recurring transitional grant funding of £4.2m in recognition of the funding issues faced by the Council.

9.12 Fair Funding Review /Devolution of Business Rates

9.12.1 Any future financial funding projections needs to be treated with caution from 2022/23 There continues to be uncertainty about the replacement funding mechanism for local government, now delayed until at least 2022/23. It remains uncertain whether the baseline funding levels and transitional arrangements will be ready by autumn 2021 for implementation in the 2022/23 financial year.

9.12.2 Local Governments funding arrangements are set to experience their most significant reform for over two decades. The outcome of the Fair Funding Review (a revised formula for Local Government funding allocation), the devolution of business rates and the Spending Review (provides the plan on how Government money will be allocated across years determining financial quantum for local authorities) will not be known until at least the autumn of 2020. In addition, there are likely to be transitional arrangements that will impact on any ‘winners’ or ‘losers’ amongst Councils.

9.12.3 The 2020 Spending Round has provided a settlement, generally better than expected, and would provide a short-term “lifeline” for some local authorities and the government needs to ensure the long-term survival of councils with sustainable long-term funding.

9.13 Fair Funding Review

9.13.1 The Fair Funding Review was originally planned to be implemented from 2021/22 and has been delayed by at least one year. The review will set new baseline funding allocations for all local authorities with the aim to simplify the existing system and update the relative needs and resources for authorities. It relates to the redistribution of funding rather than simply address any funding shortfall – the Spending Review is key to address the overall funding envelope for local government. There will be winners and losers from the Fair Funding Review but there are expected to be transitional protection to mitigate against any immediate significant impact on individual local authorities in the shorter term. The financial forecast assumes no financial changes from this review.

9.14 Spending Review 2021

9.14.1 The Spending Review 2021 planned later this year is expected to indicate funding available to local government beyond a single year. However, given the economic uncertainty with Brexit and the Covid situation the planned timeframe of 3 years or

4 years to provide greater financial certainty to local government may be too optimistic. A longer timeframe is key to aid financial planning.

10. LONDON BOROUGH GRANTS COMMITTEE

- 10.1 London Councils require formal notification of the Council's agreement to their contribution for 2021/22. The London Councils Grants Committee has proposed a Budget for 2021/22 comprising total expenditure of £6.668m.
- 10.2 Bromley's contribution to this Committee was £247,844 in 2020/21. The contribution for 2021/22 is £247,274 which represents a reduction of £570 compared with 2020/21.
- 10.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2021/22 budget. If it is not agreed by the 22nd January 2021, the overall level of expenditure is deemed to be the same.

11. THE SCHOOLS BUDGET

- 11.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring-fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 11.2 The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING					
	Schools	High Needs	Early Years	Central	Total
	£'000	£'000	£'000	£'000	£'000
2020/21	218,401	53,042	23,055	1,920	296,418
2021/22	237,832	58,729	23,343	2,134	322,038
Variation	19,431	5,687	288	214	25,620

- 11.3 The Schools Block has risen by £19.4m. This is due to an increase in the per pupil unit of funding and increases in the population figures. There is also an element (around £11m of the increase) that relates to teachers pay and pension increases that were paid through specific grant and are now integrated into the overall Schools DSG block calculation.
- 11.4 The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue was acknowledged, and funding was committed for 2021/22. The DSG allocation resulted in an increase in high needs block funding of £5.7m for Bromley. This was due to the increases in per pupil funding and the increase in pupils themselves. £939k of the increase relates to pay and pension increases that were paid through specific grants and are now integrated into the overall High Needs block calculation.

- 11.5 Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover, future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2022/23.
- 11.6 Early Years funding has increased by £288k. This is due to increases in the hourly rates payable. Last year's population figures are being used. Early Years DSG is adjusted in year to take account of take up during the year, so the figure will change as the year progresses.
- 11.7 The Central Block has increased by £214k. Although the per pupil rate fell by 2.5% (the equivalent of a loss of £48k), £242k of additional grant was received due to the pay and pension specific grant allocation for centrally employed teachers now being integrated into the DSG. The remaining increase of around £20k is due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £360k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2021/22 bringing the total Council core funding to £410k.

12. GENERAL AND EARMARKED RESERVES

- 12.1 Excluding monies set aside for schools, insurance fund, government grants (technical accounting requirement) and health, the Council has earmarked reserves remaining of £144.5m as at 31/3/2020 and general reserves of £20m. Appendix 4 of the 2020/21 Council Tax report highlighted the Council's approach to utilising reserves and the significant value in retaining reserves. The Council Tax report refers to the level of reserves needs to be adequate to ensure the longer-term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the medium-term budget deficit facing the Council. Inflation, new burdens, growth/cost pressures, uncertain medium and longer term impact of the Covid situation and assumed flat lining of future Government funding will create significant budget gaps. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.
- 12.2 The Council has set aside previous years collection fund surpluses totalling £25.9m (which is normally credited to revenue budgets) as well as a financial management and risk reserve of £10m (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer term utilisation of one-off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.
- 12.3. The Council also has a Central Contingency sum to cover risk/uncertainty in the future included in the base budget. However there remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings not realised, uncertain impact of the Covid situation and, as in the past, enable funding of member initiatives and investment opportunities. Historically the contingency is reviewed later

in the year as part of finalising the following year's budget and after departmental savings/growth and mitigation has been considered. The updated financial forecast assumes the release of £1.75m in 2021/22 and £3.75m per annum from 2022/23 to directly support the revenue budget.

- 12.4 The "Capital Programme Monitoring 2011/12 and Annual Capital Review 2012 to 2016" report to the February 2012 meeting of the Executive identified the long-term financial implications of the capital Programme. The report identified that abandoning the current agreed strategy (fund rolling programmes through capital and reinstating general fund contribution to support the revenue budget of £3.5m) would have resulted in the Council's entire general reserves being utilised in the medium term. This illustrates the benefits of the strategy that Members have adopted since 2006/07. However, given the ongoing financial constraints and limited opportunities to reduce costs in the medium term, this approach was reconsidered to provide capital funding for investment in planned highway maintenance funded by capital receipts.
- 12.5 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and would not provide a sustainable solution to maintaining local government services.

13. ISSUES FOR FUTURE YEARS

- 13.1 The key issue to consider in the options identified above is the need to ensure long term sustainable finances to help ensure the Council can provide priority services in the longer term. Any final proposals as part of the 2021/22 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2021/22 but to also deal with the medium-term financial position as well. Even allowing for the options in this report a budget gap of £14.1m per annum remains from 2024/25. Some of the measures identified in section 8 of this report will enable flexibility to provide a more sustainable financial position for future years. The financial outcome will also depend on the final decisions made on council tax levels.
- 13.2 Bromley's core funding cut has been higher than the London and England average since 2010/11 and equates to a 75% reduction compared with 63% (London and England) in real terms over the course of the decade (estimated up to 2020/21). The Spending Round 2020 represents a significant financial improvement in funding but does not represent a medium-term settlement. Therefore, the Council continues to face financial uncertainty relating to the future funding landscape. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and addressing budget deficits during this uncertain period.

14. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

- 14.1 Details of council tax and funding levels between councils are shown in Appendix 3.
- 14.2 Bromley's council tax is amongst the lowest in outer London.

- 14.3 Using 2021/22 funding information, if Bromley received the average grant funding for London, its annual income would increase by £64m. If the Council had the average council tax levels for the 5 other lowest grant funded councils, the Council would receive additional income of £25.8m.
- 14.4 Despite being a low-cost authority, Bromley has achieved savings of around £100m since 2009/10 but it becomes more challenging to achieve further savings with a low-cost base.
- 14.5 Bromley has retained a low council tax despite lower levels of grant funding. This has been achieved by maintaining a below average spending base. It is important to recognise that the pattern of spending in Bromley restricts the options facing Members. One of the key issues in future year budgets will be the balance between spending, taxation and charges and service reductions in an organisation starting from a low spending base.

15. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

- 15.1 There remains uncertainty on the outcome of the GLA precept for 2021/22, at this stage. This is due to a combination of the late Provisional Local Government Finance Settlement 2021/22 combined with awaited Mayor's proposals on the police precept and the continuing negotiations with Government on TfL's funding position.
- 15.2 The final GLA precept for 2021/22 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 25th February 2021.
- 15.2 For 2021/22 every £1m change in income or expenditure causes a 0.6% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.67m.
- 15.3 As part of the Localism Act, any council tax increase of 2% or above (excludes ASC precept) in 2021/22 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £100k. The one-off cost of a referendum is estimated to be £650k.
- 15.4 The Government has enabled Councils up to 2021/22 to have a council tax precept of up to 3% per annum to specifically fund adult social care (a 3% increase in council tax equates to £5m additional income per annum). Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 1.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% without the need for a council tax referendum. The Government introduced this change in recognition of the cost pressures facing social care authorities. The financial forecast assumes this precept could not continue beyond 2022/23. Members will be requested to consider applying the precept as part of the 2021/22 Council Tax report to the Executive on 10th February 2021.

16. CONSULTATION

- 16.1 It is proposed that this report is considered by individual PDS Committees and their comments and considerations will be reported back to the 10th February 2021 meeting of the Executive. Such consideration will enable the Executive to take into

account those views as part of agreeing its final recommendations to the Council meeting on 1st March 2021 where the 2021/22 Budget and Council Tax will be agreed.

- 16.2 Prior to finalising the 'School's Budget' the Education, Children and Families Portfolio Holder will consult with the Schools' Forum.
- 16.3 Consultation papers will also be sent to local business representatives for their views and comments. Other examples of consultation will include consultation on specific budget proposals.

17. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 17.1 There remain risks in meeting the 'budget gap' arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, implications of the Covid situation and the impact of Government Policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council's Corporate Risk Register shows that 'Failure to deliver a sustainable financial strategy which meets with Building a Better Bromley Priorities and failure of individual departments to meet budget' is the highest risk the Council is facing.
- 17.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 8. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

18. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 18.1 The draft 2021/22 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

19. POLICY IMPLICATIONS

- 19.1 The Draft 2021/22 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

20. PERSONNEL IMPLICATIONS

- 20.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2021/22 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

21. LEGAL IMPLICATIONS

- 21.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government

Finance Act 1992 (as amended) requires the Council to set an amount of Council Tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of Council Tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.

- 21.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 21.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 21.4 Executive is being requested to delegate the setting of the schools' budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.
- 21.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfill by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 21.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2021/22 Council Tax report to be reported to the February meeting of the Executive.

22. CONCLUSION

- 22.1 One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service changes in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

- 22.2 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have enabled the Council to provide a potential balanced budget for the next two years. There will be significant challenges as the Council is a low-cost authority and the position will need to be regularly reviewed particularly as there are risks relating to further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2022/23 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their “cash envelope”.
- 22.3 There is uncertainty on the impact of the full devolution of business rates and the outcome of the Government’s ‘Fair Funding’ review which may result in new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2022/23 whilst the forecast assumes that Government funding will remain at a standstill (may be a best case scenario). Financial challenges are expected to continue beyond the financial forecast period. The continuation of long-term financial planning as part of the Medium-Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.
- 22.4 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough and the report has referred to some of the work undertaken in the current financial year. The contribution of local MPs has also assisted in this arrangement.
- 22.5 There will continue to be increasing financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic issues which creates uncertainty over the longer-term direction of the Government’s public expenditure plans. It is probable that the situation will remain volatile in the medium term requiring ongoing change in our detailed approach but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction. In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities (including regeneration) and mitigate against the cost pressures currently being forecast. It is important to consider actions now that address the “budget gap” in the medium term to enable the Council to ‘live within its means’.

<p>Background documents</p>	<p>2020/21 Council Tax, Executive 12th February 2020 2019/20 Provisional Final Accounts. Leader following pre scrutiny by E,R&C PDS on 27th May 2020 Transforming Property – Creation of a £30m Disposal Programme, Leader following pre scrutiny by E,R&C PDS on 10th September 2020 Treasury Management – Quarter 2 Performance 2020/21 and Mid-year Review, Resources, Commissioning and Contracts Management Portfolio Holder and Council, 18th November 2020 and 7th December 2020 Capital Programme Monitoring – 2nd Quarter 2020/21, Leader following pre scrutiny by E,R&C PDS on 18th November 2020 Budget Monitoring 2020/21, Leader following pre scrutiny by E,R&C PDS on 18th November 2020</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

Update on Economic Situation which can impact on Public Finances

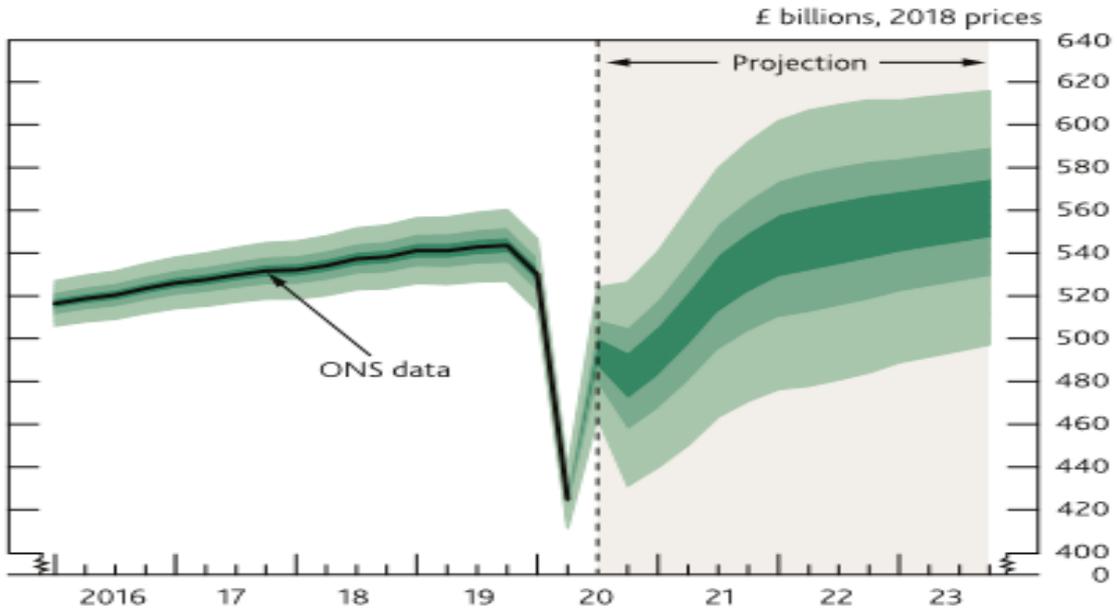
Economic Context

1. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The level of Government borrowing this year is significantly higher than experienced by the banking crisis in 2008. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2020/21 is £394bn – highest level since 1944/45, with overall debt representing 105% of GDP. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues. The Chancellor has indicated that output is not expected to return to pre-crisis levels until the fourth quarter of 2022/23 – some economists predict it will take longer. Future forecasts will also be dependent on the final Brexit arrangements.

2. The key economic and fiscal headlines, for the UK, from the Spending Review 2020 are summarised below:
 - Deficit in 2020/21 of £394bn – highest level since 1944-45. Debt 105% of GDP;
 - Economic output is not expected to return to pre-crisis levels until the fourth quarter of 2022;
 - Spending on 'unprotected' public services being broadly flat in real per capita terms in 2022/23 (despite local government cost pressures);
 - A fiscal adjustment (additional taxes or cuts in spending) of £27bn would be required to match day-to-day spending for receipts by the end of the five year forecast period;
 - Economic outlook remains 'highly uncertain';
 - Annual GDP growth forecast to stabilise to 1.7% in 2024/25 and 1.8% in 2025/26;
 - Unemployment will increase and expected to fall from 2022/23 and revert back to pre-crisis levels from 2025/26;
 - CPI inflation expected to be at 1.2% in 2021/22 (Bank of England forecast of 2.1% from 2021/22) -RPIX tends to have a rate of up to 1% higher.

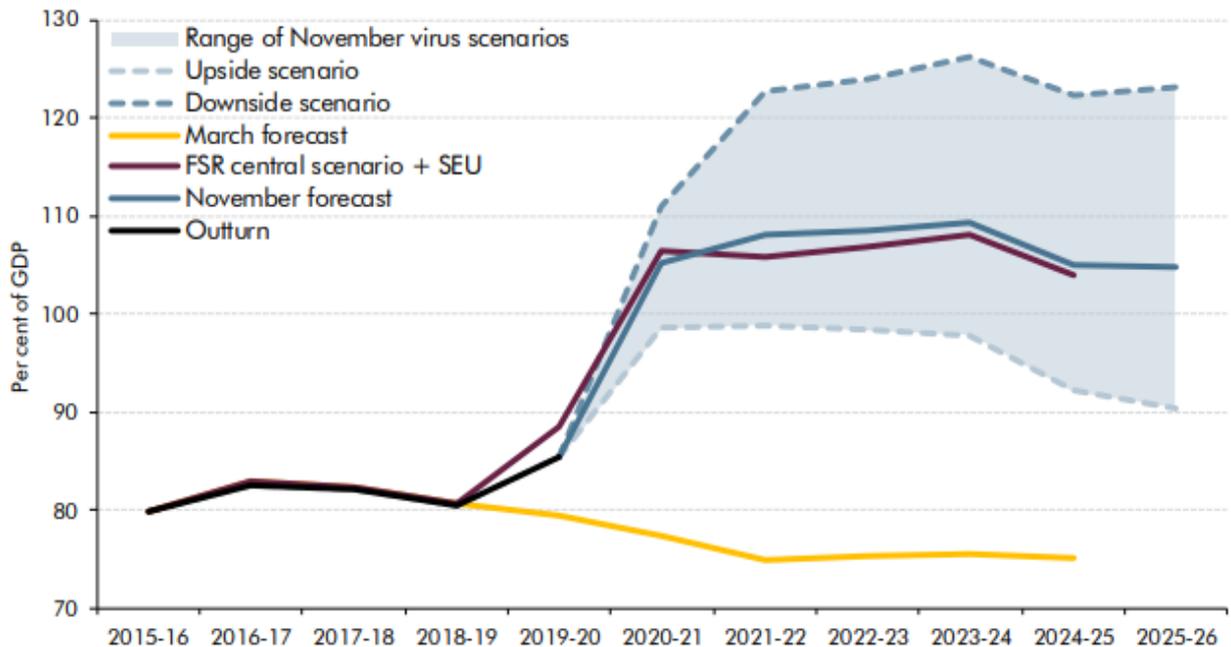
3. The Office for Budget Responsibility (OBR) predict that the UK economy growth forecast is expected to stabilise to 1.7% in 2024/25. The Bank of England's Monetary Policy report (November 2020) provides the following projections for GDP growth:

Chart 1.2: GDP projection based on market interest rate expectations, other policy measures as announced



- Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results in a likely real term funding reductions remaining for local government or creating a situation where costs and demographic pressures facing local government are not matched fully by changes in government funding. These are unprecedented times and the impact of Covid on Government debt is illustrated below:

Growth in Government Debt due to Covid Situation

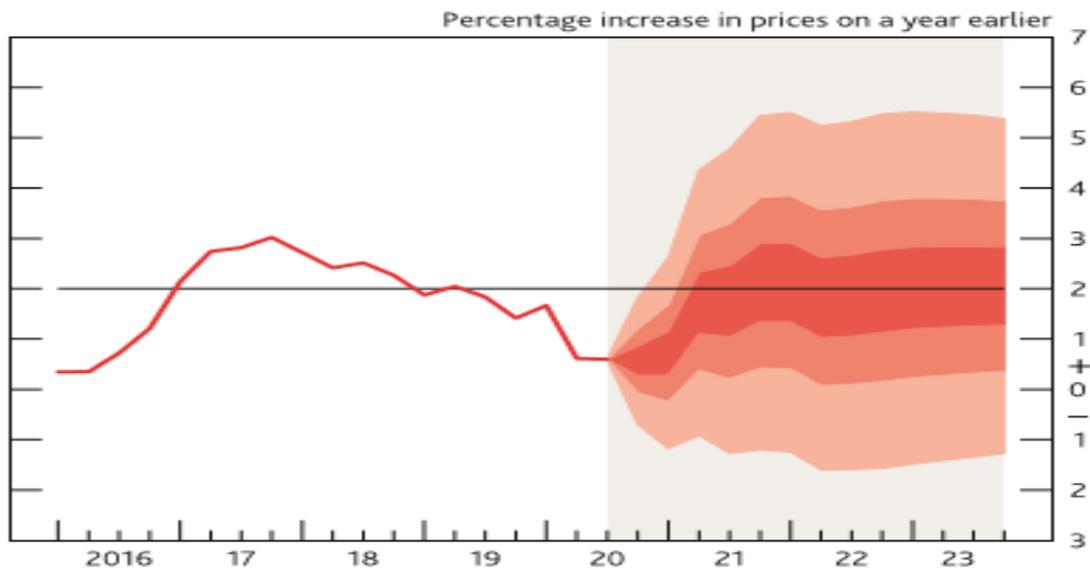


Source: ONS, OBR

- Between the period of 2017 and 2037 Bromley's overall population is expected to increase by 18.8% which includes an overall increase in 90s+ population of 124%.

6. Bromley's core funding has been reduced in real terms by 75% compared with 63% (England) over the course of the decade, with some limited respite for 2020/21 and 2021/22. The Government view new flexibilities including, for example, Adult Social Care Precept as a means to increase council tax to fund social care cost and demographic pressures
7. OBR predictions indicate CPI inflation expected to be at 1.2% in 2021/22 (Bank of England forecast of 2.1% from 2021/22) -RPIX tends to have a rate of up to 1% higher. The views of economic commentators vary on expected inflation levels. The Bank of England's inflation report (November 2020) provides the following projections for CPI inflation

Chart 1.5: CPI inflation projection based on market interest rate expectations, other policy measures as announced



Provisional Local Government Finance Settlement 2021/22

Some key headlines are summarised below:

Local Government Finance Review

- Fair Funding Review and Review of Business Rates was deferred to 2022/23 (has been deferred previously). Further decisions on reform may be taken in the context of next year's Spending Review (Fair Funding to be deferred even further)
- The Spending Review 2020 refers to 'the Government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year'. The Social Care Green Paper was originally due to be published in the summer of 2018.

Key headlines for 2021/22 (mainly non Covid) include:

- Council tax referendum limit of 2% plus adult social care precept of up to 3% - can have a council tax and ASC precept increase of 4.99% (before referendum limit) – ASC precept was a short term measure and the Government have allowed a further year;
- Additional funding for social care (£300m) – equates to £340k for Bromley and the Council received a lower allocation on the basis of the Council's ability to raise income through the ASC precept (higher the income the lower the direct funding provided);
- Inflation only increase in core funding settlement. An increase in core funding of £448k for Bromley;
- New Homes Bonus continues with no legacy payments (£707k) – monies set aside to support housing initiatives (earmarked reserve);
- Nationally £16m available to support local authorities' cyber security systems – details awaited;
- Continuation of funding for Troubled Families – allocation awaited;
- Better Care Fund expected to rise by 5.5% in line with NHS settlement – allocation awaited;
- The Improved Better Care Fund (iBCF) and Public Health Grant will continue at current levels (i.e. 'flat cash')
- The overall Schools budget will increase by £2.2bn in 2021-22 (Spending Review 2020), but there is no new funding beyond what was announced at last year's Spending Review.

For 2021/22 there will be extra support for Covid impact as follows:

- Additional £1.55bn (nationally) to meet additional cost pressures in 2021/22 re Covid – recognises a continuation of issues in 2021/22. This will be an unringfenced grant. An indicative allocation of £7.795m has been provided – the draft 2021/22 Budget assumes this one off grant may be needed to cover further costs from Covid in 2021/22;
- Funding of up to 75% for council tax and business rate losses (nationally £762m). Bromley originally estimated to lose up to £9m from Covid impact this year. Potential funding covers local tax 2020/21 losses only but these losses will be charged to the general fund over three years. For council tax losses only, the draft

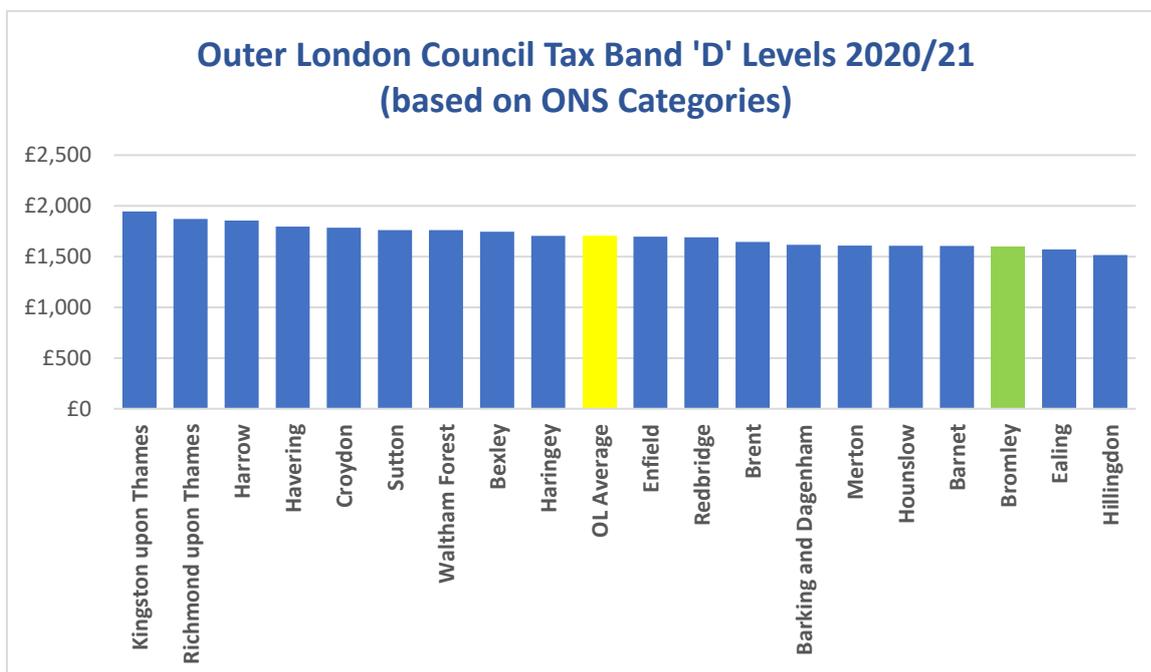
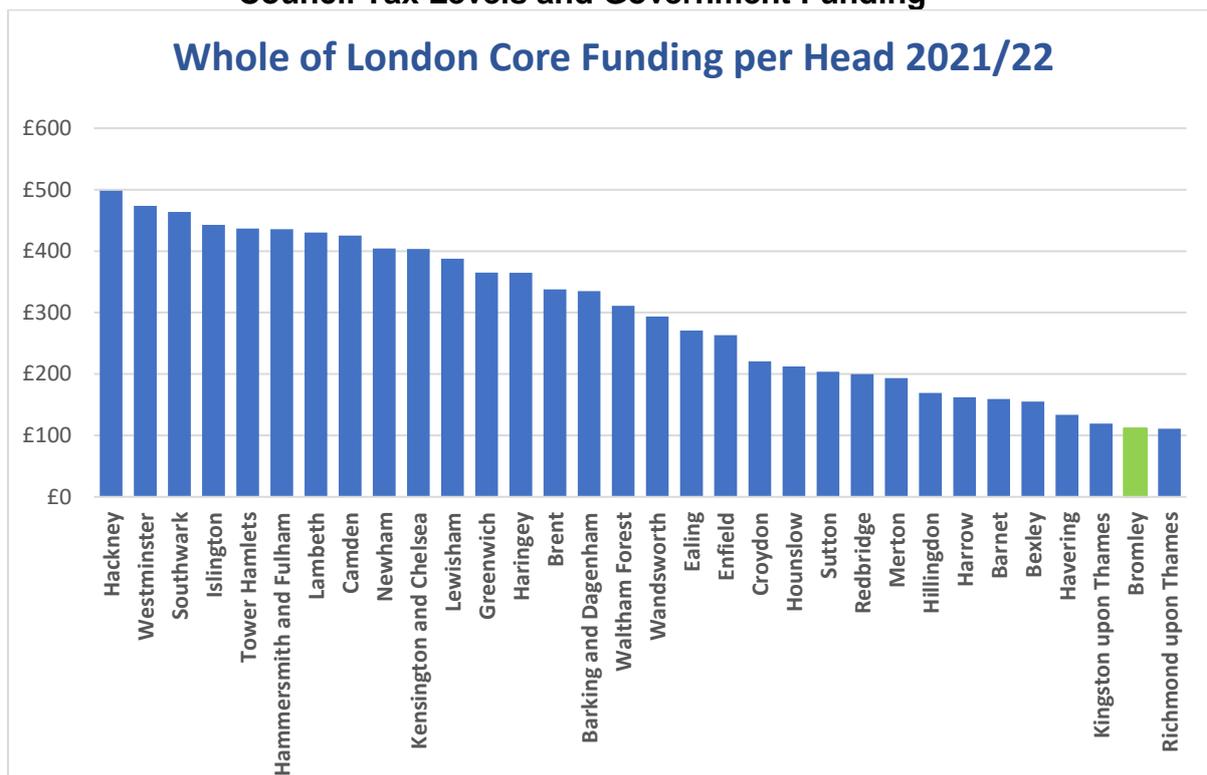
2021/22 Budget assumes net cost (after funding) of £548k per annum over three years;

- Additional funding towards increase in council tax support claimants (£670m) – indicative allocation of £2.3m (for 2020/21 there was Covid funding of £1.8m);
- Extend fees and charges funding support by a further three months (till end of June 2021) – potential £0.5m funding for Bromley;
- £254m of additional resources available for rough sleepers and those at risk of homelessness during Covid-19 period (includes £103m announced earlier in year for accommodation and substance misuse support) – unclear how much will form part of a bidding round rather than direct funding – additional £271k homelessness funding and other details awaited.

Other Issues

- PWLB borrowing rates to reduce for non-HRA funding (revert back to pre October 2019 levels);
- £70m national funding for additional school transport capacity;
- £1.7bn (nationally) for local roads maintenance (this includes £500m for potholes fund);
- £257m nationally for cycling (cycling routes);
- £621m nationally to regenerate high streets , town centres and communities through the Towns Fund (bidding round);
- There is funding available of £4bn for 'levelling up' which will invest in local infrastructure;
- A National Home Building Fund will be set up, worth £7.1 billion over the next four years;
- The Chancellor, as part of the Spending Review 2020, announced a pay freeze for most public sector workers (except NHS) and anyone earning less than £24,000 a year will get a minimum £250 increase.

Council Tax Levels and Government Funding



1. The above graphs illustrate that the Council has achieved a low council tax level despite low levels of Government funding. This has been achieved by retaining below average spending levels.
2. Using 2020/21 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £64m.

**Financial Services**

Civic Centre, Stockwell Close, Bromley BR1 3UH

Telephone: 0208 464 3333

Direct Line: 0208 313 4338

Email: peter.turner@bromley.gov.uk

Fax: 020 8313 4335

Internet: www.bromley.gov.uk

The Correspondence and Enquiry Unit
HM Treasury
1 Horse Guards Parade
London
SW1A 2HQ

24th September 2020Email: richard.curtis@hmtreasury.gov.uk

Dear Sir/Madam

Comprehensive Spending Review Representation

The London Borough of Bromley welcomes the opportunity to provide comments in advance of the Spending Review 2020 which will clearly have an impact on the future Local Government Finance Settlement 2021/22. It is important that this response is considered in the wider context of historic local government funding cuts, increasing demand for our services and the longer-term impact of Covid-19 situation ('New Normal').

We welcomed the additional funding confirmed in the 2020/21 Local Government Final Settlement, following on from the 2019 Spending Round (SR19). The certainty on funding streams for 2020/21, with indications as early as September 2019, assisted in planning for this year's budget decisions. Although it provided a one-year settlement, with uncertainty remaining from 2021/22, it was a positive outcome.

In terms of meeting the budget challenges in future years, the Council faces significant cost pressures relating to homelessness, educational high needs, adults and children's social care, inadequately funded new burdens and the wider impact of the 'new normal' following the Covid-19 situation. There remains the issue of inadequate funding to address the impact of Covid-19 in the current year. Even if the level of government grant funding available to the Council no longer reduces, these cost pressures, partly linked to demographic changes, need to be funded which results in an ongoing need to address a significant 'budget gap' that cannot be met by council tax increases alone.

There is a national recognition that Social Services is underfunded. One of Bromley's high cost pressure relates to adult social care and it remains essential that a fundamental solution is found to address funding. The Prime Minister has recognised the need to address this and his comments, reported in the press on 14th January 2020, indicate that action will be taken to address the significant funding issue for social care. We welcome the Government's commitment to provide additional funding for the NHS. Rt. Hon. Matt Hancock, Secretary of State for Health and Social Care, had previously announced a commitment of £33.9 billion per annum by 2023/24 being given to the NHS and further funding for NHS buildings. It is well recognised that there is a high degree of interdependency between health and social care services and any lack of funding for social care could have a detrimental impact on the

NHS and vice versa. Funding solutions are required for social care to provide a whole systems solution which also includes children's social care.

Luke Hall, the Parliamentary Under-Secretary of State for Housing, on 5th February 2020 referred to the Government 'are committed to fixing the crisis in social care once and for all' ensuring we have a 'long term solution'. He also stated that 'it is absolutely true that councils face pressures on adult and children's care services'.

We are seeking a fair level of funding for Bromley, which provides recognition that we keep our costs low, reflects fairly the impact of a high proportion of elderly population and recognises the true financial impact of essential highways maintenance and repair in a borough with a large road network.

Key asks for the Spending Review 2020 and its associated impact on funding for Bromley are:

- It should result in a mechanism to reward more efficient authorities (e.g. financial incentives in the system);
- It should recognise or reward efficient, low cost authorities like Bromley - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis;
- The negative revenue support funding adjustment is clearly not 'fit for purpose' and should continue to be removed if it is necessary for the existing funding formula to continue whilst the outcome of the Fair Funding Review is awaited;
- It needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London;
- It should recognise that authorities with a low-cost baseline should not have to face a higher proportion of cuts to funding as part of ongoing austerity and thus recognised/compensated in any future funding arrangements;
- Social Care responsibilities (Improved Better Care Fund) should be determined by adult social care formula (e.g. Bromley had lost significant additional funding as a result of the revised formula);
- We are experiencing increased pressures on our homelessness budgets through rising demand and higher costs. The impact of the benefit cap and LHA levels remaining low means that private rented accommodation is unaffordable for low-income households. Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. The Spending Review outcome should recognise Bromley's (as well as a few other areas) cost pressures relating to homelessness;

- Bromley's population is expected to increase by more than the national average by 2030 - funding is currently not reallocated based on population growth and Bromley has a higher increase in over 65 years of age (18.9%) compared with rest of London (12.1%). Using GLA central estimates, between 2017 and 2037 over 65's are expected to increase by 44.4% and over 90's by 123.8% with an overall population increase of 18.8% during that period;
- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income;
- The relative size of the Needs and Resource amounts are ultimately set by MHCLG on the basis of judgement - can some of the unique factors for Bromley be reflected in this to ensure low cost-efficient authorities are not penalised?
- Recognition of the medium and longer term impact of the impact of Covid-19 on local government costs (expected to increase) and income (expected to reduce). There would be further cost pressures arising from any recessionary impact on the economy from the Covid-19 situation. This has had a significant detrimental effect on the Councils budget challenges. We will also be seeking an adequate level of funding for the current year as we continue to have a funding gap in meeting the impact of Covid-19.

We request that the ring fencing of grant funding is changed to enable greater flexibility to ensure resources are allocated to reflect local needs and still meet national requirements. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding is welcomed, there remains medium and longer term potential costs being ultimately met by the council taxpayer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council taxpayer is required to fund special educational needs transport costs of £5.6m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.

It is critical that Government recognise the underfunding of existing services, provide additional resources and remove restrictions that prevent local authorities from raising or spending their own resources. Rising demand, increasing costs and reduced funding cannot be sustained and we would urge government to use the opportunity afforded by the future Fair Funding review and move to 75% business rate retention locally (subject to business rate review) to fundamentally review the long term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, various changes from the Social Work Act, extended support to care leavers to the age of 25 years old, the lifting of the public sector pay cap, indexation and equalization of guaranteed minimum pensions, deprivation of liberty, changes to national insurance costs, national living wage and, more recently, the Homelessness Reduction Act which have only been part funded. Many new burdens have not been adequately funded, if

at all. MHCLG have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2020/21. However, the further cost pressures on children's social care and homelessness (consequence of welfare reform, impact of limiting local housing allowances and potential implications of universal credit) have not been fully recognised and have resulted in a significant additional cost burden which is not recognised by the funding provided.

Looking further ahead, Bromley would still face a period of significant uncertainty with the awaited Fair Funding Review, the move to 75 percent Business Rates Retention and the 2020 Spending Review which could represent a new 'cliff edge' in financial planning terms. We ask that the precedent of early sight of funding allocations that has been set by SR 19 be continued as far as possible next year. At the time of writing this letter, financial planning remains problematic as it remains unclear what level of funding the Council will receive which is essential to allow sufficient time to forward plan and consult on key budget decisions. Local authorities must by law have a balanced budget and Government funding remains a key determinant for the budget position facing the Council. We seek that early indications of funding are provided to enable the Council to plan budget decisions effectively. Even a minimum funding guarantee for next year, whilst the outcome of the Spending Review is unknown, is essential to make the right budget decisions and ensure we can achieve a balanced budget effectively.

We support the need for the future funding system to be less complex, transparent, provide certainty and be responsive to changes in demand. The key outcome needs to be adequate funding for the future sustainability of Bromley to meet the key services that matter to our residents and taxpayers. As the National Audit Office reported, as part of its Financial Sustainability of Local Authorities 2018 report, the Government 'must set out at the earliest opportunity a long-term financial plan for the (local government) sector that includes sufficient funding to address specific service pressures and secure the sector's future financial sustainability'.

Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Although recent Spending Round announcements are helpful, we need a sustainable medium-term settlement at next year's full Spending Review.

We have previously raised our concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is critical that these points are addressed as part of the future Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements.

Bromley's local MP's have highlighted concerns about an ongoing poor financial settlement for Bromley and the need for a fairer system that rewards efficient low-cost councils and provides a 'fairer' level of funding in recognition of the needs of residents and council taxpayers. Sir Bob Neil MP made comments in Parliament, following the 2020/21 Local Government Finance Settlement and referred to 'a well-run and efficient local authority such as Bromley' the need to 'build into the funding mechanism to reward local authorities that have a track record of being historically efficient and historically low-cost. Bromley is such an authority, but it loses out in consequence. As it has been efficient, any reduction made on a simple pro rata basis bears more heavily on it, because there is less slack.' We need a formula that is more 'nuanced in capturing those distinctions'. Gareth Bacon MP during the

same parliamentary debate, referred to 'we need to recognise and reward those local authorities that have delivered high-quality public services while continuing to make efficiencies, such as my own excellent London Borough of Bromley'. As a low grant funded borough, the current formula does not reflect the required assessment of need for our borough. There are some local authorities with high spend but this reflects a high level of historic government funding rather than the correct needs assessment. The outcome can result in high costs and inefficiency rather than spend levels matching true need - the opposite applies to Bromley. Apart from a fairer level of funding the Council is seeking that future funding arrangements reward/incentivise more efficient boroughs such as Bromley.

A combination of historic core grant reductions combined with new burdens not fully funded and increasing demand for services, immense pressure on adult and children's social care costs, rising population levels, the significant impact of homelessness pressures, meeting inflation costs and the ongoing impact of Covid-19 (i.e. 'New Normal') means it is becoming increasingly difficult to sustain the scale of funding reductions imposed on us. During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum. Prior to the outcome of the 2019 Spending Round, it would have reduced by 75% compared with 63% (London and England) in real terms over the course of the decade. Although the additional funding announced as part of SR19 was welcomed and represented the best settlement for 10 years, there remains uncertainty on funding levels for 2021/22 and beyond which makes medium and long term financial planning more problematic.

Bromley faced a four year "budget gap" of around £17m by 2023/24, following the 2020/21 Local Government Settlement but the ongoing costs pressures and the longer term impact of Covid 19 could result in the 'budget gap' doubling to £34m plus, a significant "budget gap" remains. London Councils and Local Government Association (at the national level) have reported that significant savings are required by local authorities to plug the funding gap which is not sustainable in the longer term without further significant funding. Examples of Bromley specific cost pressures (by no means comprehensive) are attached with this letter.

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite overall significant funding reductions. This provides a greater challenge for a low-cost authority like Bromley. This highlights the importance of considering the full impact of any changes affecting local government. The Government should consider reviewing the role and duties of local government to match the potential resources available.

Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low-cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However, this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high cost authorities.

In 2020/21, Bromley has the 2nd lowest level of settlement funding in the whole of London despite having the 6th highest population (excluding City of London). We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £62.5m in 2020/21. Prior to the outcome of the 2019 Spending Round, it would have reduced by 75% compared with 63% (London and England) in real terms over the course of the decade. It is essential that MHCLG reflect an adjustment to the Council's

baseline funding position to address historic low funding levels in the future local government settlement, following the Spending Review 2020.

We acknowledge that the reform of business rates and Fair Funding review will provide opportunities to fundamentally review how local government is funded in the long term but the current system for funding local government is unsustainable. The next Spending Review needs to consider the funding requirements for local government to meet key services that matter to our residents and taxpayers and linked with the Fair Funding Review. There should not be an outcome that simply results in a redistribution of existing government funding without considering the impact of cost pressures and new burdens and the limitations in generating alternative income. While the future Fair Funding Review is a welcome opportunity to address the best method to distribute resources, there is no escaping the inadequacy of the resources it distributes when compared with the totality of demand - the Spending Review is a key opportunity to put local government on a sustainable footing. Local government has received a disproportionate share of funding reductions when compared with total public and departmental spending.

If central government is not prepared to increase the total of centrally allocated resources available, then it needs to give local government greater control over its own resources, enhance its range and mixture of revenue raising capabilities and remove ringfencing of remaining grant funding. There is a real opportunity to address this through the Government's Devolution and Recovery White paper.

Bromley has supported Government policy towards meeting austerity, seeking to generate economic growth through investing (contribution to UK PLC) and keeping public sector costs low whilst driving out more efficiency. We also have the highest proportion of schools converted to academies.

We welcomed the additional funding for 2020/21 as the first step towards a more sustainable financial settlement. If this year's Spending Review and future Fair Funding enables a more sustainable funding approach it would be welcomed and enable the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to tax payers and council tax payers.

The Government previously introduced four-year funding which was welcomed but we now face a situation of significant uncertainty of funding for 2021/22 and beyond. There needs to be sufficient time to plan for 2021/22 and future years and a key consideration for financial planning is the level of Government funding available. As indicated earlier in this letter, any early indications of the likely settlement, or at least an early minimum funding guarantee whilst the outcome of the Spending Review is awaited would assist in financial planning and reducing financial uncertainty. It is important to recognise that no organisation of any size can be expected to operate efficiently without multiple years assurance about its level of income - this would include any government funding.

To allow for sufficient time to meet statutory council tax deadlines and our annual billing deadlines, it is important that the final 2021/22 Local Government Finance Settlement is published as early as possible to provide sufficient time to make key decisions which can be implemented before the beginning of the new financial year.

We recognise the difficulties the Government faces in predicting future economic activity with the impact of Covid-19 and Brexit to consider which will affect future fiscal revenues and the potential impact of a short-term recessionary period. The Government may need

more time to make more accurate future predictions and reducing uncertainty in forecasting three-year funding plans – we hope there would be greater certainty if it is delayed till the middle of next year. Given the need for an indication of funding for local government to enable budget decisions to be made in sufficient time we would recommend a ‘rollover plus’ commitment for a further year (2021/22) and the ‘plus’ covers providing funding for new burdens and demographic and other cost pressures.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to contribute in advance of the Spending Review 2020.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Turner', with a large, sweeping initial 'P'.

Peter Turner
Director of Finance
London Borough of Bromley

APPENDIX 1 OF LETTER

Examples of Bromley Specific Cost Pressures – Please note that this list is by no means exhaustive

Children's Social Care Pressures

Current pressures are through a 24% increase of referrals coming into CSC, this could continue to increase, the nature of some of these referrals are 'high end' complex matters with safeguarding issues that need immediate response. Many of these families have never been known to us before.

This increase in volume flows upstream to our Safeguarding services where caseloads are increasing due to a bottleneck caused by the delay in care proceedings completing during the C19 period. This has meant the Court team that usually takes these 'cases' is relying upon other teams to carry a high percentage of the work which has a knock-on effect to CSC cases with children and their families.

Our predicted in care population of 315 has seen a steady rise to 330 despite success of Staying Together team.

Looking ahead with the uncertainty of C19, impact of reduced education since March, reduction of job opportunities and social activities, it is likely referral rates will remain or increase further as the pressure grows in individual households. As we know instances of Domestic Violence /abuse and mental ill health has increased nationally.

Special Educational Needs

Within the context of sustained exponential increase in requests for EHC needs assessments, EHC Plans and specialist placements, a range of areas continue to create significant challenge:

During the 2020 calendar year, the number of EHC Plans has increased from 2,499 in January to 2,740 in July (9.64%), with the rate of increase not abating. In particular there is an increase in EHC Plans for complex issues; behaviours that challenge, complex mental health, childhood trauma/neglect and social communication, which is impacting on the availability of placements. There is also an increase in EHC Plans for Children Looked After, again often with complex needs, frequently requiring an education placement at short notice. Placement budgets are also affected significantly by increasing numbers of Tribunal judgements that order costly independent and out of Borough placements and independent professionals reports (commissioned by parents) recommending provision that could only be delivered within a specialist or independent setting.

This increased demand is impacting on the sufficiency of placements at secondary transfer, in particular for complex SEMH needs, resulting in significant financial pressures. A Special free school has been approved to pre-opening status but will take 2-3 years until opening under the DfE-led capital scheme. Coupled with the direct impact of Covid-19 on services and the indirect pressures arising from heightened anxieties of families is creating a perfect storm of pressures that are unsustainable without continued increases in DSG High Needs funding.

Transport Cost Pressures

Government has made it clear that it is their intention to suspend Free Transport for Under-18s in London. Initially this was proposed to be from September 2020, it is now expected to be implemented from the October half term 2020.

Such a change will introduce significant operational and logistical challenges for London Councils. Bromley has 25,000+ school age children who had access to withdrawn free travel pass. Even if 70% of learners chose not to apply for free transport directly to the Council it could still be facing an influx of upward of 7500 transport applications to process and no current resource employed to carry out this specialist activity. Any introduction of transport assessments will require recruitment and investment in training and mapping/software systems and customer facing infrastructure to manage the volumes and data capture efficiently. It is unlikely this could be delivered in time for the changes to be implemented effectively in October but until a firm decision is taken by government/TfL and its impact on the London Boroughs is understood, this remains an area of significant risk to the Council and learners of Bromley. London Councils have not carried out these functions since they became obsolete by the introduction of the Free U18 travel in 2006. Taking on this new burden will not be possible without appropriate investment and suitable lead in time to allow for system and process development ahead of implementation.

Adult Social Care

There has to be a request about parity with health in the Spending Review. Health have had their debt written off, have been told that the money is there to fund whatever they need and most of the activity has fallen on us. It is estimated that the impact over 4 months is around £1m. There will be considerable further costs to support the market as it begins to creak and the fact that social care is generally underfunded and unsustainable.

Public Health

Covid related expenditures and uncertainty around future requirements, particularly in relation to the local contact tracing as outlined in our resource's requirement paper.

Other PH programmes and risks around it, particularly sexual health.

Other preventative programmes which we may need to fund such as obesity management as there is now clear evidence that obesity is the key risk factor for Covid and poor outcome of the infection

Housing

The increase in homelessness generally in addition to rough sleepers - particularly in light of Covid and the likely increase in evictions. This is exacerbated by delays in any new builds resulting from Covid placing more pressure on temporary accommodation. There needs to be a review of the grant we receive towards the cost of TA and homelessness and that this should be increased to help offset these increasing costs.

In addition, the benefit cap is one of our main barriers in getting accommodation and this needs to urgently be reviewed as it directly runs against our ability to increase homeless prevention work and assist families into settled accommodation.

Planning

The government has published a white paper entitled Planning for the Future.

In this document there is a lot of talk of supporting Local Planning Authorities with resources to digitise services and in other areas. It includes phrases like “We will develop a comprehensive resources and skills strategy for the planning sector to support the implementation of our reforms – so that, as we bring in our reforms, local planning authorities are equipped to create great communities through world-class civic engagement and proactive plan-making.”

None of this is in any detail at this stage, however it does appear that the government intends to support planning going forwards although it isn't clear how. If we are to move forwards digitally we would need substantial financial and technical support to do this, probably from the government.

Overall, this could be positive in financial terms, and some of the other measures proposed could simplify planning processes in the longer term, which could lead to a need for less resource within

Waste Services

There remains ongoing on budgets because of the growth in new homes each year in the borough which will continue to cause pressure on the waste budgets, which we will not be able to contain within existing budgets.

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Bromley's Budget Requirement in 2020/21 (before funding from Formula Grant) @	207,409	207,409	207,409	207,409	207,409
Formula Grant and Business Rate Share	-40,426	-40,426	-40,426	-40,426	-40,426
	166,983	166,983	166,983	166,983	166,983
Changes in Government Core Funding		-448	-448	-448	-448
Cost pressures					
Increased costs (2.0% per annum)		5,588	11,262	17,117	23,113
		5,588	11,262	17,117	23,113
Reinstatement of highways maintenance (previously capitalised)		0	2,500	2,500	2,500
Total additional costs		5,588	13,762	19,617	25,613
Income/Savings					
Interest on balances		0	1,000	1,500	1,500
Release general provision in contingency for significant uncertainty/variables		-1,749	-3,749	-3,749	-3,749
Savings from children's social care linked to invest to save funding		-250	-250	-250	-250
Additional Funding for Social Care in Local Government Settlement 2021/22		-340	-340	-340	-340
Additional Homelessness Prevention Grant		-271	-271	-271	-271
Transformation Savings (full year effect of approvals in 2020/21)		-3,627	-5,942	-6,333	-6,409
Reduction in freedom pass costs to reflect reduced usage in 2020/21		-2,160	-3,312	-1,791	0
		-8,397	-12,864	-11,234	-9,519
Other changes					
Fall out of Contribution to Carbon Neutral Initiatives Fund		-875	-875	-875	-875
Real Changes and Other Variations		282	1,132	639	903
		-593	257	-236	28
COVID Funding					
Provision for additional cost pressures / increase losses (COVID in 2021/22)		7,795	0	0	0
Additional Government Funding towards these (see above)		-7,795	0	0	0
		0	0	0	0
Council Tax					
Increase in cost of Council Tax support to be funded by Government Grant		2,300	0	0	0
Government funding towards additional council tax support costs		-2,300	0	0	0
Estimated increase in council tax base		0	0	0	-750
		0	0	0	-750
Growth/Cost Pressures including mitigation (see Appendix 6)					
- Education		852	1,212	1,572	1,922
- Children's Social Care		2,752	2,249	2,866	3,394
- Adults Social Care		5,522	7,374	9,536	11,698
- Housing		1,735	253	-1,245	-1,701
- Environment		2,300	2,100	1,600	1,100
Building Maintenance		1,000	1,000	0	0
Reduction in investment property income		1,215	1,061	1,242	1,433
Part government funding for loss of fees and charges income (COVID)		-500	0	0	0
Total growth/cost pressures		14,876	15,249	15,571	17,846
Budget Requirement		178,009	182,939	190,253	199,753
2021/22 Council Tax Income	-166,983	-166,983	-166,983	-166,983	-166,983
Increase in council tax (assume 1.99% per annum)		-3,323	-6,712	-10,169	-13,694
Increase in Adult Social Care Precept (assume 3% per annum)		-5,009	-5,009	-5,009	-5,009
Budget Gap before use of collection fund surplus		2,694	4,235	8,092	14,067
Provision for unrecoverable council tax collection losses - COVID (allocated over 3 years)		2,191	2,191	2,191	0
Government funding for contribution towards losses @75% - COVID (allocated over 3 years)		-1,643	-1,643	-1,643	0
Collection Fund surplus 2019/20		-5,153	0	0	0
Collection Fund surplus 2019/20 to meet future years budget gap		1,911	0	-1,911	0
Collection fund 2018/19 set aside to meet future years budget gap		0	-2,700	-3,200	0
Projection of future years collection fund surplus		0	-2,000	-1,000	0
		-2,694	-4,152	-5,563	0
Revised Budget Gap		0	83	2,529	14,067

1) The above forecast assumes a council tax increase of 4.99% per annum in 2021/22 (including ASC precept) and 1.99% from 2022/23

2) Assumes continuation of the following income set aside as an earmarked reserve:

- In 2020/21 the Budget assumed that the one off money relating to iBCF due to fall out in 2020/21 was utilised to support hospital discharge costs impact on social care costs. As that funding is still available it is proposed that these monies continue to be set aside (£1.68m)
- New Homes Bonus monies are estimated at £707k and it is assumed that these monies will continue to be set aside for housing projects

3) The forecast above includes the outcome of the Provisional Local Government Settlement announced on 17th December 2020. There are various elements of funding still awaited including for example public health, better care fund, rough sleepers and troubled families funding.

GROWTH AND MITIGATION

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
SUMMARY					
GROWTH (excl DSG)	27,537	35,735	42,863	51,713	
MITIGATION	-12,661	-20,486	-27,292	-33,867	
NET	14,876	15,249	15,571	17,846	
					2020/21 original budget
	2021/22	2022/23	2023/24	2024/25	£'000
<u>CHILDREN'S SOCIAL CARE</u>					
<u>GROWTH</u>	£'000	£'000	£'000	£'000	£'000
FYE effect of 2020/21	1,255	1,255	1,255	1,255	18,390
Placements Growth Pressure	510	846	1,281	1,716	18,390
Growth in Special Guardianship Order (SGO)	250	500	750	1,000	1,290
Staffing Pressures	548	548	548	548	20,630
Transformation savings delay	390	0	0	0	-390
Post Ofsted Investment Cost taken from transformation (as per 2020/21)	250	0	0	0	-250
Children's Safeguarding Board	50	50	50	50	20
Youth Offending Team (YOT) Security	50	50	50	50	0
	3,303	3,249	3,934	4,619	
<u>MITIGATION</u>					
Leaving Care numbers impact of not being on UASC rota	-60	-43	-111	-268	6,252
Step Down	-166	-333	-333	-333	0
Independent Fostering Agency (IFA) Conversions	-26	-26	-26	-26	4,947
Additional in house foster carers	-78	-156	-156	-156	4,947
Unblock Court proceedings to take children from care	-221	-442	-442	-442	18,390
	-551	-1,000	-1,068	-1,225	
<u>NET GROWTH</u>	2,752	2,249	2,866	3,394	
					2020/21 original budget
	2021/22	2022/23	2023/24	2024/25	£'000
<u>EDUCATION - DSG</u>					
<u>GROWTH</u>	£'000	£'000	£'000	£'000	£'000
Placements including post 16	5,800	10,850	15,900	20,950	79,506
Teachers pay/pension grant to high needs included in additional high needs grant	750	750	750	750	182
Home and Hospital/Hearing Units demand growth	400	400	400	400	1,648
Posts funded temporarily by DSG to permanent	92	92	92	92	68
Posts funded from SEN Reform grant to core DSG funding	100	100	100	100	0
SEN Project Manager	41	41	41	41	42
Other activities funded through SEN reform grant no longer funded	49	49	49	49	0
Children's OT EHC assessment	100	100	100	100	0
AP pump priming	265	189	0	0	0
	7,597	12,571	17,432	22,482	
<u>MITIGATION</u>					
Estimated b/forward of DSG	0	0	0	0	0
Alternative Provision savings on service delivery	0	-221	-379	-398	-79,506
Additional high needs grant announced/estimated	-5,200	-9,650	-14,100	-18,550	-79,506
Additional high needs grant for additional pupil numbers	-500	-1,000	-1,500	-2,000	-79,506
DSG held back as contingency now released	-1,100	-1,100	-1,100	-1,100	1,100
Free special school	0	0	-167	-362	0
Mitigation to be identified	-797	-600	-186	-72	0
Estimated c/forward of DSG	0	0	0	0	0
	-7,597	-12,571	-17,432	-22,482	
<u>NET GROWTH *</u>	0	0	0	0	
					2020/21 original budget
	2021/22	2022/23	2023/24	2024/25	£'000
<u>EDUCATION - RSG</u>					
<u>GROWTH</u>	£'000	£'000	£'000	£'000	£'000
SEN Transport additional demand and retender costs	300	600	900	1,200	4,923
Post funded from iBCF no longer funded	96	96	96	96	0
Decrease in Central DSG allocation	50	100	150	200	360
Education, Health & Care Plan (EHCP) Coordinator	287	287	287	287	1,313
Additional Education Psychologist and market pay	85	95	105	105	613
CYP Engagement Officer	34	34	34	34	0
	852	1,212	1,572	1,922	
<u>NET GROWTH</u>	852	1,212	1,572	1,922	

* Not included within impact on general fund -£500k remains in base budget (to be reviewed)

	2021/22	2022/23	2023/24	2024/25	2020/21 original budget
ADULT SOCIAL CARE					
GROWTH	£'000	£'000	£'000	£'000	£'000
Assessment & Care Management - FYE of 2020/21 overspend	1,339	1,339	1,339	1,339	22,253
Learning Disabilities - FYE of 2020/21 overspend	2,191	2,191	2,191	2,191	36,506
Mental Health - FYE of 2020/21 overspend	832	832	832	832	7,211
Assessment & Care Management - Memory And Cognition Growth	210	420	630	840	7,921
Fall out of one-off iBCF (carry forward from 2019/20)	1,500	1,500	1,500	1,500	1,500
National Living Wage	100	1,000	1,900	2,800	67,652
Ongoing Impact of COVID	1,400	1,400	1,400	1,400	0
Learning Disabilities Growth	1,262	2,524	3,786	5,048	36,506
	8,834	11,206	13,578	15,950	
MITIGATION					
Controlling Memory and Cognition	-210	-420	-630	-840	7,921
Increase Uptake In Shared Lives	-170	-480	-480	-480	36,506
Implementation of savings previously deferred	-1,000	-1,000	-1,000	-1,000	43,717
Support for young disabled people in transition from childhood to adulthood	-150	-150	-150	-150	36,506
VCS Support to promote independence of people with learning difficulties	-348	-348	-348	-348	36,506
Strengths based provision from out of borough providers for adults with LD	-434	-434	-434	-434	36,506
Real increase in Better Care Funding (above inflation)	-500	-500	-500	-500	-22,026
Further use of Better Care Fund	-500	-500	-500	-500	-22,026
	-3,312	-3,832	-4,042	-4,252	
NET GROWTH	5,522	7,374	9,536	11,698	
HOUSING					
GROWTH	£'000	£'000	£'000	£'000	£'000
Placements	1,404	2,321	3,023	3,725	14,877
2020/21 transformation savings rephased (250 modular homes)	800	533	0	0	14,877
2020/21 transformation savings rephased (reduction in bad debts)	250	0	0	0	175
Recurring funding for Finance post/IT systems for HRA and housing developments	82	82	82	82	0
	2,536	2,936	3,105	3,807	
MITIGATION (excluded from Transformation savings)					
York Rise Modular Units	0	-89	-89	-89	14,877
Additional PRS lettings	-15	-15	-15	-15	14,877
400 New Builds/Acquisition & Refurbishment	0	-1,100	-2,200	-2,933	14,877
Property Purchase Phase 2 (400 properties)	-786	-1,479	-2,046	-2,471	14,877
	-801	-2,683	-4,350	-5,508	
NET GROWTH	1,735	253	-1,245	-1,701	
ENVIRONMENT					
GROWTH	£'000	£'000	£'000	£'000	£'000
Reduction in Car parking Income	2,200	2,000	1,500	1,000	7,452
Ongoing impact of Covid-19 on waste disposal volumes	500	500	500	500	8,421
	2,700	2,500	2,000	1,500	
MITIGATION					
Snow clearing - exceptional years costs met from central contingency sum	-150	-150	-150	-150	408
Review of running costs - various budgets	-250	-250	-250	-250	26,281
	-400	-400	-400	-400	
NET GROWTH	2,300	2,100	1,600	1,100	
Investment Properties	£'000	£'000	£'000	£'000	£'000
Reduction in Income from Investment Properties	715	561	742	933	9,720
Potential reduction in income recovery/rent variations (COVID impact)	500	500	500	500	9,720
	1,215	1,061	1,242	1,433	
Building Maintenance (see report elsewhere on the agenda)	1,000	1,000	0	0	2,167
Part government funding for loss of fees and charges income (COVID)	-500	0	0	0	
TOTAL	14,876	15,249	15,571	17,846	

SUMMARY OF DRAFT 2021/22 REVENUE BUDGET - PORTFOLIO

2020/21 Final Budget £'000	Portfolio/Item	2021/22 Draft Budget £'000
85,837	Education	94,789
Cr 79,506	Less costs funded through Dedicated Schools Grant	Cr 87,281
6,331	Sub total	7,508
35,876	Childrens Social Care	38,416
69,416	Adult Care and Health	73,985
31,136	Environment & Community Services Portfolio	31,750
2,434	Public Protection and Enforcement	2,474
14,889	Renewal, Recreation and Housing	15,094
34,424	Resources, Commissioning & Contracts Management	34,473
1,870	Non Distributed Costs & Corporate & Democratic Core	1,888
196,376	Total Controllable Budgets	205,588
9,341	Total Non Controllable Budgets	11,443
Cr 853	Total Excluded Recharges	Cr 853
204,864	Portfolio Total	216,178
Cr 7,794	Reversal of Net Capital Charges	Cr 9,878
Cr 3,591	Interest on General Fund Balances	Cr 3,591
875	Contribution to Carbon Neutral Initiatives Fund	-
1,612	Contribution to Utilisation of New Homes Bonus for Housing	707
5,873	Utilisation of Prior Year Collection Fund Surplus/Set Aside	1,911
11,799	Central Contingency Sum	14,880
	Levies	
447	- London Pensions Fund Authority*	464
248	- London Boroughs Grants Committee	247
252	- Environment Agency *	262
309	- Lee Valley Regional Park *	321
214,894	Sub Total	221,501
Cr 40,426	Business Rate Retention	Cr 40,874
Cr 5,873	Collection Fund Surplus (previous years)	Cr 5,153
-	Collection Fund Losses (net of grant)	548
Cr 1,612	New Homes Bonus	Cr 707
166,983	Bromley's Requirement (excluding GLA)	175,315

* Final allocations awaited

DRAFT REVENUE BUDGET 2021/22

	Education, Children & Families	Adult Care & Health	Environment & Community Services	Public Protection and Enforcement	Renewal, Recreation & Housing	Resources, Commissioning & Contracts Management	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	32,988	16,147	6,727	2,500	9,047	15,605	83,014
Premises	932	295	7,075	39	469	4,754	13,564
Transport	6,135	266	145	39	52	29	6,666
Supplies and Services	41,439	3,077	6,794	215	2,347	5,932	59,804
Third Party Payments	66,201	111,505	33,429	1,132	24,348	15,427	252,042
Transfer Payments	5,844	8,450	-	-	103,397	9,676	127,367
Income	Cr 105,824	Cr 68,516	Cr 20,855	Cr 767	Cr 124,228	Cr 13,998	Cr 334,188
Controllable Recharges	Cr 1,791	2,761	Cr 1,565	Cr 684	Cr 338	Cr 1,094	Cr 2,711
Capital Charges/Financing	-	-	-	-	-	30	30
Total Controllable Budgets	45,924	73,985	31,750	2,474	15,094	36,361	205,588
Capital Charges/Financing	1,279	201	5,192	-	Cr 420	3,626	9,878
Repairs, Maintenance & Insurance	376	346	1,894	6	426	Cr 1,483	1,565
Property Rental Income	Cr 73	Cr 108	Cr 468	-	Cr 871	1,520	0
Not Directly Controllable Budgets	1,582	439	6,618	6	Cr 865	3,663	11,443
Recharges In	12,269	18,727	9,696	2,066	7,410	18,000	68,168
Total Cost of Service	59,775	93,151	48,064	4,546	21,639	58,024	285,199
Recharges Out	Cr 3,294	Cr 13,535	Cr 7,676	Cr 1,266	Cr 1,916	Cr 41,334	Cr 69,021
Total Net Budget	56,481	79,616	40,388	3,280	19,723	16,690	216,178

Appendix 7C

2021/22 CENTRAL CONTINGENCY SUM

£'000

General

Provision for Unallocated Inflation		3,501
General provision for risk/uncertainty		3,500
Provision for risk/uncertainty relating to volume and cost pressure		1,819
Increase in Cost of homelessness/impact of welfare reforms		1,825
Universal credit roll out - impact on claimant fault overpayment recoveries		750
Tackling Troubled Families Grant Expenditure		628
Tackling Troubled Families Grant Income	Cr	628
Growth for Waste services		587
Homeless Prevention funding	Cr	424
Set aside for Homeless Prevention Initiatives		424
Rough Sleeping Initiative - funding	Cr	104
Rough Sleeping Initiative		104
Adult Social Care Expenditure		210
Deprivation of Liberty		118
Planning appeals - changes in legislation		60
Property Valuation		100
Legal support - childcare and adults social care		170
Provision of agency workers contract saving	Cr	260
Provision for increase in National Living Wage		100
<u>COVID Related Cost Pressures / Income Losses</u>		
Adult Placement growth - impact of COVID		1,400
Provision for potential loss in Car Parking income		1,000
Property income recovery/rent variations		500
Loss of fees and charges income - government funding	Cr	500
Additional cost pressures		7,795
Additional cost pressures - government funding	Cr	7,795
		<u><u>14,880</u></u>

There will be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

CHILDRENS, EDUCATION & FAMILIES PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
	Childrens Social Care				
1,426,769	Bromley Youth Support Programme	1,525,920	25,600	95,880	1,647,400
5,771,014	CLA and Care Leavers	6,252,370	78,360	603,460	6,934,190
919,468	Early Intervention and Family Support	1,177,540	43,710	1,770	1,223,020
16,925,529	Fostering, Adoption and Resources	16,807,640	183,400	861,130	17,852,170
3,843,714	Referral and Assessment Service	3,409,810	51,070	84,700	3,545,580
2,830,653	Safeguarding and Care Planning East	2,768,090	38,090	Cr 4,430	2,801,750
5,737,757	Safeguarding and Care Planning West	5,388,960	73,840	Cr 33,300	5,429,500
1,075,157	Safeguarding and Quality Improvement	Cr 1,453,740	31,290	405,010	Cr 1,017,440
38,530,063		35,876,590	525,360	2,014,220	38,416,170
	Education				
355,886	Access and Inclusion	156,340	34,900	Cr 31,060	160,180
Cr 348,696	Adult Education Centres	Cr 401,400	2,180	Cr 49,000	Cr 448,220
0	Early Years	0	0	0	0
10,273	Other Strategic Functions	716,520	20,150	86,870	823,540
Cr 42,707	Primary Schools	Cr 7,490	94,630	Cr 87,140	0
543,054	Schools & Early Years Commissioning and QA	715,280	233,730	Cr 219,340	729,670
Cr 1,235,961	Schools Budgets	Cr 1,490,260	Cr 791,490	746,100	Cr 1,535,650
0	Secondary Schools	0	31,660	Cr 31,660	0
8,206,485	SEN and Inclusion	6,597,460	331,060	770,250	7,698,770
36,440	Special Schools & Alternative Provision	Cr 30,180	150,740	Cr 120,560	0
74,065	Strategic Place Planning	103,300	4,650	Cr 1,080	106,870
7,815	Workforce Development & Governor Services	Cr 28,940	780	810	Cr 27,350
7,606,653		6,330,630	112,990	1,064,190	7,507,810
46,136,716	TOTAL CONTROLLABLE	42,207,220	638,350	3,078,410	45,923,980
8,817,183	TOTAL NON CONTROLLABLE	1,811,810	2,840	Cr 232,190	1,582,460
8,540,879	TOTAL EXCLUDED RECHARGES	8,692,890	0	281,740	8,974,630
63,494,777	PORTFOLIO TOTAL	52,711,920	641,190	3,127,960	56,481,070

CHILDRENS, EDUCATION & FAMILIES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2021/22

Ref	VARIATION IN 2021/22		ORIGINAL	
	£'000	£'000	BUDGET 2020/21 £'000	
1	2020/21 BUDGET			
			52,712	
2	Increased Costs		641	
	Full Year Effect of Allocation of Central Contingency			
3	SEN Transport	<u>363</u>	363	4,923
	Movements Between Portfolios/Departments			
4	Learning Disabilities ex-ESFA recharge to Dedicated Schools Grant (DSG)	<u>15</u>	15	4,558
	Real Changes			
	<i>Savings identified for 2021/22 as part of the 2020/21 Budget process</i>			
5	Savings from CSC linked to invest to save funding	<u>Cr 250</u>	Cr 250	0
	<i>Growth</i>			
6	SEN Transport additional demand	300		4,923
7	Posts no longer funded from grant	96		0
8	Funding for Central Services Block	50		360
9	7 x EHCP Coordinator	287		1,313
10	Additional Ed Psychologist and market pay	85		613
11	CYP Engagement Officer	34		0
12	FYE of Placement in 2020/21	1,255		18,390
13	Placements Growth Pressure	510		18,390
14	Growth is SGO's	250		1,290
15	Staffing Pressures in CSC	548		20,630
16	Transformation savings delay	390		Cr 390
17	Post Ofsted Investment cost taken from Transformation	250		Cr 250
18	YOT Security	50		0
19	Childrens Safeguarding Board	<u>50</u>	4,155	20
	<i>Mitigation</i>			
20	Leaving Care numbers impact of not being on UASC rota	Cr 60		6,252
21	Step Down	Cr 166		0
22	IFA Conversions	Cr 26		4,947
23	Additional in house foster carers	Cr 78		4,947
24	Unblock Court proceedings to take children from care	<u>Cr 221</u>	Cr 551	18,390
	<i>Transformation Programme Savings</i>			
25	Continuation of Savings through the London Alliance framework	Cr 390		0
26	Training	Cr 14		135
27	Emergency Foster Placement	Cr 26		4,947
28	Contract Centres	Cr 64		504
29	SEND Transport	Cr 111		4,923
30	Adult Education Extra Income	<u>Cr 49</u>	Cr 654	Cr 401
31	Variations in Capital Charges		Cr 202	
32	Variations in Recharges		282	
33	Variations in Insurances		Cr 5	
34	Variations in Rent Income		Cr 25	
35	2021/22 DRAFT BUDGET		<u>56,481</u>	

CHILDRENS, EDUCATION & FAMILIES PORTFOLIO

Notes on Budget Variations in 2021/22

Ref	Comments
2	<p><u>Increased Costs (Dr £641k)</u> Inflation of Dr £641k has been allocated to budgets for 2021/22. An estimated rate of 1.5% has been applied to pay budgets and 1% to non-pay budgets.</p> <p><u>Full Year Effect of Allocation of Central Contingency</u></p>
3	<p><u>SEN Transport (Dr £363k)</u> Following on from the retender programme it was agreed by the Leader in April 2020 to fund the additional transport tender costs of £363k. The cost continues into future years.</p> <p><u>Movements Between Portfolios/Departments</u></p>
4	<p><u>Learning Disabilities ex-ESFA recharge to Dedicated Schools Grant (DSG) (Dr £15k)</u> The inflationary increase in the costs of ex-ESFA funded clients with Learning Disabilities in Adult Social Care is funded by an increased recharge to DSG.</p> <p><u>Real Changes</u></p> <p><i>Savings identified for 2021/22 as part of the 2020/21 Budget process</i></p>
5	<p><u>Savings from CSC linked to invest to save funding (Cr £250k)</u> As part of the package of growth approved in previous years as part of the post OFSTED (Office for Standards in Education, Children's Services and Skills) investment, several post's were only to be short term, resulting in a subsequent saving going forward. This links to No. 17 below.</p> <p><i>Growth</i></p>
6	<p><u>SEN Transport additional demand (Dr £300k)</u> Additional funding is required to support the increase in numbers pupils requiring and the costs of the SEN Transport Service.</p>
7	<p><u>Posts no longer funded from grant (Dr £96k)</u> 2 posts within the Education Service were temporarily funded from grant. The grant is no longer available and the posts are required</p>
8	<p><u>Funding for Central Services Block (Dr £50k)</u> There is an expected reduction in Central Dedicated Schools Grant (DSG) funding. The growth covers the loss of grant income and maintains the current service levels</p>
9	<p><u>7 x EHCP Coordinator (Dr £287k)</u> The requests for EHC Needs Assessments continue to increase significantly, together with the increase of EHC Plans that require resource to manage the statutory process. To meet our statutory duty, the local authority must seek to complete an assessment of need within 14 weeks and if agreed issue the EHC Plan within 20 weeks. The additional posts realise this and keep caseloads benchmarked to slightly above average</p>
10	<p><u>Additional Ed Psychologist and market pay (Dr £85k)</u> The requests for EHC Needs Assessments continue to increase significantly, together with the increase of EHC Plans that require resource to manage the statutory process. There is a greater demand for Education Psychologists and 1 additional post is required to meet this demand. In order to retain staff and avoid costly temporary/agency staff the pay structure will be more in line with the market and will therefore attract slightly higher costs.</p>
11	<p><u>CYP Engagement Officer (Dr £34k)</u> This role provides a single point of contact with IASS for children and young people to talk to about support at school or college and any extra help they need with your learning or training. For young people who are 16+, the CYP Support Officer can support the young person to make their own decisions as they prepare for adulthood.</p>

- 12 FYE of Placement in 2020/21 (Dr £1,255k)
The full year effect of 2020/21 pressures on Childrens Social Care is £1,255k. This has been reduced by management action expected to be taken
- 13 Placements Growth Pressure (Dr £510k)
Growth identified in children's placements. Increases in residential placements offset by reductions in the use of Independent Fostering Agencies, and increased use of in-house foster carers.
- 14 Growth in SGO's (Dr £250k)
Growth identified in children's social care in regard to the increase costs and use of Special Guardianship Orders
- 15 Staffing Pressures (Dr £548k)
To be able to meet the caseload promise vacancies cannot be held for any length of time. There was a vacancy factor within the service but this was not achievable whilst keeping the caseload promise and the challenge of 90% permanency, especially with Social Worker posts
- 16 Transformation savings delay (Dr £390k)
The expected benefit of joining the London Alliance has not materialised, mainly due to the COVID-19 pandemic. Savings expected in 2020/21 have not been as much as expected and it is proposed to delay the further implementation of savings for one year in order for the savings proposal to gain pace and begin to make more efficiencies. Links to No. 25 below
- 17 Post Ofsted Investment cost taken from Transformation (Dr £250k)
In the early stage's of the post Ofsted investment in Children's Social Care, it was anticipated that several posts would not be required in the longer term. Further into the journey, it has been established that these post's continue to be required on a permanent basis. This links to No. 5 above.
- 18 YOT Security (Dr £50k)
To continue the security presence at the YOT.
- 19 Childrens Safeguarding Board (Dr £50k)
Increase in funding for the Bromley Safeguarding Children Partnership Board. These costs are spread across Childrens, Education and Adults
- Mitigation*
- 20 Leaving Care numbers impact of not being on UASC rota (Cr £60k)
As Bromley is not accepting a high level of Unaccompanied Asylum Seeking Children, it is expected that costs relating to these children will reduce over time.
- 21 Step Down (Cr £166k)
Continuation of the savings by further utilising the Step Down programme team.
- 22 IFA Conversions (Cr £26k)
Conversion of current IFA carers to the in house foster carer service
- 23 Additional in house foster carers (Cr £78k)
Recruitment of additional in house foster carers above and beyond current budgeted levels
- 24 Unblock Court proceedings to take children from care (Cr £221k)
This assumes that the current blockage in the court system for children will be resolved and current costs will be reduced by children clearing the system and mostly being placed in SGO's
- Transformation Programme Savings*
- 25 Continuation of Savings through the London Alliance framework (Cr £390k)
It was expected that membership of the London Alliance would continue to deliver cost savings from placements made through Independent Fostering Agencies. Links to No. 16 above

- 26 Training (Cr £14k)
A saving will be made across training budgets through central monitoring of collective spend and improvements in procurement efficiency.
- 27 Emergency Foster Placement (Cr £26k)
Assuming a steady stream of placements across the financial year being able to be diverted from IFA's and offsetting the costs of retaining 3 emergency carers.
- 28 Contract Centres (Cr £64k)
Income generated from the reorganisation of the service and the selling of contact space to other authorities
- 29 SEND Transport (Cr £111k)
Changes to Personal Budgets and Independent Travel training initiatives
- 30 Adult Education Extra Income (Cr £49k)
Maximising and generating additional income

Variations in Capital Charges, Recharges & Rent Income

- 31 Variations in Capital Charges (Cr £202k)
The variation in capital charges is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;
(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.
(iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 32 Variations in Recharges (Dr £282k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.
- 33 Variations in Insurance (Cr £5k)
Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.
- 34 Variations in Rent Income (Cr £25k)
This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Childrens Social Care										
Bromley Youth Support Programme	1,970,870	140,770	33,060	215,940	101,510	0	Cr 691,820	Cr 122,930	0	1,647,400
CLA and Care Leavers	3,254,030	0	32,140	1,343,170	1,208,210	4,531,250	Cr 3,443,040	8,430	0	6,934,190
Early Intervention and Family Support	2,525,200	269,450	26,780	332,080	207,920	0	Cr 106,690	Cr 2,031,720	0	1,223,020
Fostering, Adoption and Resources	1,922,710	0	8,610	328,770	18,827,600	26,980	Cr 2,637,500	Cr 625,000	0	17,852,170
Referral and Assessment Service	3,316,850	0	6,150	169,610	8,000	44,970	0	0	0	3,545,580
Safeguarding and Care Planning East	2,146,200	0	7,790	186,520	426,480	34,760	0	0	0	2,801,750
Safeguarding and Care Planning West	3,253,580	0	18,050	19,820	1,554,120	1,205,320	Cr 164,990	Cr 456,400	0	5,429,500
Safeguarding and Quality Improvement	2,641,040	0	10,030	1,051,620	21,730	0	Cr 4,214,150	Cr 527,710	0	Cr 1,017,440
	21,030,480	410,220	142,610	3,647,530	22,355,570	5,843,280	Cr 11,258,190	Cr 3,755,330	0	38,416,170
Education										
Access and Inclusion	1,833,870	0	82,930	633,140	726,720	0	Cr 166,810	Cr 2,949,670	0	160,180
Adult Education Centres	1,330,570	162,190	1,380	240,760	0	1,120	Cr 2,184,240	0	0	Cr 448,220
Early Years	0	0	0	0	0	0	0	0	0	0
Other Strategic Functions	157,310	0	820	995,230	151,910	0	Cr 117,770	Cr 363,960	0	823,540
Primary Schools	0	0	0	12,053,910	0	0	Cr 357,710	Cr 11,696,200	0	0
Schools & Early Years Commissioning and QA	1,707,060	80,570	6,000	1,001,320	21,421,290	0	Cr 870,380	Cr 22,616,190	0	729,670
Schools Budgets	0	0	0	215,640	0	0	Cr 87,820,800	86,069,510	0	Cr 1,535,650
Secondary Schools	0	0	0	5,949,480	0	0	Cr 2,297,660	Cr 3,651,820	0	0
SEN and Inclusion	6,606,550	278,720	5,900,940	510,040	21,526,730	0	Cr 646,030	Cr 26,478,180	0	7,698,770
Special Schools & Alternative Provision	0	0	0	16,135,980	0	0	Cr 63,230	Cr 16,072,750	0	0
Strategic Place Planning	289,190	0	0	39,390	0	0	0	Cr 221,710	0	106,870
Workforce Development & Governor Services	33,470	0	160	16,090	18,480	0	Cr 40,850	Cr 54,700	0	Cr 27,350
	11,958,020	521,480	5,992,230	37,790,980	43,845,130	1,120	Cr 94,565,480	1,964,330	0	7,507,810
	32,988,500	931,700	6,134,840	41,438,510	66,200,700	5,844,400	Cr 105,823,670	Cr 1,791,000	0	45,923,980

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Childrens Social Care								
Bromley Youth Support Programme	102,000	54,310	Cr 65,800	90,510	482,570	2,220,480	Cr 65,760	2,154,720
CLA and Care Leavers	0	8,650	0	8,650	519,440	7,462,280	0	7,462,280
Early Intervention and Family Support	123,000	16,240	0	139,240	533,060	1,895,320	Cr 15,440	1,879,880
Fostering, Adoption and Resources	0	3,830	0	3,830	1,903,350	19,759,350	0	19,759,350
Referral and Assessment Service	0	9,260	0	9,260	514,170	4,069,010	Cr 110,230	3,958,780
Safeguarding and Care Planning East	0	4,280	0	4,280	308,930	3,114,960	0	3,114,960
Safeguarding and Care Planning West	0	36,850	Cr 7,210	29,640	612,990	6,072,130	0	6,072,130
Safeguarding and Quality Improvement	0	3,620	0	3,620	1,087,930	74,110	0	74,110
	225,000	137,040	Cr 73,010	289,030	5,962,440	44,667,640	Cr 191,430	44,476,210
Education								
Access and Inclusion	0	3,970	0	3,970	638,520	802,670	Cr 566,410	236,260
Adult Education Centres	150,000	77,150	0	227,150	364,660	143,590	Cr 2,970	140,620
Early Years	0	0	0	0	38,160	38,160	Cr 38,160	0
Other Strategic Functions	0	10,030	0	10,030	425,130	1,258,700	Cr 451,910	806,790
Primary Schools	504,000	94,090	0	598,090	2,870	600,960	Cr 57,870	543,090
Schools & Early Years Commissioning and QA	0	29,870	0	29,870	525,710	1,285,250	Cr 76,800	1,208,450
Schools Budgets	0	0	0	0	1,498,330	37,320	Cr 0	37,320
Secondary Schools	0	3,290	0	3,290	830	4,120	Cr 4,120	0
SEN and Inclusion	11,000	14,080	0	25,080	1,685,930	9,409,780	Cr 827,570	8,582,210
Special Schools & Alternative Provision	389,000	6,500	0	395,500	1,057,950	1,453,450	Cr 1,064,410	389,040
Strategic Place Planning	0	360	0	360	57,800	165,030	Cr 7,790	157,240
Workforce Development & Governor Services	0	90	0	90	10,330	16,930	Cr 4,590	21,520
	1,054,000	239,430	0	1,293,430	6,306,220	15,107,460	Cr 3,102,600	12,004,860
	1,279,000	376,470	Cr 73,010	1,582,460	12,268,660	59,775,100	Cr 3,294,030	56,481,070

ADULT CARE & HEALTH PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
	Adult Social Care				
20,785,066	Assessment and Care Management	22,253,080	445,090	1,103,000	23,801,170
0	Carers	0	890	Cr 7,300	Cr 6,410
120,885	Direct Services	148,590	17,990	0	166,580
36,120,523	Learning Disabilities Services	36,506,380	416,880	1,727,820	38,651,080
7,050,399	Mental Health Services	7,210,560	78,940	723,000	8,012,500
927,786	Quality Assurance & Safeguarding	1,532,890	22,860	Cr 1,530	1,554,220
65,004,659		67,651,500	982,650	3,544,990	72,179,140
	Programmes Division				
Cr 59,810	Better Care Fund	Cr 26,350	Cr 148,370	148,370	Cr 26,350
0	Improved Better Care Fund	Cr 210,000	0	0	Cr 210,000
0	Information & Early Intervention	0	35,640	Cr 28,340	7,300
2,354,326	Programmes Team	2,141,520	34,220	0	2,175,740
2,294,516		1,905,170	Cr 78,510	120,030	1,946,690
	Public Health				
Cr 139,080		Cr 140,570	0	0	Cr 140,570
67,160,095	TOTAL CONTROLLABLE	69,416,100	904,140	3,665,020	73,985,260
Cr 1,120,650	TOTAL NON CONTROLLABLE	302,480	1,580	135,290	439,350
4,864,747	TOTAL EXCLUDED RECHARGES	5,389,760	0	Cr 197,910	5,191,850
70,904,192	PORTFOLIO TOTAL	75,108,340	905,720	3,602,400	79,616,460

ADULT CARE & HEALTH PORTFOLIO
SUMMARY OF BUDGET VARIATIONS 2021/22

Ref	VARIATION IN 2021/22		ORIGINAL
	£'000	£'000	BUDGET 2020/21 £'000
1	2020/21 BUDGET		
			75,108
2	Increased Costs		906
	Movements Between Portfolios/Departments		
3	Learning Disabilities ex-ESFA recharge to Dedicated Schools Grant (DSG)	Cr	15
	Real Changes		
	<i>Growth & Mitigation identified for 2021/22 as part of the 2020/21 Budget Process</i>		
4	Increase uptake of the Shared Lives service	Cr	170
5	Assessment & Care Management - Memory & Cognition growth		210
6	Assessment & Care Management - Memory & Cognition mitigation	Cr	210
7	Fall out of one off Improved Better Care Fund (IBCF) income (carry forward from 2019/20)		1,500
			<u>1,330</u>
			1,500
	<i>Other Real Changes</i>		
8	Social Care Grant increase	Cr	340
	<i>Growth</i>		
9	Mental Health - FYE of 2020/21 overspend		832
10	Learning Disabilities - 2021/22 growth		1,262
11	Assessment & Care Management - FYE of 2020/21 overspend		1,339
12	Learning Disabilities - FYE of 2020/21 overspend		<u>2,191</u>
			5,624
	<i>Mitigation</i>		
13	Implementation of savings previously deferred	Cr	1,000
14	Better Care Fund grant	Cr	1,000
15	Strengths based provision from out of borough providers for adults with Learning Disabilities	Cr	434
16	Voluntary and Community Sector (VCS) support to promote independence of people with learning difficulties	Cr	348
17	Support for young people with disabilities in transition from childhood to adulthood	Cr	<u>150</u>
		Cr	2,932
	<i>Transformation Programme Savings</i>		
18	Training	Cr	2
19	Variations in Capital Charges		66
20	Variations in Recharges	Cr	198
21	Variations in Insurances	Cr	5
22	Variations in Rent Income		74
23	2021/22 DRAFT BUDGET		<u>79,616</u>

ADULT CARE & HEALTH PORTFOLIO

Notes on Budget Variations in 2021/22

Ref Comments

2 Increased Costs (Dr £906k)

Inflation of £906k has been allocated to budgets for 2021/22. An estimated rate of 1.5% has been applied to pay budgets and 1% to non-pay budgets.

Movement Between Portfolios / Departments / Divisions

3 Learning Disabilities ex-ESFA recharge to Dedicated Schools Grant (DSG) (Cr £15k)

The inflationary increase in the costs of ex-ESFA funded clients with Learning Disabilities in Adult Social Care is funded by an increased recharge to DSG.

Real Changes

Growth & Mitigation identified for 2021/22 as part of the 2020/21 Budget Process

4 Increase uptake of the Shared Lives service (Cr £170k)

Shared Lives is a cost effective service and the expansion of the scheme will both help to mitigate cost pressures and care for service users in a supportive setting where a high level of independence is maintained. Recurrent savings of Cr £360k were included in the 2020/21 budget so this increase of Cr £170k takes the total to Cr £530k per year.

5/6 Assessment & Care Management - Memory & Cognition (Cr £210k & Dr £210k)

Funding is required to offset the increase in support required by service users with memory & cognition impairment, however this will need to be offset by an equivalent level of savings, resulting in a net nil change to the budget.

7 Fall out of one off IBCF income (carry forward from 2019/20) (Dr £1,500k)

The 2020/21 budget included a carry forward of unspent Improved Better Care Fund money from previous years. This was non-recurrent and falls out for 2021/22.

Other Real Changes

8 Social Care Grant increase (Cr £340k)

The Social Care Grant allocation for 2021/22 has been increased by £340k.

Growth

9 Mental Health - full year effect of the 2020/21 overspend (Dr £832k)

The full year effect of the 2020/21 overspend on Mental Health services is £832k and this has been funded in the 2021/22 budget.

10 Learning Disabilities - 2021/22 Growth (Dr £1,262k)

There are demand-related pressures on the Learning Disabilities budget in 2021/22 arising mainly from transition clients and increased client needs and complexity. This is mitigated by activities outlined at references 4, 13, 14, 15 and 16.

11 Assessment & Care Management - full year effect of the 2020/21 overspend (Dr £1,339k)

The full year effect of the 2020/21 overspend on services for service users requiring Physical Support, Sensory Support, or Support with Memory and Cognition is £1,339k and this has been funded in the 2021/22 budget.

12 Learning Disabilities - full year effect of the 2020/21 overspend (Dr £2,191k)

The full year effect of the 2020/21 overspend on Learning Disabilities services is £2,191k and this has been funded in the 2021/22 budget.

Mitigation

13 Implementation of savings previously deferred (Cr £1,000k)

Working with health to minimise people's long term reliance on services and increasing contributions.

- 14 Better Care Fund grant (Cr £1,000k)
Use of unallocated Better Care Fund (BCF) grant to mitigate pressures in Adult Social Care from the ongoing increase in BCF allocations for 2020/21 and 2021/22 above inflation assumptions.
- 15 Strengths based provision from out of borough providers for adults with learning disabilities (Cr £434k)
Targeted work will be undertaken with some out of borough residential service providers to develop strengths based practice in providers with support from care managers. This will impact on independence levels and associated costs of residential care.
- 16 Voluntary and Community Sector (VCS) support to promote independence of people with learning difficulties (Cr £348k)
The maximisation of VCS support for adults with a learning disability, along with work on strengths based practice, will support and promote increased independence and a reduction in support required.
- 17 Support for young people with disabilities in transition from childhood to adulthood (Cr £150k)
Investment in support planning for young people who will require support as adults will create sustainable services and partly mitigate the demand-related growth pressures for adult social care services.

Transformation Programme Savings

- 18 Training (Cr £2k)
A saving will be made across training budgets through central monitoring of collective spend and improvements in procurement efficiency.

Variations in Capital Charges, Recharges & Rent Income

- 19 Variations in Capital Charges (Dr £66k)
The variation in capital charges is due to a combination of the following:
(i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;
(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.
(iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.
These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.
- 20 Variations in Recharges (Cr £198k)
Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.
- 21 Variations in Insurances (Cr £5k)
Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.
- 22 Variations in Rent Income (Dr £74k)
This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

ADULT CARE & HEALTH PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Adult Social Care										
Assessment and Care Management	8,208,580	188,420	37,630	2,071,130	40,490,090	4,044,390	Cr 16,387,250	Cr 14,851,820	0	23,801,170
Carers	0	0	0	0	90,280	0	0	Cr 96,690	0	Cr 6,410
Direct Services	1,424,040	100	72,030	90,690	42,020	0	Cr 496,630	Cr 965,670	0	166,580
Learning Disabilities Services	1,444,410	106,390	138,950	Cr 504,890	41,791,140	4,238,000	Cr 4,114,450	Cr 4,448,470	0	38,651,080
Mental Health Services	87,170	0	0	Cr 109,000	8,760,320	167,190	Cr 885,510	Cr 7,670	0	8,012,500
Quality Assurance & Safeguarding	1,392,340	0	7,630	231,840	5,640	0	0	Cr 83,230	0	1,554,220
	12,556,540	294,910	256,240	1,779,770	91,179,490	8,449,580	Cr 21,883,840	Cr 20,453,550	0	72,179,140
Programmes Division										
Better Care Fund	0	0	0	0	7,651,330	0	Cr 23,630,980	15,953,300	0	Cr 26,350
Improved Better Care Fund	0	0	0	1,677,000	0	0	Cr 7,503,840	5,616,840	0	Cr 210,000
Information & Early Intervention	0	0	0	0	3,584,220	0	Cr 411,980	Cr 3,164,940	0	7,300
Programmes Team	2,213,070	0	4,870	38,010	236,980	0	Cr 106,000	Cr 211,190	0	2,175,740
	2,213,070	0	4,870	1,715,010	11,472,530	0	Cr 31,652,800	18,194,010	0	1,946,690
Public Health										
Public Health	1,377,280	0	4,500	Cr 417,570	8,853,430	0	Cr 14,978,990	5,020,780	0	Cr 140,570
	1,377,280	0	4,500	Cr 417,570	8,853,430	0	Cr 14,978,990	5,020,780	0	Cr 140,570
	16,146,890	294,910	265,610	3,077,210	111,505,450	8,449,580	Cr 68,515,630	2,761,240	0	73,985,260

ADULT CARE & HEALTH PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Adult Social Care								
Assessment and Care Management	31,000	182,400	Cr 81,760	131,640	7,436,990	31,369,800	Cr 2,794,830	28,574,970
Carers	0	0	0	0	92,000	85,590	Cr 84,700	890
Direct Services	0	4,360	0	4,360	0	170,940	Cr 69,010	101,930
Learning Disabilities Services	125,000	129,450	0	254,450	4,159,390	43,064,920	Cr 5,506,540	37,558,380
Mental Health Services	45,000	21,440	Cr 26,690	39,750	169,090	8,221,340	Cr 1,665,120	6,556,220
Quality Assurance & Safeguarding	0	2,650	0	2,650	55,200	1,612,070	Cr 1,107,390	504,680
	201,000	340,300	Cr 108,450	432,850	11,912,670	84,524,660	Cr 11,227,590	73,297,070
Programmes Division								
Better Care Fund	0	0	0	0	26,350	0	0	0
Improved Better Care Fund	0	0	0	0	0	Cr 210,000	0	Cr 210,000
Information & Early Intervention	0	0	0	0	153,040	160,340	Cr 160,340	0
Programmes Team	0	4,530	0	4,530	6,357,680	8,537,950	Cr 2,147,610	6,390,340
	0	4,530	0	4,530	6,537,070	8,488,290	Cr 2,307,950	6,180,340
Public Health								
Public Health	0	1,970	0	1,970	277,650	139,050	0	139,050
	0	1,970	0	1,970	277,650	139,050	0	139,050
	201,000	346,800	Cr 108,450	439,350	18,727,390	93,152,000	Cr 13,535,540	79,616,460

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
512,908	Transport Operations and Depot Management				
512,908	Transport Operations and Depot Management	731,050	8,950	Cr 100	739,900
		731,050	8,950	Cr 100	739,900
	Street Scene & Green Spaces				
739,197	Arboriculture Management	724,030	8,060	0	732,090
Cr 119,637	Business Support and Markets	Cr 83,460	350	0	Cr 83,110
1,307,199	Management and Contract Support	1,203,620	21,050	185,630	1,410,300
5,782,336	Parks and Green Spaces	5,716,110	59,780	Cr 50,900	5,724,990
5,468,867	Street Environment	5,678,490	57,390	Cr 51,980	5,683,900
196,003	Street Regulation	223,370	3,160	0	226,530
17,714,517	Waste Services	17,775,570	179,190	558,930	18,513,690
31,088,482		31,237,730	328,980	641,680	32,208,390
	Traffic, Parking & Highways				
6,718,823	Highways (Including London Permit Scheme)	6,392,000	63,510	Cr 203,960	6,251,550
Cr 7,874,944	Parking	Cr 7,504,970	42,710	Cr 115,450	Cr 7,577,710
191,350	Traffic & Road Safety	279,980	4,270	Cr 156,550	127,700
Cr 964,771		Cr 832,990	110,490	Cr 475,960	Cr 1,198,460
30,636,619		31,135,790	448,420	165,620	31,749,830
4,960,020	TOTAL NON CONTROLLABLE	6,182,020	13,370	423,090	6,618,480
2,479,664	TOTAL EXCLUDED RECHARGES	2,398,750	0	Cr 379,020	2,019,730
38,076,303	PORTFOLIO TOTAL	39,716,560	461,790	209,690	40,388,040

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2021/22

Ref		VARIATION IN 2021/22		ORIGINAL
		£'000	£'000	BUDGET 2020/21 £'000
1	2020/21 BUDGET			39,717
2	Increased Costs			462
	Movements Between Portfolios/Departments			
3	TFM Energy Management		Cr 57	1,684
	Real Changes			
	<i>Other Real Changes</i>			
4	Absorption of Inflation Increase for NRSWRA Income	10		Cr 1,051
5	Increase in Waste Collection Costs to reflect growth in number of properties	43		7,670
6	Increase in Residual Waste Disposal Costs to reflect growth in number of properties	45		8,421
7	Increase in Recyclate Waste Disposal Costs to reflect growth in number of propertie	19		1,385
8	Absorption of Inflation Increase on Recyclates Income	9	126	Cr 1,319
	<i>Growth</i>			
9	Increase in Residential Waste Disposal Volumes	500		8,421
10	Reduction in Car Parking Income	<u>1,200</u>	1,700	Cr 7,452
	<i>Mitigation</i>			
11	Snow Clearing in Exceptional Years	Cr 150		408
12	Review of Running Costs	<u>Cr 250</u>	Cr 400	26,281
	<i>Transformation Programme Savings</i>			
13	Civic Centre Car Park - Savings from the introduction of ANPR	Cr 29		Cr 1,138
14	Introduction of a Moving Traffic Contravention Scheme from 2021/22	Cr 1,173		Cr 3,680
15	Training	<u>Cr 2</u>	Cr 1,204	17
16	Variations in Capital Charges			370
17	Variations in Recharges		Cr 379	
18	Variations in Insurances			36
19	Variations in Rent Income			17
20	2021/22 DRAFT BUDGET		<u><u>40,388</u></u>	

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

Notes on Budget Variations in 2021/22

Ref Comments

2 Increased Costs (Dr £462k)

Inflation of £462k has been allocated to budgets for 2021/22. An estimated rate of 1.5% has been applied to pay budgets and 1% to non-pay budgets.

Movements Between Portfolios/Departments

3 TFM Energy Management (Cr £57k)

Full year effect of reallocation of energy budget from Place Department to Chief Executives Department in 2020/21 identified as a saving in the energy contract award reported to the Executive in October 2020.

Real Changes

Other Real Changes

4 Absorption of Inflation Increases for NRSWRA Income (Dr £10k)

Estimates are prepared on the basis that inflation is added to both income and expenditure. As NRSWRA are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.

5 Increase in Waste Collection Costs to reflect growth in number of properties (Dr £43k)

The refuse and recycling collection contract is based on the number of residential premises rather than bins or volumes collected. The additional costs reflect the anticipated increase in new properties in 2021/22.

6 Increase in Residual Waste Disposal Costs to reflect growth in number of properties (Dr £45k)

The additional costs for the waste disposal contract reflect the anticipated increase in tonnage of residual waste generated from new properties in 2021/22.

7 Increase in Recyclate Waste Disposal Costs to reflect growth in number of properties (Dr £19k)

The additional costs for the waste disposal contract reflect the anticipated increase in tonnage of recyclate waste generated from new properties in 2020/21.

8 Absorption of Inflation Increase on Recyclates Income (Dr £9k)

Inflation applied to sale of recyclates which is not inflated via contract (relates to market indices)

Growth

9 Increase in Residential Waste Disposal Volumes (Dr £500k)

One ongoing impact of Covid-19 has been a significant increase in the amount of waste collected from residential properties due to more people remaining at home. While it is anticipated that volumes will start to decrease once working patterns and the economy returns to some level of normality, an allowance has been made to reflect a step change in the number of people that work from home on a more regular basis.

10 Reduction in Car Parking Income (Dr £1,200k)

Use of car parks and on street parking spaces has been severely affected by Covid-19 restrictions on town centres and changes to working patterns, with levels of income at one point down by up to 95%. While there was some recovery over the summer months, parking use and income did not return to levels normally expected. While it is difficult to predict future activity at this time, this reduction in the income budget target reflects a gradual recovery in income lasting into the next financial year and potentially beyond.

Mitigation

11 Snow Clearing in Exceptional Years (Cr £150k)

The winter service budget has been set historically at a level to meet increased demands of snow clearance and road gritting even in exceptional years. This adjustment sets the budget at a level which more closely reflects actual annual costs of all but the most severe winter snow events. Any excess costs in these years will be met from Central Contingency.

12 Review of Running Costs (Cr £250k)

A review of recurring underspending budgets in recent years has identified a number which can be reduced without affecting the the operation or delivery of the Portfolio's services.

Transformation Programme Savings

13 Introduction of ANPR in the Civic Centre Car Park (Cr £29k)

This saving reflects the implementation of the automated number plate recognition parking solution at the Civic Centre multi-storey care park that was agreed in August 2019.

14 Introduction of a Moving Traffic Contravention Scheme (Cr £1,173k)

Implementation of this scheme was approved by the Executive in September 2020. The saving in the first year assumes that enforcement will commence on 1st October with the one-off installation costs met from the anticipated additional income. The full year net additional income is estimated at £3.1m.

15 Training (Cr £2k)

A saving will be made across training budgets through central monitoring of collective spend and improvements in procurement efficiency.

Variations in Capital Charges, Recharges & Rent Income

16 Variations in Capital Charges (Dr £370k)

The variation in capital charges is due to a combination of the following:

- (i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;
 - (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.
 - (iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.
- These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

17 Variations in Recharges (Cr £379k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

18 Variations in Insurance (Dr £36k)

Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.

19 Variations in Rent Income (Dr £17k)

This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Transport Operations and Depot Management										
Transport Operations and Depot Management	371,000	270,110	22,020	131,890	0	0	Cr 55,120	0	0	739,900
	371,000	270,110	22,020	131,890	0	0	Cr 55,120	0	0	739,900
Street Scene & Green Spaces										
Arboriculture Management	172,930	104,750	9,700	444,710	0	0	0	0	0	732,090
Business Support and Markets	249,840	12,710	710	181,630	0	0	Cr 528,000	0	0	Cr 83,110
Management and Contract Support	1,407,460	0	5,940	36,900	0	0	0	Cr 40,000	0	1,410,300
Parks and Green Spaces	125,080	4,101,050	6,830	56,260	1,866,400	0	Cr 170,630	Cr 260,000	0	5,724,990
Street Environment	165,310	11,630	4,980	460,300	5,049,500	0	Cr 7,820	0	0	5,683,900
Street Regulation	200,560	0	14,890	11,080	0	0	0	0	0	226,530
Waste Services	232,970	34,180	19,190	146,120	24,279,240	0	Cr 6,141,410	Cr 56,600	0	18,513,690
	2,554,150	4,264,320	62,240	1,337,000	31,195,140	0	Cr 6,847,860	Cr 356,600	0	32,208,390
Traffic, Parking & Highways										
Highways (Including London Permit Scheme)	1,477,190	1,405,970	43,610	4,555,300	0	0	Cr 1,182,630	Cr 47,890	0	6,251,550
Parking	693,460	1,134,550	2,180	726,210	2,233,710	0	Cr 12,458,960	91,140	0	Cr 7,577,710
Traffic & Road Safety	1,631,270	0	15,410	43,130	0	0	Cr 310,720	Cr 1,251,390	0	127,700
	3,801,920	2,540,520	61,200	5,324,640	2,233,710	0	Cr 13,952,310	Cr 1,208,140	0	Cr 1,198,460
	6,727,070	7,074,950	145,460	6,793,530	33,428,850	0	Cr 20,855,290	Cr 1,564,740	0	31,749,830

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Transport Operations and Depot Management								
Transport Operations and Depot Management	33,000	120,100	Cr 18,450	134,650	472,340	1,346,890	Cr 1,339,120	7,770
	33,000	120,100	Cr 18,450	134,650	472,340	1,346,890	Cr 1,339,120	7,770
Street Scene & Green Spaces								
Arboriculture Management	0	421,240	0	421,240	113,540	1,266,870	Cr 584,830	682,040
Business Support and Markets	0	720	0	720	189,850	107,460	Cr 262,800	Cr 155,340
Management and Contract Support	0	2,670	0	2,670	259,200	1,672,170	Cr 1,175,930	496,240
Parks and Green Spaces	290,000	773,230	Cr 379,360	683,870	550,310	6,959,170	Cr 1,027,520	5,931,650
Street Environment	39,000	6,240	0	45,240	931,380	6,660,520	Cr 187,330	6,473,190
Street Regulation	0	550	0	550	71,210	298,290	Cr 446,670	Cr 148,380
Waste Services	20,000	550	0	20,550	3,662,250	22,196,490	Cr 2,469,170	19,727,320
	349,000	1,205,200	Cr 379,360	1,174,840	5,777,740	39,160,970	Cr 6,154,250	33,006,720
Traffic, Parking & Highways								
Highways (Including London Permit Scheme)	4,389,000	538,630	Cr 19,420	4,908,210	2,616,200	13,775,960	Cr 308,750	13,467,210
Parking	421,000	26,460	Cr 50,340	397,120	411,820	Cr 6,768,770	227,400	Cr 6,541,370
Traffic & Road Safety	0	3,660	0	3,660	417,390	548,750	Cr 101,040	447,710
	4,810,000	568,750	Cr 69,760	5,308,990	3,445,410	7,555,940	Cr 182,390	7,373,550
	5,192,000	1,894,050	Cr 467,570	6,618,480	9,695,490	48,063,800	Cr 7,675,760	40,388,040

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
	Public Protection				
252,438	Community Safety	169,880	6,340	223,730	399,950
670,136	Mortuary & Coroners Service	574,290	5,740	0	580,030
1,676,209	Public Protection	1,556,190	30,790	Cr 228,730	1,358,250
2,598,783		2,300,360	42,870	Cr 5,000	2,338,230
	Emergency Planning				
133,026	Emergency Planning	133,740	1,890	0	135,630
133,026		133,740	1,890	0	135,630
2,731,809		2,434,100	44,760	Cr 5,000	2,473,860
317,996	TOTAL NON CONTROLLABLE	7,390	20	Cr 1,480	5,930
941,441	TOTAL EXCLUDED RECHARGES	973,350	0	Cr 172,680	800,670
3,991,246	PORTFOLIO TOTAL	3,414,840	44,780	Cr 179,160	3,280,460

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2021/22

Ref		VARIATION IN 2021/22	ORIGINAL
		£'000	BUDGET
			2020/21
			£'000
1	2020/21 BUDGET		
			3,415
2	Increased Costs		45
	Movements Between Portfolios/Departments		
3	TFM Energy Management	Cr 5	
4	Variations in Capital Charges	Cr 2	
5	Variations in Recharges	Cr 174	
6	Variations in Insurances	1	
7	2021/22 DRAFT BUDGET		
		3,280	

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO

Notes on Budget Variations in 2021/22

Ref Comments

2 Increased Costs (Dr £45k)

Inflation of £45k has been allocated to budgets for 2021/22. An estimated rate of 1.5% has been applied to pay budgets and 1% to non-pay budgets.

Movements Between Portfolios/Departments

3 TFM Energy Management (Cr £5k)

Full year effect of reallocation of energy budget from Place Department to Chief Executives Department in 2020/21 identified as a saving outlined in the energy contract award reported to the Executive in October 2020.

Variations in Capital Charges, Recharges & Rent Income

4 Variations in Capital Charges (Cr £2k)

The variation in capital charges is due to a combination of the following:

(i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.

(iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

5 Variations in Recharges (Cr £174k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

6 Variations in Insurance (Dr £1k)

Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Controllable Recharges £	Capital Charges/ Financing £	Total Controllable £
Public Protection										
Community Safety	457,620	0	4,880	34,290	94,590	0	Cr 367,140	175,710	0	399,950
Mortuary & Coroners	0	0	0	0	580,030	0	0	0	0	580,030
Public Protection	1,923,730	39,460	29,250	167,680	457,430	0	Cr 399,510	Cr 859,790	0	1,358,250
	2,381,350	39,460	34,130	201,970	1,132,050	0	Cr 766,650	Cr 684,080	0	2,338,230
Emergency Planning										
Emergency Planning	118,210	0	4,430	12,990	0	0	0	0	0	135,630
	118,210	0	4,430	12,990	0	0	0	0	0	135,630
	2,499,560	39,460	38,560	214,960	1,132,050	0	Cr 766,650	Cr 684,080	0	2,473,860

Service area	Capital Charges/ Financing £	Repairs, Maintenance & Insurance £	Property Rental Income £	Not Directly Controllable £	Recharges In £	Total Cost of Service £	Recharges Out £	Total Net Budget £
Public Protection								
Community Safety	0	1,370	0	1,370	795,900	1,197,220	Cr 72,700	1,124,520
Mortuary & Coroners	0	0	0	0	54,590	634,620	0	634,620
Public Protection	0	4,380	0	4,380	1,148,290	2,510,920	Cr 1,192,820	1,318,100
	0	5,750	0	5,750	1,998,780	4,342,760	Cr 1,265,520	3,077,240
Emergency Planning								
Emergency Planning	0	180	0	180	67,410	203,220	0	203,220
	0	180	0	180	67,410	203,220	0	203,220
	0	5,930	0	5,930	2,066,190	4,545,980	Cr 1,265,520	3,280,460

RENEWAL RECREATION AND HOUSING PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
	Recreation				
865,573	Culture	762,810	10,420	50,870	824,100
4,852,977	Libraries	4,794,250	46,740	Cr 170,000	4,670,990
110,437	Town Centre Management & Business Support	77,970	920	Cr 220	78,670
5,828,987		5,635,030	58,080	Cr 119,350	5,573,760
	Planning				
Cr 19,485	Building Control	75,180	3,430	Cr 400	78,210
Cr 135,128	Local Land Charges	Cr 128,780	180	0	Cr 128,600
1,231,244	Planning	1,658,370	31,460	16,040	1,705,870
1,076,631		1,604,770	35,070	15,640	1,655,480
	Operational Housing				
0	Enabling Activities	Cr 900	0	900	0
Cr 1,980,935	Housing Benefits	Cr 1,941,290	Cr 19,410	0	Cr 1,960,700
8,868,533	Housing Needs	8,365,500	91,340	328,410	8,785,250
887,923	Supporting People	1,018,720	10,180	Cr 520	1,028,380
179,039	Housing Improvement	207,100	4,940	Cr 200,000	12,040
7,954,560		7,649,130	87,050	128,790	7,864,970
14,860,179	TOTAL CONTROLLABLE	14,888,930	180,200	25,080	15,094,210
12,732,028	TOTAL NON CONTROLLABLE	Cr 1,212,480	Cr 4,330	351,650	Cr 865,160
6,242,400	TOTAL EXCLUDED RECHARGES	5,904,430	0	Cr 410,100	5,494,330
33,834,606	PORTFOLIO TOTAL	19,580,880	175,870	Cr 33,370	19,723,380

RENEWAL RECREATION AND HOUSING PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2021/22

Ref	VARIATION IN 2021/22		ORIGINAL BUDGET 2020/21
	£'000	£'000	£'000
1 2020/21 BUDGET		19,581	
2 Increased Costs		176	
Movements Between Portfolios / Departments			
3 TFM Energy Management	Cr	5	125
Real Changes			
<i>Savings identified for 2021/22 as part of the 2020/21 Budget process</i>			
4 250 Additional Modular Units for TA on Bromley Sites	Cr	800	14,877
5 Property purchase phase 2	Cr	786	14,877
6 Reduction in bad debt provision	Cr	250	175
7 Additional Prevention Work	Cr	85	14,877
8 Additional PRS Lettings	Cr	15	1,936
<i>Other Real Changes</i>			
9 Homelessness Prevention Grant increase	Cr	271	Cr 2,983
10 Libraries Contract Savings	Cr	155	4,190
11 Absorption of Inflation for Statutory Planning Fees		17	Cr 1,730
12 Churchill Theatre Community Arts Programme		41	0
<i>Growth</i>			
13 Recurring funding for Finance post/IT systems for HRA and housing developments		82	0
14 2020/21 transformation savings rephased (reduction in bad debts)		250	175
15 2020/21 transformation savings rephased (250 modular homes)		800	14,877
16 Housing Growth		1,403	14,877
<i>Transformation Programme Savings</i>			
17 Housing Improvement - Disabled Facilities Grant (DFG) Funding	Cr	200	207
18 Training	Cr	2	202
19 Variations in Capital Charges		374	
20 Variations in Recharges	Cr	410	
21 Variations in Insurances	Cr	22	
22 2021/22 DRAFT BUDGET		19,723	

RENEWAL RECREATION & HOUSING PORTFOLIO

Notes on Budget Variations in 2021/22

Ref Comments

2 **Increased Costs (Dr £176k)**

Inflation of £176k has been allocated to budgets for 2021/22. An estimated rate of 1.5% has been applied to pay budgets and 1% to non-pay budgets.

Movements Between Portfolios / Departments

3 **TFM Energy Management (Cr £5k)**

Full year effect of reallocation of energy budget from Place Department to Chief Executives Department in 2020/21 identified as a saving outlined in the energy contract award reported to the Executive in October 2020.

Real Changes

Savings identified for 2021/22 as part of the 2020/21 Budget process

4 **250 Additional Modular Housing Units on Bromley sites (Cr £800k)**

This is part of the estimated savings in the cost of placing Homeless clients in newly built modular homes compared with the current cost of placing them in nightly paid temporary accommodation and is in addition to the £800k saving included in the 2020/21 budget.

5 **Property purchase phase 2 (Cr £786k)**

Savings on temporary accommodation scheme budgets as a result of property acquisition schemes such as the Beehive scheme.

6 **Reduction in Bad Debt Provision (Cr £250k)**

There is expected to be a reduction to the annual increase in the Housing Bad Debt Provision, following the introduction of the new Housing Rent Accounts system that contains better credit control processes. This is in addition to the £250k reduction included in the 2020/21 budget.

7 **Additional prevention work (Cr £85k)**

Further increasing level of homelessness prevention and access to private rented accommodation to prevent/relieve housing pressures.

8 **Additional PRS Lettings (Cr £15k)**

The estimated savings in the cost of placing Homeless clients in current temporary accommodation properties compared with the cost in placing them in newly found properties in the Private Rented Sector.

Other Real Changes

9 **Homelessness Prevention Grant increase (Cr £271k)**

The Homelessness Prevention Grant replaces the previous Flexible Homelessness Support Grant and Homelessness Reduction Grant, with an increase in Bromley's allocation for 2021/22 of £271k.

10 **Library contract savings (Cr £155k)**

On 19 July 2017, Executive approved the award for the provision of library services to Greenwich Leisure Limited for 10 years from November 2017. This adjustment reflects the net additional savings for 2021/22, built into the forecast reported to Members in February 2018.

11 **Absorption of inflation for statutory planning fees (Dr £17k)**

Estimates are prepared on the basis that inflation is added to both income and expenditure. As planning fees are statutory and not set by the Council, inflation has been absorbed as part of the budget setting process.

12 Churchill Theatre Community Projects Contribution (Dr £41k)

The operators of the Churchill Theatre have been providing a community arts and outreach programme within the Borough at no cost to the Council. However, the impact of COVID-19 on income generation has meant that they are no longer able to continue this arrangement and consequently the Executive agreed to provide of £41k per annum for 3 years to fund this

Growth

13 Recurring funding for Finance post/IT systems for HRA and housing developments (Dr £82k)

Following the decision to reopen the Housing Revenue Account (HRA) and the increase in housing development work/acquisition schemes, there is a need for an additional finance post and an HRA financial model/IT system.

14 2020/21 transformation savings rephased (reduction in bad debts) (Dr £250k)

As a result of the impact of the COVID-19 pandemic, the further reduction in bad debts in reference 6 is not expected to be achieved during 2021/22 and has been rephased to 2022/23.

15 2020/21 transformation savings rephased (250 modular homes) (Dr £800k)

Due to delays in the development of housing sites, the additional saving in reference 4 is unlikely to be achieved during 2021/22 and has been rephased to 2022/23.

16 Housing Growth (Dr £1,403k)

The growth pressure on the temporary accommodation budgets is due to the increase in homelessness in the borough.

Transformation Programme Savings

17 Housing Improvement - Disabled Facilities Grant (DFG) Funding (Cr £200k)

Use of additional DFG Funding to support vulnerable home owners and tenants to help them remain safely in their own homes for longer, reduce the need for care assistance, reduce accidents in the home and hospital admissions and to facilitate hospital discharge.

18 Training (Cr £2k)

A saving will be made across training budgets through central monitoring of collective spend and improvements in procurement efficiency.

Variations in Capital Charges, Recharges & Rent Income

19 Variations in Capital Charges (Dr £374k)

The variation in capital charges is due to a combination of the following:

- (i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;
- (ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.
- (iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

20 Variations in Recharges (Cr £410k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

21 Variations in Insurance (Cr £22k)

Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.

RENEWAL RECREATION AND HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Income	Controllable Recharges	Capital Charges/ Financing	Total Controllable
	£	£	£	£	£	£	£	£	£	£
Recreation										
Culture	791,400	62,560	5,970	91,410	97,130	0	Cr 56,200	Cr 168,170	0	824,100
Libraries	116,560	282,410	0	196,400	4,075,620	0	0	0	0	4,670,990
Town Centre Management & Business Support	41,450	19,550	930	20,950	36,870	0	Cr 41,080	0	0	78,670
	949,410	364,520	6,900	308,760	4,209,620	0	Cr 97,280	Cr 168,170	0	5,573,760
Planning										
Building Control	778,950	0	6,040	85,000	0	0	Cr 791,780	0	0	78,210
Local Land Charges	165,010	0	100	11,940	0	0	Cr 305,650	0	0	Cr 128,600
Planning	3,221,450	3,120	20,720	271,870	16,490	0	Cr 1,827,780	0	0	1,705,870
	4,165,410	3,120	26,860	368,810	16,490	0	Cr 2,925,210	0	0	1,655,480
Operational Housing										
Enabling Activities	0	0	0	0	0	0	0	0	0	0
Housing Benefits	0	0	0	537,280	0	103,396,960	Cr 105,894,940	0	0	Cr 1,960,700
Housing Needs	3,502,670	101,820	14,100	1,127,900	19,093,580	0	Cr 15,170,990	116,170	0	8,785,250
Supporting People	0	0	0	0	1,028,380	0	0	0	0	1,028,380
Housing Improvement	429,730	0	4,130	4,070	0	0	Cr 139,960	Cr 285,930	0	12,040
	3,932,400	101,820	18,230	1,669,250	20,121,960	103,396,960	Cr 121,205,890	Cr 169,760	0	7,864,970
	9,047,220	469,460	51,990	2,346,820	24,348,070	103,396,960	Cr 124,228,380	Cr 337,930	0	15,094,210

RENEWAL RECREATION AND HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Recreation								
Culture	3,108,000	193,470	Cr 871,410	2,430,060	402,360	3,656,520	Cr 262,600	3,393,920
Libraries	356,000	142,740	0	498,740	108,420	5,278,150	Cr 61,680	5,216,470
Town Centre Management & Business Support	0	70	0	70	235,920	314,660	0	314,660
	3,464,000	336,280	Cr 871,410	2,928,870	746,700	9,249,330	Cr 324,280	8,925,050
Planning								
Building Control	0	1,430	0	1,430	291,170	370,810	Cr 112,440	258,370
Local Land Charges	0	460	0	460	186,100	57,960	0	57,960
Planning	0	7,570	0	7,570	2,157,390	3,870,830	Cr 1,331,780	2,539,050
	0	9,460	0	9,460	2,634,660	4,299,600	Cr 1,444,220	2,855,380
Operational Housing								
Enabling Activities	0	0	0	0	180,460	180,460	0	180,460
Housing Benefits	0	0	0	0	1,824,190	Cr 136,510	0	Cr 136,510
Housing Needs	102,000	76,830	0	178,830	1,757,290	10,721,370	Cr 147,930	10,573,440
Supporting People	0	0	0	0	0	1,028,380	0	1,028,380
Housing Improvement	Cr 3,986,000	3,680	0	Cr 3,982,320	267,460	Cr 3,702,820	0	Cr 3,702,820
	Cr 3,884,000	80,510	0	Cr 3,803,490	4,029,400	8,090,880	Cr 147,930	7,942,950
	Cr 420,000	426,250	Cr 871,410	Cr 865,160	7,410,760	21,639,810	Cr 1,916,430	19,723,380

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO**DRAFT REVENUE BUDGET 2021/22 - SUMMARY**

2019/20 Actual	Service Area	2020/21 Budget	Increased costs	Other Changes	2021/22 Draft Budget
£		£	£	£	£
	Financial Services				
734,189	Audit	785,140	12,190	Cr 230	797,100
242,016	Director of Finance and Other	237,640	3,390	0	241,030
2,355,383	Exchequer - Payments & Income	2,057,400	21,810	1,950	2,081,160
6,161,386	Exchequer - Revenue & Benefits	5,940,810	64,880	Cr 141,950	5,863,740
393,027	Financial Accounting	582,070	10,460	Cr 170	592,360
1,358,726	Management Accounting & Systems	1,677,830	24,330	Cr 190	1,701,970
11,244,727		11,280,890	137,060	Cr 140,590	11,277,360
	Corporate Services				
1,359,100	Democratic Services	1,463,490	16,030	Cr 20,260	1,459,260
381,015	Electoral	363,670	5,120	Cr 340	368,450
5,407,067	Information Systems and Telephony	5,517,990	57,910	Cr 330	5,575,570
2,325,950	Legal Services	1,920,690	28,820	182,640	2,132,150
157,124	Management and Other (Corporate Services)	141,390	2,360	19,950	163,700
494,441	Procurement & Data Management	522,740	8,310	Cr 630	530,420
10,124,697		9,929,970	118,550	181,030	10,229,550
	Contact Centre, Registrars and Human Resources				
980,837	Contact Centre	1,092,190	12,380	0	1,104,570
Cr 191,932	Registration of Birth Death and Marriage	Cr 114,000	1,250	0	Cr 112,750
1,839,092	HR	1,834,740	23,080	Cr 54,660	1,803,160
2,627,997		2,812,930	36,710	Cr 54,660	2,794,980
	Chief Executive				
193,707	Comms	195,900	2,890	Cr 80	198,710
754,640	Management and Other (C.Exec)	790,980	10,740	Cr 45,040	756,680
143,329	Mayoral	164,720	2,030	0	166,750
1,091,676		1,151,600	15,660	Cr 45,120	1,122,140
	PEOPLE DEPT				
	Strategy and Corporate Projects				
267,303	Commissioning	271,240	3,990	Cr 45,500	229,730
287,933	Learning & Development	416,910	5,150	Cr 58,540	363,520
1,831,762	Strategy Performance and Engagement	2,043,680	30,130	Cr 250	2,073,560
2,386,998		2,731,830	39,270	Cr 104,290	2,666,810
	PLACE DEPT				
	Total Facilities Management				
2,433,162	Admin Buildings & Facilities Support	2,459,400	24,660	0	2,484,060
372,230	Investment and Non-Operational Property	198,150	2,530	Cr 8,000	192,680
1,100,966	Strategic & Operational Property	1,162,500	11,610	0	1,174,110
357,855	TFM Client Monitoring Team	405,860	7,420	134,960	548,240
Cr 9,518,644	Investment Income	Cr 9,720,460	Cr 97,150	648,220	Cr 9,169,390
Cr 1,522,308	Other Rental Income - Other Portfolios	Cr 1,571,490	Cr 15,620	66,670	Cr 1,520,440
1,905,112	Repairs & Maintenance (All LBB)	2,166,510	21,110	1,000,000	3,187,620
Cr 4,871,627		Cr 4,899,530	Cr 45,440	1,841,850	Cr 3,103,120
	CENTRAL ITEMS				
3,081,044	CDC & Non Distributed Costs	1,869,800	18,660	0	1,888,460
11,318,925	Concessionary Fares	11,416,140	228,210	Cr 2,159,870	9,484,480
14,399,969		13,285,940	246,870	Cr 2,159,870	11,372,940
37,004,437	TOTAL CONTROLLABLE	36,293,630	548,680	Cr 481,650	36,360,660
16,134,577	TOTAL NON CONTROLLABLE	2,228,970	590	1,479,310	3,708,870
Cr 23,835,711	TOTAL EXCLUDED RECHARGES	Cr 24,211,800	0	877,970	Cr 23,333,830
Cr 1,214,472	Less R & M allocated across other Portfolios	Cr 1,550,620	Cr 15,130	0	Cr 1,565,750
1,522,308	Less Rent allocated across other Portfolios	1,571,490	15,620	Cr 66,670	1,520,440
29,611,139	PORTFOLIO TOTAL	14,331,670	549,760	1,808,960	16,690,390

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2021/22

Ref	VARIATION IN 2021/22		ORIGINAL BUDGET
	£'000	£'000	2020/21 £'000
1	2020/21 BUDGET		
		14,332	
2	Increased Costs		
		550	
	Movements Between Portfolios/Departments		
3	TFM Energy Management	67	311
	Real Changes		
	<i>Other Real Changes</i>		
4	Concessionary Fares reduction	Cr 2,160	1,141
5	London Councils Subscription saving	Cr 17	177
6	TFM Energy Management Savings	Cr 70	311
7	Transforming Property Services (TFM)	130	0
8	Legal posts in Children & Adults Team	183	593
9	Discretionary Hardship Fund	<u>100</u> Cr 1,834	100
	<i>Growth and Mitigation</i>		
10	Investment Property Income	715	9,720
11	Building Maintenance	<u>1,000</u> 1,715	2,167
	<i>Transformation Programme Savings</i>		
12	Exchequer Contract	Cr 200	7,998
13	Training	Cr 30	498
14	Staffing Savings	<u>Cr 200</u> Cr 430	12,120
15	Variations in Capital Charges		2,148
		1,478	
16	Variations in Recharges		23,513
		878	
17	Variations in Insurances		79
		1	
18	Variations in Rent Income	Cr 67	9,720
19	2021/22 DRAFT BUDGET	<u>16,690</u>	

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

Notes on Budget Variations in 2021/22

Ref Comments

Movements Between Portfolios/Departments

TFM Energy Management (Dr £67k)

- 3 Full year effect of reallocation of energy budget from Place Department to Chief Executives Department in 2020/21 identified as a saving outlined in the energy contract award reported to the Executive in October 2020

Real Changes

Other Real Changes

- 4 Concessionary Fares (Cr £2,160k)
Concessionary Fares costs are based on the previous two years' journey numbers, and in July 2020 it was communicated that significant savings in 2021/22 and 2022/23 were likely due to the reduced levels of travel as a result of the Covid-19 restrictions this year. A recent update to the figures suggest that savings will be in the region of £2.16m for Bromley in 2021/22.
- 5 London Councils Subscription reduction (Cr £17k)
An increase in the London Councils subscription had been anticipated but having received confirmation of no change on the charge for 2021/22 £17k has been taken as a saving.
- 6 TFM Energy Management Savings (Cr £70k)
Saving identified in the energy contract award report to the Executive in October 2020 as part of Energy Management programme.
- 7 Transforming Property Services (Dr £130k)
The Transforming Property Services report was approved by the Executive in July 2020 and will change the Council's approach to management of its corporate estate. The current TFM contract will transition a mixture of in-house and externally procured resources. £130k has been allocated to the TFM Client Team regarding additional posts and software licences as part of this programme. A further £255k has been budgeted to support the delivery of the property disposals project, however this will be funded by the anticipated capital receipts generated.
- 8 Legal posts in Children & Adults Team (Dr £183k)
Additional Legal resources of £183k were agreed by the Executive on 30 November 2020 for additional staff in the Children's & Adults Team to assist with ongoing increased caseloads.
- 9 Discretionary Hardship Fund (Dr £100k)
The Council Tax Support Hardship Fund provides discretionary council tax discounts for those needing extra help because of financial hardship or exceptional circumstances. This increase is to meet anticipated additional demand utilising funding set aside in the Central Contingency sum.

Growth and Mitigation

- 10 Income from Investment Properties (Dr £715k)

The underlying difficult market conditions are expected to persist. Although net investment property income is still expected to generate significant income of £9.2m in 2021/22, a budget adjustment of £715k is required. The property portfolio, which by nature consists of medium to long term investments, continues to be actively managed.

A large element of the Council's rental income is received from retail units and this class of asset has suffered significantly with little or zero growth as a result of the impact of the national downturn and by the impact of Covid-19. Many tenants are unable to meet their rent obligations and have sought assistance from the Council, the position is fluid in that the impact of the various lockdowns and placement of Tier structures has meant that tenants in some cases are unlikely to remain sustainable and rental income already invoiced remains uncollected. Given this level of uncertainty, additional allowance will be made in Central Contingency for potential further losses of income and write off of bad debts.

11 Building Maintenance (Dr £1,000k)

The annual report setting out the operational building maintenance budget and planned programme for 2021/22 also identifies additional significant works essential to maintain Health and Safety or statutory compliance, to prevent building closure, to ensure the Council's IT resilience or to safeguard staff. The cost of these initial works is estimated at £651k.

In addition, condition surveys have been instructed across the whole of the operational property portfolio and will provide a clearer picture of expenditure requirements over future years.

Consequently, the report requests additional budget provision of £1m in 2021/22, and a further £1m in 2022/23. This will be set aside in the earmarked reserve and drawn down to fund the initial works of £651k and as urgent need arises in order to complete further statutory or unavoidable works that are identified.

The first £1m contribution to the reserve is reflected in this Portfolio's repairs and maintenance budget for 2021/22.

Transformation Programme Savings

12 Exchequer Contract (Cr £200k)

This represents further savings on the Exchequer contract following the tendering exercise undertaken in 2019/20 and the award of the contract to Liberata from 1 April 2020.

13 Training (Cr £30k)

A saving will be made across training budgets through central monitoring of collective spend and improvements in procurement efficiency.

14 Staffing Savings (Cr £200k)

This represents the effect of staff savings drawn up during the course of 2020/21.

Variations in Capital Charges, Recharges & Rent Income

15 Variations in Capital Charges (Dr £1,478k)

The variation in capital charges is due to a combination of the following:

(i) Depreciation – the impact of revaluations or asset disposals in 2019/20 (after the 2020/21 budget was agreed) and in the first half of 2020/21;

(ii) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – mainly due to variations in the value of schemes in the 2021/22 Capital Programme that do not add value to the Council's fixed asset base.

(iii) Government Grants – mainly due to variations in credits for capital grants receivable in respect of 2021/22 Capital Programme schemes, which are used to finance expenditure that is treated as REFCUS.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

16 Variations in Recharges (Dr £878k)

Variations in cross-departmental recharges are offset by corresponding variations elsewhere and therefore have no impact on the overall position.

17 Variations in Insurance (Dr £1k)

Insurance recharges to individual portfolios have changed between years, partly because an extra year of claims experience since the 2020/21 budget was finalised has been factored in. The overall variation across the Council is Dr £5k.

18 Variations in Rent Income (Cr £67k)

This relates to the reallocation of rental income budgets across departments/portfolios. There are corresponding adjustments in other portfolios and these net out to zero in total.

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Income £	Controllable Recharges £	Capital Charges / Financing £	Total Controllable £
Financial Services										
Audit	465,120	0	420	274,400	272,520	0	Cr 17,100	Cr 198,260	0	797,100
Director of Finance and Other	208,400	0	1,570	35,970	0	0	Cr 4,910	0	0	241,030
Exchequer - Payments & Income	254,550	0	490	28,430	1,906,990	0	Cr 109,300	0	0	2,081,160
Exchequer - Revenue & Benefits	403,000	0	1,910	915,690	5,602,460	201,000	Cr 1,260,320	0	0	5,863,740
Financial Accounting	534,670	0	200	316,460	0	0	Cr 131,570	Cr 157,400	30,000	592,360
Management Accounting & Systems	1,655,190	0	1,940	36,560	90,960	0	Cr 680	Cr 82,000	0	1,701,970
	3,520,930	0	6,530	1,607,510	7,872,930	201,000	Cr 1,523,880	Cr 437,660	30,000	11,277,360
Corporate Services										
Democratic Services	343,280	0	0	1,115,980	0	0	0	0	0	1,459,260
Electoral	317,820	0	500	55,390	0	0	Cr 5,260	0	0	368,450
Information Systems and Telephony	636,520	0	480	1,207,190	3,765,930	0	0	Cr 34,550	0	5,575,570
Legal Services	2,102,410	0	1,400	462,260	0	0	Cr 185,510	Cr 248,410	0	2,132,150
Management and Other (Corporate Services)	162,160	0	580	960	0	0	0	0	0	163,700
Procurement and Data Management	557,630	0	840	14,890	0	0	0	Cr 42,940	0	530,420
	4,119,820	0	3,800	2,856,670	3,765,930	0	Cr 190,770	Cr 325,900	0	10,229,550
Contact Centre, Registrars and Human Resources										
Contact Centre	157,290	0	0	116,710	908,690	0	0	Cr 78,120	0	1,104,570
HR	1,617,090	0	480	222,630	267,010	0	Cr 304,050	0	0	1,803,160
Registration of Birth Death and Marriage	492,290	0	250	32,940	0	0	Cr 638,230	0	0	Cr 112,750
	2,266,670	0	730	372,280	1,175,700	0	Cr 942,280	Cr 78,120	0	2,794,980
Chief Executive										
Comms	196,460	0	150	2,100	0	0	0	0	0	198,710
Management and Other (C.Exec)	569,630	0	800	186,250	0	0	0	0	0	756,680
Mayoral	95,860	1,220	16,350	53,320	0	0	0	0	0	166,750
	861,950	1,220	17,300	241,670	0	0	0	0	0	1,122,140
Strategy and Corporate Projects										
Commissioning	227,590	0	0	2,140	0	0	0	0	0	229,730
Learning & Development	426,760	0	0	29,900	0	0	Cr 93,140	0	0	363,520
Strategy Performance and Engagement	1,610,630	0	200	250,190	374,710	0	Cr 124,700	Cr 37,470	0	2,073,560
	2,264,980	0	200	282,230	374,710	0	Cr 217,840	Cr 37,470	0	2,666,810
Total Facilities Management										
Admin Buildings & Facilities Support	38,470	1,323,440	0	51,820	1,122,180	0	Cr 51,850	0	0	2,484,060
Investment and Non-Operational Property	45,000	66,650	0	245,460	200	0	Cr 164,630	0	0	192,680
Strategic & Operational Property	0	175,170	0	106,650	1,109,340	0	Cr 217,050	0	0	1,174,110
TFM Client Monitoring Team	599,290	0	590	157,610	5,750	0	0	Cr 215,000	0	548,240
Investment Income	0	0	0	0	0	0	Cr 9,169,390	0	0	Cr 9,169,390
Other Rental Income - Other Portfolios	0	0	0	0	0	0	Cr 1,520,440	0	0	Cr 1,520,440
Repairs & Maintenance (All LBB)	0	3,187,620	0	0	0	0	0	0	0	3,187,620
	682,760	4,752,880	590	561,540	2,237,470	0	Cr 11,123,360	Cr 215,000	0	Cr 3,103,120
Central Items										
CDC & Non Distributed Costs	1,888,460	0	0	0	0	0	0	0	0	1,888,460
Concessionary Fares	0	0	0	9,920	0	9,474,560	0	0	0	9,484,480
	1,888,460	0	0	9,920	0	9,474,560	0	0	0	11,372,940
Total	15,605,570	4,754,100	29,150	5,931,820	15,426,740	9,675,560	Cr 13,998,130	Cr 1,094,150	30,000	36,360,660

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO

DRAFT REVENUE BUDGET 2021/22 - SUBJECTIVE SUMMARY

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Property Rental Income	Not Directly Controllable	Recharges In	Total Cost of Service	Recharges Out	Total Net Budget
	£	£	£	£	£	£	£	£
Financial Services								
Audit	0	2,520	0	2,520	198,850	998,470	Cr 929,390	69,080
Director of Finance and Other	0	90	0	90	232,220	473,340	Cr 478,300	Cr 4,960
Exchequer - Payments & Income	0	360	0	360	333,270	2,414,790	Cr 1,738,390	676,400
Exchequer - Revenue & Benefits	0	1,080	0	1,080	4,259,750	10,124,570	Cr 7,825,530	2,299,040
Financial Accounting	0	780	0	780	177,600	770,740	Cr 775,260	Cr 4,520
Management Accounting & Systems	1,315,000	3,150	0	1,318,150	832,280	3,852,400	Cr 2,482,310	1,370,090
	1,315,000	7,980	0	1,322,980	6,033,970	18,634,310	Cr 14,229,180	4,405,130
Corporate Services								
Democratic Services	0	1,070	0	1,070	756,190	2,216,520	Cr 1,822,890	393,630
Electoral	0	730	0	730	1,010,290	1,379,470	Cr 454,610	924,860
Information Systems and Telephony	1,895,000	2,850	0	1,897,850	226,660	7,700,080	Cr 7,639,550	60,530
Legal Services	0	3,550	0	3,550	556,740	2,692,440	Cr 2,536,000	156,440
Management and Other (Corporate Services)	0	150	0	150	106,930	270,780	Cr 251,070	19,710
Procurement and Data Management	0	1,690	0	1,690	202,040	734,150	Cr 739,910	Cr 5,760
	1,895,000	10,040	0	1,905,040	2,858,850	14,993,440	Cr 13,444,030	1,549,410
Contact Centre, Registrars and Human Resources								
Contact Centre	0	180	0	180	122,990	1,227,740	Cr 1,163,350	64,390
HR	0	7,160	0	7,160	665,030	2,475,350	Cr 2,355,140	120,210
Registration of Birth Death and Marriage	0	1,760	0	1,760	315,420	204,430	0	204,430
	0	9,100	0	9,100	1,103,440	3,907,520	Cr 3,518,490	389,030
Chief Executive								
Comms	0	910	0	910	67,700	267,320	Cr 271,130	Cr 3,810
Management and Other (C.Exec)	0	1,460	0	1,460	391,930	1,150,070	Cr 1,192,880	Cr 42,810
Mayoral	0	240	0	240	56,480	223,470	Cr 171,040	52,430
	0	2,610	0	2,610	516,110	1,640,860	Cr 1,635,050	5,810
Strategy and Corporate Projects								
Commissioning	0	720	0	720	169,030	399,480	Cr 449,610	Cr 50,130
Learning & Development	0	800	0	800	0	364,320	Cr 417,650	Cr 53,330
Strategy Performance and Engagement	0	3,340	0	3,340	249,100	2,326,000	Cr 2,047,600	278,400
	0	4,860	0	4,860	418,130	3,089,800	Cr 2,914,860	174,940
Total Facilities Management								
Admin Buildings & Facilities Support	227,000	1,339,680	Cr 3,750	1,562,930	420,590	4,467,580	Cr 3,536,640	930,940
Investment and Non-Operational Property	114,000	187,040	Cr 9,165,640	Cr 8,864,600	1,110,850	Cr 7,561,070	0	Cr 7,561,070
Strategic & Operational Property	75,000	71,360	0	146,360	224,120	1,544,590	Cr 1,430,000	114,590
TFM Client Monitoring Team	0	72,070	0	72,070	205,280	825,590	Cr 625,550	200,040
Investment Income	0	0	9,169,390	9,169,390	0	0	0	0
Other Rental Income - Other Portfolios	0	0	1,520,440	1,520,440	0	0	0	0
Repairs & Maintenance (All LBB)	0	Cr 3,187,620	0	Cr 3,187,620	0	0	0	0
	416,000	Cr 1,517,470	1,520,440	418,970	1,960,840	Cr 723,310	Cr 5,592,190	Cr 6,315,500
Central Items								
CDC & Non Distributed Costs	0	0	0	0	5,108,630	6,997,090	0	6,997,090
Concessionary Fares	0	0	0	0	0	9,484,480	0	9,484,480
	0	0	0	0	5,108,630	16,481,570	0	16,481,570
Total	3,626,000	Cr 1,482,880	1,520,440	3,663,560	17,999,970	58,024,190	Cr 41,333,800	16,690,390

RISK AREAS WITHIN CHILDREN, EDUCATION AND FAMILIES PORTFOLIO FOR 2021/22 ONWARDS

COVID Warning

Across Children Education and Families we have experienced significant challenges in terms of safeguarding the most vulnerable children - more children coming into care as families who were fragile have been unable to cope, in addition we have had younger children coming into public care through the courts where issues of parental mental health and substance misuse together with domestic violence has featured. For our children with disabilities with closure of the CCG short break provision where health staff were redeployed this has had a major impact on families who are managing the most complex children particularly when schools were initially closed in the first lockdown. We have been required to find specialist placements for complex children where their home situation is unable to be sustained due to their needs and these placements costs are at the high end.

Similarly, in Education the impact of health partners being unavailable had a significant impact particularly as we have seen an exponential increase in requests for EHC plans and increased risk in terms of commissioning and local placements. It remains a risk should health partners be diverted to pandemic efforts again.

We were concerned by the increased risk to vulnerable children, below social care threshold not attending school and acted quickly to establish a team to contact and support 1,900 children identified as potentially vulnerable by professionals. This significantly reduced the risk and enabled any safeguarding concerns to be rapidly escalated. In the event of any further lockdown or school closures, we are able to act of the lessons learned from this project.

Staffing remained highly resilient throughout the pandemic, with the vast majority adapting to work from home. Staff wellbeing has continued to be a priority, but this remains a risk area until the majority of staff can return to their usual place of work.

It is therefore very difficult to predict the ripple effect in the CEF division as we continue through this pandemic and the final outcome and impact on children and families and how far reaching this will be both in terms of wellbeing but also financial cost to the Local Authority.

Children's Social Care

Volume in referrals and workload:

The Bromley Children Project has continued to be flexible and extend further its reach to support families who are on the cusp of universal and targeted support. The service has continued to be innovative in supporting families through a myriad of online opportunities and face to face through C19 observing Public Health guidelines.

Despite C19 we continue with the challenge to reach out to the older age group in being able to support them before they enter statutory social care including work on disproportionality and how we can support our BAME community.

Initially in the first wave our referrals were suppressed but we have now seen the expected spike and those referrals coming into the MASH are very complex in terms of the assessments required which feature the emotional wellbeing of children and families together with the more identifiable areas of domestic violence and substance misuse.

We are now experiencing very high levels of contacts reaching nearly a 1000 per month to the MASH and we held 47 Strategy meetings during just one duty week. Due to the volume we have dip sampled cases and given assurance that the right children are being assessed the increase in younger children coming into care due to significant harm is a national picture and for Bromley many of these are families we have had not contact with before which is a changing picture and outcome of the impact of C19.

We currently have 100 children in proceedings in various stages and the courts are backlogged and working remotely which has slowed final decisions for children. Bromley has set up virtual courts and hair strand testing as the Civic to try to reduce this. However, this means that children are remaining in the system longer when in 'normal' circumstances may have been closed.

Recruitment of permanent staff:

Our key challenge continues to be the recruitment of permanent social workers to the agency placements we have. We have increased from 42% to the current figures of 85%% although this can fluctuate at any one time for a number of reasons, some of which being as simple as a house move or other LA's offering higher salaries in their quest to attract skilled social workers. We continue to hold conversion events and one was held on 9th November to ensure that even during C19 we are trying to recruit permanently not only for the financial benefit but more importantly the benefit of our children. Our RAS Head of Service since March has recruited 6 permanent team manager – this is one of the hardest services to recruit to and a most difficult time to join an organisation at this time working more remotely. We have a full contingent of permanent staff in our Looked After Children and Care Leaving service, fostering, SGO and CWD. It is the safeguarding front line services are the most challenging and across London too

We have also recently held a Senior Practitioner panel and successfully progressed social workers to this grade which is our 'grow your own policy'.

Keeping our caseload promise:

Setting clear caseload levels – which are monitored (Caseload Promise and Challenge). Our caseload promise is between 12–15 children and this continues to be challenging with the high number of cases coming through the front door. This continues to subsequently challenge our safeguarding teams who are holding cases longer due to the court issues mentioned above. Currently RAS is averaging 20 children and Safeguarding around 18.

Caseloads are monitored carefully through performance data each week and monthly performance surgeries. The HOS KIT meetings supports this and colleagues in Children Looked After have taken some court cases and children who have become looked after to try and ease the burden.

Placements of children in care:

The Assistant Director of Children Social Care monitors all requests for children to be accommodated and they are then scrutinised further through the Placement Panel which

continues to take place every Friday. We continue to seek and obtain financial contribution from our CCG partners and ensure that the financial split is proportionate. We review our CCG contribution twice yearly to ensure that CCG financially plan and contribute going forward. We have just completed this exercise and await the confirmation of the uplift for the coming year.

The complexity of young people coming into care is testing the suitability of placements and again we have been in a position where two young people reached the secure threshold and no placements were available leaving the LA with not only the risk to bear but finding a high dependency of support workers causing the cost to be above that of a secure placement. – this current cost of such placements is around 8 – 10K per week

Bromley joined the Commissioning Alliance with 11 other boroughs at the end of February and lockdown immediately took place in March – we have been successful in supporting our fostering placements and did not suffer the high number of placement breakdowns as other boroughs due to the high level of support offered. However, as we have come out of the first wave, we have seen placements be more fragile.

Our 4 step down foster carers have now been caring for 3 young people who were high profile, complex and in residential . One of those young people have now been in placement for over a year and progressing well. This has resulted in a good outcome for her but has a significant financial saving. The test of this is a year in placement to determine outcomes and financial savings. . .

We have developed a cohort of foster carers that take children in an emergency during the night or at weekends (sometimes from custody), which is when children are often placed with external providers, sometimes miles away and high cost. We have recruited a 4th foster carer to this cohort.

Our Staying Together team has continued to work across the service areas preventing children 11-18 entering care and to date this has been very successful. They have worked with 102 children and only 4 of those came into care. They are currently supporting some young people within the YOS preventing those young people not only becoming looked after but preventing them entering the judicial system

Implementation of the Social Work Act:

We have also seen a steady increase of previously looked after children attending schools in Bromley who have been adopted or who are living under a Special Guardianship Order or other Child Arrangement Order and can expect/apply to be supported by the Virtual School. An estimated 400+ children, not necessarily known to this authority, whose parents and carers are not obliged to 'register' and understandably do not always divulge this to their school.

Unaccompanied Asylum Seeking Children:

We are currently supporting 85 young people – 5 under the age of 18 and the rest as care leavers. These young people continue to be vulnerable with trauma's that require specific and skilled work and with C19 has had a more profound impact and effect on their mental health.

Education

Adult Education has improved, achieving a Good Ofsted judgement in 2019 and the 'matrix Standard' in December 2020. However, Covid-19 had a significant impact on the income from paying learners.

Population increase and particularly an increase in the school age population (55,978 in 2010 to 61,343 in 2018, an 9.58% increase) is creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The pressure on funding for alternative provision has been mitigated by the move to a five year commissioning approach, following the Review of Alternative Provision. Nevertheless, the numbers of pupils with complex behaviours that challenge continues to increase, placing a pressure on services. We aim to mitigate this with increased focus on earlier intervention and outreach. Secondary permanent exclusions have reduced significantly, however this will need to be monitored closely.

The Education Service is projected to have a significant overspend on both DSG and RSG budgets in 20/21, primarily as a direct result of legacy costs no longer being covered by temporary grant funding. The majority of the proposed growth items within the Education MTFs aim to remove the structural overspend built into the Education budgets, which fund existing statutory work of the service.

SEN/D (Special Educational Needs and Disability) pressure:

The greatest pressure is in the area of SEN/D with an overspend in the DSG (Dedicated Schools Grant) High Needs Block arising from exponential increase in the need for specialist placements, in line with other Boroughs. Between 2016 and 2019, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 31%, significantly higher than the overall increase in the school age population. In October there were 2,848 Bromley resident children with an EHCP. In 2017, there were 422 requests for statutory assessment, which increased to 722 in 2019, i.e. an increase of 69%. Of the requests in 2020 to date, 15% were refused. In 2020 to date, there have been 62 cases challenged at SEND Tribunal and 57 for which mediation was sought. At the same time, the extension of the age range for EHCPs from age 19 to age 25 is increasing the number of young people for whom the LA maintains and funds an EHCP.

Bromley places fewer children with EHCPs in mainstream schools than nationally and more in the non-maintained and independent sector than nationally (as at January 2019 10% of Bromley children with an EHCP attending independent and non-maintained special schools compared with 6% nationally). The cost of these placements is higher than LA maintained provision (average cost of independent day school is £37k compared with average cost of £27k for LA maintained special school) and accounts for a disproportionate level of spend relative to the number of pupils being placed.

Bromley's performance on the timeliness of EHCPs remains a priority, with the SEN Service working to return performance to national and London comparator levels as a minimum. However, caseloads within the Statutory Assessment Team are a significant risk, with staff routinely holding more than 300 cases each, which compares with approximately 150 in neighbouring Boroughs. The proposed growth of additional EHCPs would address this significant pressure and enable the EHCP Coordinators to focus more on casework which can help to ensure children and young people can be successfully placed in more local and lower cost provision which meets their needs.

An external review of arrangements for SEND highlighted the need to:

Match local provision to local need;

Use existing resources more effectively to support placements in mainstream schools, as far as possible. Action taken includes:

- Free school bid approved for a new special school for children with ASD (Autistic Spectrum Disorder) to enable Bromley to place more children locally in Bromley schools so reducing spend in more costly places in the non-maintained and independent sector.
- Service Level Agreements developed for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- SEND Training Collaborative has developed comprehensive training offer for schools and providers, supported by the SEN Advisory teams to strengthen support for children in mainstream schools.

The Education MTFS (Medium Term Financial Strategy) mitigations are predicated on placing more children and young people within mainstream and local specialist provision and over time reducing the number of out of Borough and independent placements. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice and there is a shortfall of local specialist provision, which the free school will help to address, but not until at least September 2023. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFS period.

RISK AREAS WITHIN ADULT CARE AND HEALTH PORTFOLIO FOR 2021/22 ONWARDS

Adult Social Care

The main financial risk for Adult Social Care as we move into the next financial year will remain the impact of the Covid-19 pandemic. Whilst there have been short term additional funding streams, both at a local and national level, there have been increased demands made on the service both in terms of the numbers of people who have not previously needed social care support and now do, but also the length of time it is taking people to recover from the virus.

Providers of social care have seen increased costs, partly met by national grants, but these will continue on an ongoing basis.

After a short reduction the number of Deprivation of Liberty assessments (DoLs) continues to increase and the Council is preparing for a change in legislation to the new Liberty Protection Safeguards which is anticipated will increase the numbers again.

At the same time, there are continuing demographic pressures, with Bromley having the second highest proportion of the population aged over 65 across London. However, many residents are living longer, healthier lives which is to be celebrated, as is the wider council policy to help maintain residents in their own homes for as long as possible.

The Transformation Programme in Adults continues to seek to control demand by ensuring

that all staff are up to date with alternative forms of help and support within the community and are able to signpost residents as appropriate; we are also providing refresher training to ensure that a strength based approach is taken to all assessments and reviews.

Containing our supplier costs will remain challenging in the coming year, and it is the case that we are very dependent on our commissioning team to manage pressures in a number of areas. This is particularly acute in the complexities of children transitioning from children's to adults' services. Reviewing this is also part of the Transformation Programme.

Nationally the care worker sector continues to experience recruitment challenges partly as a result of pay levels and continued use of zero hours contracts, but also caused by the sector's poor reputation, with an increased concentration on nursing rather than care staff. The service has successfully reduced the number of agency staff in post, reducing cost and improving the consistency and quality of service offered.

Public Health

While Public Health is able to continue to project an underspend this year, this is a direct consequence of Covid19 with service provisions being disrupted to all our programmes. The impact of Covid 19 on health inequality is well documented already and Bromley's position is similar with the BAME communities, complex family units and those most vulnerable groups such as the homelessness being the most disadvantaged.

Throughout the pandemic, there has been a significant growth not only in demand (as seen in the local drug and alcohol service) but also a rise in complex cases with significant safeguarding issues being seen by our commissioned providers. The recent experience is not new but the pandemic has heightened the pressure and brought forth the challenge on service delivery during the pandemic.

In addition, the need to ensure services are delivered with Covid safe measures means that capacity for provision of face to face contacts are reserved for the most vulnerable and those at highest risk. While providers have been proactive with telehealth provisions, services that require face to face contacts (such as women requiring removal and re-insertion of contraception devices) are already facing a waiting list that will continue into the new year. The situation may worsen if the Covid infection rate continues to rise. Waiting list will be a key risk in relations to patient safety and financial position as it may be necessary to increase resources to mitigate harm to patients.

Other perceived cost pressures such as the routine commissioning of PrEP provision in sexual health services and the annual uplift of Agenda for Change due to the uncertainty of the Public Health grant allocation. However, addressing waiting list, continued growth in demand along with increase in complexity of health and care needs will be the key risks for 2021/22 and future years.

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2021/22 ONWARDS

Waste Services

Waste Disposal Tax

From April 2020, the Council's waste disposal contract enables the diversion of 98% of non-recyclable refuse from landfill. As a result, Landfill Tax no longer has a significant impact on the waste budget despite it increasing annually by RPI.

The Government has not pursued the introduction of an Incineration Tax; however, it remains an option if the Government's wider policies do not improve recycling rates. An Incineration Tax would be a future budget pressure with 78% of Bromley's non-recyclable refuse being sent to an Energy from Waste (EfW) facility.

20% of Bromley's non-recyclable refuse is turned into Refuse Derived Fuel (RDF). The Dutch Government implemented a €31 (£26) tax per tonne of RDF imported in January 2020 and other countries are also considering introducing a similar tax. The Waste Disposal Contractor secured a UK market in 2020 and as such only a small amount is now sent overseas to Germany, mitigating this risk.

Increasing property numbers

Growth in the number of properties incurs additional expenditure, as extra collections are required, and additional waste is generated. The contract cost is also dependent on property type, with the contract price updated twice a year to reflect these changes. The draft budget has made allowance for the expected growth in property numbers in 2021/22, but growth in excess of that assumed would result in further additional costs. While officers will seek to manage within overall waste budgets, the ongoing impact will need to be continued to be kept under review.

Local Authority Collected Waste Tonnages

The quantity of municipal waste collected in Bromley in recent years has been relatively stable with comparatively minor fluctuations:

2017/18 145,748

2018/19 144,233

2019/20 145,662

However, in the first 8 months of 2020/21 tonnages have increased by 1,840 tonnes (2%). If this trend continues, the estimated total tonnage for the year would be in the region of 150,000. This is result of the Covid-19 pandemic and resulting restrictions with:

- Increased number of people working or being based at home;
- Increased online deliveries and associated packaging;
- Increased cooking at home due to hospitality industry closures;
- More single use disposal items being used in homes and businesses (e.g. masks);
- Commercial businesses and households taking the opportunity to renovate properties.

The average cost of waste disposal for 2020/21 is around £107 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £107k per annum. However, if it is the commercial waste tonnage that increases, the charge to businesses mitigate this slightly. The impact of Covid-19 on waste tonnages is likely to continue into 2021/22 and beyond, with increased homeworking and reliance on online deliveries likely to remain to a certain extent. As a result, the waste budget has been increased by £0.5m.

National waste policies, embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste, however, there is a budgetary risk that overall waste tonnage will continue to increase in excess of the proposed budget growth.

Recycling Income

Recycling prices remain relatively depressed with no significant recovery expected. This has an impact on recycling income, since recycle income rates are updated to reflect market indices every 6 months.

Within the first eight months of 2020/21, 426 tonnes of paper and card could not be recycled because the moisture content was too high. The loss of income and additional disposal cost was £66k. Whilst long term solutions are being considered, the financial risk will remain for 2021/22.

Other factors that are likely to influence recycle income in 2021/22 include:

- Covid-19 related restrictions to operations and behaviour change;
- Brexit arrangements;
- Implementation of the Resource and Waste Strategy i.e. Deposit Return Schemes;
- Decreased quality of recycle available for collection; and,
- Introduction of a plastics tax.

Winter Service

The budgets for this service have been realigned to reflect average patterns of spend for precautionary salting, primarily for frost or ice, in recent years. There has been relatively little actual snow clearance over that time, except during the winter of 2017/18 which saw prolonged sub-zero temperatures. Therefore, there is a risk of incurring additional costs in the event of a severe weather event for which funding will need to be drawn down from Central Contingency.

In October 2021, TfL will be introducing a new low emission zone throughout the Capital. The approved capital programme will allow three of LBB's ten gritters to be replaced with compliant vehicles, but a daily charge of £100 will be payable for each of the remaining gritters when they are used during precautionary gritting or snow clearance. Based on a typical winter, it's been estimated that this will result in an addition spend of £22k in 2021/22 and future years until the remaining vehicles are replaced.

Highways Contracts

The Highways contracts have price fluctuation clauses based on actual cost indexing, whereas budget increases are based on the BCIS Price Index for civil engineering works. Although the budgets are cash limited, over time the variation between the two will lead to a reduction in spending power in real terms.

The highway investment project is nearing completion, although as the revenue budgets for planned highway maintenance of borough roads and footways are not due to be reinstated until 2022/23, this will increase the demand for reactive highway repairs in the meantime as the condition of the asset deteriorates.

TfL Funding

In 2017/18 TfL provided £0.9m for maintenance of the borough principal roads. This funding was withdrawn from April 2018, and TfL are unable to confirm when future funding will be made available to the London boroughs. Although this is capital funding, reduced expenditure in planned maintenance will result in increased revenue costs for reactive and emergency repairs as the condition of the principal roads network deteriorates.

Street Lighting Contract

The street lighting invest to save programme has been completed, and future savings from reduced energy and maintenance have been used to repay the 'loan'. With the intense investment period, future expenditure on maintenance will not follow historic spend profiles, i.e. electrical safety inspections are required every six years, which has required one sixth of the stock being tested each year. However, there will be no testing of the LED units during the next five years, although they will all require testing in year six. A similar situation will apply to cleaning and maintenance. The street lighting service has been included in the new highways contract as a fully managed service, which will minimise budget fluctuation between years.

Parking

Charges and tariffs for on and off-street parking places are set by LB Bromley and were last increased in April 2019. Members are aware of the potential impact of increasing charges, which needs to be balanced with the pressure on the service to meet its budgeted income in the light of fluctuating demand and inflationary pressures. It should also be noted that the parking service operates in a restricted legal environment which cannot include "maximisation of revenue from Penalty Charge Notices as one of the relevant considerations to be taken into account in securing the...movement of traffic" (Traffic Management and Parking Guidance for London).

For several years there has been a general decline in 'paid for' car parking in the Borough. The introduction of further on-street parking schemes and restricted zones has prevented the reduction from being even greater. Although new schemes will continue to be implemented to meet localised traffic and parking needs, there is no reason to suspect that the downward trend will be reversed, particularly regarding off-street parking. Again, this puts greater pressure on the service to meet its financial obligations.

This situation has been complicated and exacerbated by the impact of Covid-19 in 2020/21 which has since significant additional reductions in use of parking spaces, particularly off-street. Whilst there was some recovery in the summer following lifting of the original restrictions, the more recent introduction of further measures has meant income has again been much lower than would otherwise be expected, particularly in the Christmas trading period.

In the changing economic climate, it is difficult to make reliable estimates of parking demand in the short to medium term or forecast the longer-term effects on parking behaviour.

However, it is inevitable that the effects of recent trends and the changed behaviours of shoppers and workers as a result of Covid-19 will continue into 2021/22 and perhaps beyond. Consequently, the income budget for the next financial year has been reduced by £1.2m; however, it is important to note that this is based on a set of assumptions at a set point in time and given the fluidity of current events, actual income levels could still vary significantly and therefore additional allowance may need to be included in Central Contingency.

Traffic Congestion and Road Safety

The Council's ongoing work to reduce traffic congestion and improve road safety is currently funded by the TfL LIP capital programme. In 2019/20 the LIP funding was cut by 15% which continued into 2020/21.

TfL's financial position has also been severely affected by Covid-19 in 2020/21. The position for 2021/22 and beyond remains unclear and there is a risk that the level of funding received by the Council to implement planned traffic and highways schemes is significantly reduced. Therefore, there can be no guarantees that further cuts will not follow.

Markets and Street Trading

Ongoing Covid-19 restrictions (especially if further lockdowns are applied), will continue to impact Market and Street Trading income. There will also be an ongoing impact to table & chairs licensing income as the 2020 Planning & Business Bill for Pavement Licences which removed any ongoing fees beyond the £100 application was to last until September 2021.

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as contract costs and price increases, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the Department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

Carbon Emissions

The Council's commitment to a zero net carbon target by 2029 for direct emissions will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments. However, action taken as part of the Carbon Management Programme for direct emissions should lead to cost efficiencies for the Council

in the longer term, and the Carbon Neutral Initiative Fund was established in 2020/21 to provide further investment for new schemes that generate a revenue saving.

However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require significant investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant investment from central government.

RISK AREAS PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO FOR 2021/22 ONWARDS

Food Safety Team

Following the outcome of the Food Standards Agency (FSA) Audit of the Food Safety Service in April 2017, an action plan was agreed by the Portfolio Holder. Executive on 9 August 2017 agreed to the additional resources for two extra full time permanent and three full time temporary food safety officers for up to 18 months, to implement the action plan and clear the backlog of inspections.

Despite the additional funding, recruitment issues still remain mainly due to the national shortage of qualified food safety Officers. Following the meeting on 11 September 18, the FSA noted the efforts that had been made and acknowledged the impact that the recruitment issues had on the progress to date. They accepted that the focus would be shifted away from inspecting unrated premises.

Since April 2018 the level of enforcement/complex work carried out by the food safety team has been at an unprecedented level. Much of this marked increase in enforcement activity is directly related to the increased number of inspections made this year to premises which were previously overdue. However, should it continue, it may be that additional resources are needed to ensure food businesses are kept compliant and safe.

Mortuary & Coroners Service

The provision of a sustainable mortuary service at an affordable cost in the long term is problematic due to variables in demand and a very limited market with little competition.

Any high-profile inquests or significant increase in volume of cases could increase the cost of the Coroner's service.

Covid-19 Impacts

There were significant unbudgeted costs of the Council's contribution to London-wide emergency mortuary provision in 2020/21. There has been a further impact on the Council's own services in the year due to the impact of an increased number of Covid-19 deaths on the costs of the Coroner's and mortuary services, together with a reduction in income from public protection services. The Portfolio's draft budget for 2021/22 assumes that there no ongoing impacts beyond the current financial year.

RISK AREAS WITHIN RENEWAL & RECREATION HOUSING PORTFOLIO FOR 2021/22 ONWARDS

Risk, growth and mitigation areas within RR&H for 2021/22 onwards:

Housing

Housing costs continue to escalate for those qualifying for temporary accommodation. The key challenges continue to centre on:

- The overall lack of access to accommodation that is affordable as a result of reduced lettings and drying up of leased properties and increasing competition for limited housing supply across London as the number in housing need increases.
- Reduced social housing stock turnover silting up temporary accommodation.
- The combined impact of the welfare reform changes – resulting in a greater number of approaches, increased rent arrears and shortfall in rent which requires LBB top up.
- The extended statutory duties arising from the implementation of the Homelessness Reduction Act 2017 since April 2018.
- Complexity of some households approaching requiring intensive support and intervention to access and sustain accommodation.
- Identification of suitable sites through acquisition or land supply and the time taken to develop them to provide sufficient alternative affordable accommodation.
- Increased homelessness as the economic impact of COVID is felt with an increasing number of people struggling to afford housing and basic living costs

Overall, these pressures are likely to rise by a further £3.7m by 2024/25.

There are a range of activities being undertaken to slow down the rate of increase and seek to mitigate the overall costs pressures. However, it must be noted that pressures continue to rise and capital schemes regarding housing supply will take several years lead in to design, gain planning consent and complete:

1. Costs can best be contained by continuing to focus on early intervention and advice. The service has been redesigned to proactively identify those at risk of homelessness to offer early intervention services prior to crisis and thus reduce the need for temporary accommodation – this includes continued investment in related housing support and money advice services.
2. Increasing access to private rented sector accommodation. A new offer has been put in place for landlords to increase the level of access. To date this has achieved 119 letting during the current year.
3. Pan London arrangements to share details on TA costs and set benchmark rates to reduce the level of price increases.
4. It is clear however that in order to start to mitigate the cost of temporary accommodation increased housing supply is required. A transformation board is

now in operation to pursue the range of options to increase accommodation supply including the use of vacant dwelling, modular units, property purchase and the development of Bromley owned or acquired sites. Cumulatively the schemes identified to date would offer full-year mitigation actions in the region of £9.6m.

Planning Services

A substantial part of Planning Services' work attracts income for the Council, mainly from planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough and there is a risk of income variation beyond the Council's immediate control. This has been complicated and exacerbated in 2020/21 by the impact of Covid-19 which has seen a significant reduction in income from planning fees, building control and land charges. The Portfolio's draft budget for 2021/22 assumes that these impacts will not remain beyond the current financial year. While trends are regularly monitored in order that appropriate action can be taken, there remains the risk that ongoing national and local economic factors could adversely affect these budgets in 2021/22 and beyond.

There is a risk that Section 106 developer contributions are not spent in accordance with the legal agreements, for example in the right location or timescale. Regular monitoring is undertaken and reported periodically to the ER&C PDS. The process is being reviewed as to align with the emerging requirements of the Community Infrastructure Levy Regulations 2010 to produce an annual Infrastructure Funding Statement

Action is ongoing to reduce risk of Government Designation for Special Measures due to Planning performance.

Regeneration

Regeneration can be a key component in rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. A Regeneration Strategy has been developed to ensure that moving forward the Council's Growth Fund is utilised for maximum positive impact for the benefit of residents and local businesses across the borough. This includes maximising funding opportunities through securing S106 and CIL monies, creating opportunities for income generation, and leverage in of grant funding whilst aligning the existing Growth Fund with the Regeneration Strategy's Action Plan which will set out the Council's regeneration priorities over the next ten years.

As a long term ambition, the Strategy will inevitably involve significant capital investment over a number of years, and therefore there will be the risks to the Council that are associated with large capital projects, including construction industry inflation, cost overruns, unforeseen delays, and the long term security of funding resources, potentially including financing costs. Where schemes are reliant on capital receipts and housing sales, then there would also be the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability. A key component of progressing regeneration as well as mitigating risk to the Council, will be to support inwards investment from developers, which will enhance opportunities, particularly in town centres as we support them to change and adapt over the next few years. Building new homes for Bromley residents, is a key focus for regeneration, and identifying opportunities to do this, jointly with developers is likely to advance schemes.

The Council will continue to disseminate Additional Restrictions Grant through 21/22 in line with government advice to support businesses in their recovery.

- The public health pandemic of 2020, has placed serious financial pressures on our culture and leisure sectors, as it has nationally. The recovery of the local economy will in part be reliant on the Borough's cultural offer and what attracts people to live, work and visit Bromley. From ensuring town centres are not just places to shop, but places that offer experiential opportunities, whether that is through theatres, cinemas, museums or other cultural offers. Bromley is well placed to respond and should continue to support our cultural offer and maximise use of our important heritage assets. A key priority will be working with stakeholders to leverage in funding where possible as well as reviewing other assets that could support our cultural and leisure offer including underutilised park buildings. Priorities in 21/22 will include, the development in key areas, such as Crystal Place Park, which will support the long term future viability of this historic location, as well as undertaking a leisure strategy, which will help shape leisure services of the future, identify where investment is needed and how assets can be maximised to offer develop new facilities fit for the future.

Investment in our infrastructure is essential for:

- A thriving local economy
- Business sustainability
- A place where businesses want to be established
- An area that people want to live, work and visit
- A Borough that is open to develop, but continues to protect the unique character, green spaces and heritage.
- Improved digital connectivity, support residents and businesses to be better connected.

COVID impacts

Leisure Services/MyTime: The financial impact upon the leisure industry is significant and it will take time for the industry to recover and start to regain financial viability. During the current year an interim rental deferment was agreed. There is also increasing risk that rental deferments at least during 2020/21 may not be recovered and future viability is uncertain.

Churchill Theatre: Covid restrictions continues to prevent the theatre from opening. Work has been undertaken to secure grant funding to assist in the financial losses with an approved financial support package of £86K from the Council. Whilst it is hoped that this will assist in securing the sustainability of the theatre as it starts to recover there is still a risk that prolonged closure and extended restrictions will further impact upon the potential for recovery.

Property

Property have requested through the Operational Building Maintenance Budgets and Planned Programme 2020/21 and 2021/22 an additional provision of £1m in 2021/22 and £1m in 2022/23. A considerable number of additional works to the operational property portfolio have been identified, which have high cost implications. It is not possible to fund these additional works from existing budgets. The additional works are essential to ensure Health and Safety or statutory compliance, to prevent building closure, to ensure the council's IT resilience or to safeguard staff. Higher cost items include part replacement of the generator/UPS system serving the Civic Centre and essential fire improvement works at

Central Library. This additional funding will only be spent if completely necessary.

It should be noted that the ongoing operational review of Council property may mitigate some of this expenditure (as a result of asset disposal) along with generating income. The Buildings Maintenance budget will be allocated to ensure that there is no unnecessary expenditure on properties that may subsequently be sold or significantly altered.

Condition surveys have been instructed across the whole of the operational property portfolio – these are due for completion by June 2021. Once evaluated, there will be a clearer picture of expenditure requirements over the subsequent 10 years and this will feed into future budgets requests.

The proposed additional provision of £1m in 2021/22 and 2022/23 reflects the likelihood of an increase in maintenance and repair works identified by the condition surveys. As stated, a clearer picture will be available once all surveys have been evaluated.

The majority of the Council's leased property has periodic rent increases, the frequency of which is set in the individual property lease. Most rent reviews are five yearly. Thus annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that increases in the properties where there are reviews will not match the assumed inflationary increase in income. A large element of the Council's income is received from retail units and this class of asset has suffered significantly with little or zero growth.

Rental income has also been impacted by the generic national downturn in Retail performance and more recently by the impact of Covid 19. Many tenants are unable to meet their rent obligations and have sought assistance from the Council, the position is fluid in that the impact of the various lockdowns and placement of Tier structures has meant that tenants in some cases are unlikely to remain sustainable. The position is carefully being monitored and where tenants seek assistance, such requests are considered ensuring that all other avenues of Central Government assistance are explored.

Energy Tariff: Current Government intention over the next two years is for the Climate Change Levy (a carbon tax on energy) to be adjusted each April, with a planned increases in the levy on gas and a reduction in that on electricity. Consequently, LBB's energy costs will need to continue to be closely monitored to track the financial impact, although it is expected that these changes will be largely offsetting.

A new contract for energy supply was secured in October 2020 on a 2 year fixed rate basis thus ensuring that energy costs remain within the approved budget for this period.

Transformation:

1. **Housing Supply:** The largest strand of the transformation programme relates to the increase in pace and supply of affordable housing as set out above. There are currently 3 sites underway with a further 9 sites undergoing feasibility studies for potential development. Work is also underway as part of the overall assets review to identify further sites for development and to assess the need for the complementation acquisition and leasing schemes to achieve the overall quantum target on additional affordable homes. Overall this programme seeks to achieve savings against temporary accommodation costs of approximately £11m.

2. **Transforming strategic property:** Transforming strategic property:

The primary objective of the transformation work is to delivery and fully integrate a corporate landlord model for the strategic, effective and efficient management of the council's estate and assets. The corporate landlord model of management will enable the council to use its estate to deliver corporate objectives and strategic priorities, including those identified in the following:

- Housing Strategy
- Regeneration Strategy
- Local Plan
- Transforming Bromley Programme
- Corporate Plan
- Revenue budget and capital investment strategies

In order to make the most of the corporate landlord model, the council will identify and deliver its optimal operational estate in order to:

- Bring services to customers through the channels and in the places that they want;
- Facilitate improved service delivery, and unlock service transformation potential through fit for purpose buildings;
- Modernise the working environment for the benefit of customers, staff, elected members and our partners;
- Implement a long-term commitment to agile working practices, reflecting the lessons learned from the response to the impact of coronavirus;
- Consolidate and optimise the council's operational estate to reduce revenue costs and release surplus land for disposal, generating capital receipts;
- Use the process of identifying the optimal operational estate to support the recovery of the local economy and meeting the council's housing targets.

The implementation of the corporate landlord model will also enable a strategic review of the non-operational estate which will identify and deliver a minimum of £30m of capital receipts through disposals, and a review our management of the council's investment property portfolio to identify opportunities to maximise income. The disposals programme must be specifically focussed on generating capital receipts to enable ongoing investment in services and public assets and on identifying sites that can deliver housing for the council's new Housing Revenue Account.

3. **Borough CIL:** The borough CIL has been approved through DC and Executive and is now being progressed through examination in public. All being well this will mean that we are able to implement the borough CIL from the middle of 2021. An officer group is in place to develop a clear list of priorities for use of the CIL in line with the priorities identified in the infrastructure delivery plan.

RISK AREAS WITHIN PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT FOR 2021/22 ONWARDS

Corporate Services

Legal

The legal team provides legal advice and guidance and conducts cases on behalf of the Council in the Magistrates Court, County Court and High Court. Whilst there are marginal increases in caseload across all areas, the main area of concern is around statutory childcare cases. The cases are usually complex due to the nature of the harm suffered by the children, the need for expert assessments (including consultant, paediatrician, psychiatrist and psychologist), the number of parties, the volume of evidence and the length of the final hearing. In line with national trends, the Council had seen an increase in the workloads in this area of work. Following the Ofsted inspection and the implementation of the Children's Service improvements, there has been a significant increase in workloads. Historically childcare proceedings had been fairly constant at around 48 cases per annum.

Members have recognised that this increase in work with the associated costs represents an ongoing pressure on the service and additional resources were approved by the Executive on 20th November 2020.

The legal team supports a range of other functions including property work, procurement and contracts. The in-house team is structured to deliver business as usual and some project work. However, the work is demand led which means that from time to time demand for work will exceed the resource available to deliver it. Failure to provide adequate resources (either through internal or external lawyers) will mean that there will be insufficient resource to deliver key Council services, income generation and savings priorities. The Council's ambitious property and regeneration approach will likely require additional legal resource and it has been agreed that this will be funded through the various schemes.

Procurement

Brexit will make changes to procurement and state aid rules, but it is anticipated any pressures can be contained within the existing procurement and legal team resources.

IT

The IT Transformation Programme will largely be completed in 2020/21. Whilst additional resources were required to deal with additional costs associated with delivering the programme during lockdown, overall the programme will come in on budget. The Digital Transformation Programme will be progressed during 2021/21 which will require dedicated support for which additional resources will be requested, although it is too early to provide estimates at this stage.

GDPR

The General Data Protection Regulations come into force in May 2018. These fundamentally changed the way personal data is dealt with. Penalties for noncompliance are set at a maximum of 20 million Euros for organisations like Bromley. The Executive made provision for resources to implement the change and support compliance going forward.

This is still an evolving area and there are ongoing training and development requirements and an increasing need for specialist advice and additional resources may still be required.

There will be a need to keep data sharing arrangements with the EU under review post Brexit, although it is anticipated this will be contained within existing budgets.

Elections

There are ongoing changes to electoral registration at a national level which will place greater emphasis on electronic and online registration. Bromley voluntarily embraced this programme some years ago and has already taken savings as a consequence. Government funding does not appear to recognise this and will be based on average savings rather than savings which can be delivered due to earlier efficiencies and is likely to have a detrimental impact on the service budget.

There will be potentially significant cost increases associated with ensuring electors and staff remain safe during the rescheduled 2021 GLA elections. These costs should be met by the GLA/Central Government. However, if they are not met in full this will again create a budget pressure.

HR & Customer Services

Registration Services

The impact on Registration income as a result of the Covid-19 pandemic remains extremely uncertain. Limits remain in place for Wedding and Civil Partnership attendee numbers, which has led to many ceremonies being placed on hold or cancelled. Tier 3 and 4 restrictions preclude receptions of any kind, therefore activity at the network of licensed venues across the Borough has ceased and remain unlikely whilst the cap in guest numbers continues. Smaller Wedding and Civil Partnerships can proceed; however, the overall volumes are significantly reduced when compared with previous years and will remain so until restrictions are eased.

Exchequer Services

Housing Benefit Admin Subsidy

The Authority has not yet been advised of the amount of housing benefit admin subsidy to be received for 2021/22. However, the Department of Works & Pensions have adopted a new methodology for allocating the subsidy from 2019/20 to take into account the Universal Credit (UC) caseload. The impact of the change in methodology will be phased in over three years. Increases and reductions in funding caused by the change will be limited to one third of the 105 difference in 2019/20, two thirds of the difference in 2020/21, with all authorities moving to the new methodology in full from 2021/22. The level of admin subsidy to be received in respect of Council Tax Support has not yet been announced.

Benefit Changes

Universal Credit (UC) for new working-age claimants was introduced in July 2018; they now receive UC towards their housing costs rather than Housing Benefit (HB). Funding has yet to be advised for 2021/22. Movement of the current working-age HB claimants to UC is due to be completed by 2024 (delayed from 2023). The rental market is reacting to the

introduction of UC, making landlords less likely to rent to benefit claimants and further inflating rents. The introduction of UC will have major contractual implications and the uncertainty regarding the roll-out timetable severely impact on the Authority's ability to negotiate. The above change will also make HB overpayments far more difficult to recover as currently the vast majority is recovered by means of claw-back from ongoing entitlement. Once claims transfer over to UC the opportunity for this form of recovery will be severely reduced.

From April 2016 working age claimants in receipt of Council Tax Support (CTS) have been required to pay a minimum of 25% towards their Council Tax liability. The minimum liability of 25% necessitates collecting Council Tax from some of our most vulnerable residents and courts are becoming more reticent to grant costs and thereby add to the individual's financial burden. From November 2016 the Benefit Cap has reduced in Bromley to £23,000pa for couples (with or without children) and £15,410pa for single claimants. For those placed outside of London the amounts are £20,000pa and £14,000pa respectively. The ongoing welfare reform programme combined with an increase in rent levels mean that a growing number of households are at risk of losing their homes through rent arrears. The problem is heightened by the shortage of small properties for those attempting to downsize.

Impact of COVID-19

Since March 2020 the number of working age households in receipt of Council Tax Support has increased by 880 (over 10%) as a result of the impact of Covid-19. It is anticipated that the caseload will increase further once the furlough scheme ends which is expected in March 2021.

Revenue collection has been adversely affected by the pandemic with the cessation of enforcement activity and the closure of the courts. With the uncertainty of future court dates for summonses this poses an on-going risk.

Interest on Balances

An average rate of 1.1% has been assumed for interest on new investments in the financial forecast from 2021/22. In response to the global coronavirus pandemic, the Bank of England cut the base rate from 0.75% to 0.25% in March 2020 and later in the same month reduced it further to 0.1%. The Bank made it clear that further cuts are possible and that negative rates are 'in the monetary policy toolbox', though they've opted to take time collecting and analysing data from banks on the potential impact. Most recently the roll out of a vaccine for coronavirus, combined with the Bank favouring additional QE of £150bn at their November policy meeting, has put that idea firmly on the backburner for now.

The Bank expects GDP to not fully recover until after Q3 2022, which was their initial forecast. The inflation rate is forecasted to end at 0.6% this year and unemployment at 6.3%. The UK economy grew by 15.5% in the three months to September 2020, the most on record and compared with market consensus of 15.8%, as restrictions on movement eased across June, July, August and September. Considering September only however, output expanded by 1.1% month on month, the fifth consecutive month of expansion even though new lockdown measures were introduced. The year on year figure fell by 9.6% for Q3 of 2020, compared to the previous period's 21.5% contraction.

The Bank's Monetary Policy Committee stated that the outlook for the economy remains unusually uncertain. Their projection is that the direct impact of the pandemic will dissipate gradually, and UK GDP will recover, though this is based on an underlying assumption that

the UK will secure a free-trade agreement with the EU. Should growth recover and accelerate then it is possible that interest rates may rise gradually; conversely should the economic outlook weaken further, then rates may be lowered further.

Reports to previous Committee meetings have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited following bank credit rating downgrades and the general low interest rate environment. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent but there are still not many investment options available other than placing money with instant access accounts at relatively low interest rates.

Total Facilities Management

Operational Property

A considerable number of additional works to the operational property portfolio have been identified, which have high cost implications. It is not possible to fund these additional works from existing budgets. The additional works are essential to ensure health and safety or statutory compliance, to prevent building closure, to ensure the council's IT resilience or to safeguard staff. Higher cost items include part replacement of the generator/UPS system serving the Civic Centre and essential fire improvement works at Central Library. Property have requested through the Operational Building Maintenance Budgets and Planned Programme 2021/22 an additional provision of £1m in 2021/22 and £1m in 2022/23. This additional funding will only be spent if completely necessary.

It should be noted that the ongoing operational review of Council property may mitigate some of this expenditure (as a result of asset disposal) along with generating income. The Buildings Maintenance budget will be allocated to ensure that there is no unnecessary expenditure on properties that may subsequently be sold or significantly altered.

Condition surveys have been instructed across the whole of the operational property portfolio – these are due for completion by June 2021. Once evaluated, there will be a clearer picture of expenditure requirements over the subsequent 10 years and this will feed into future budget planning.

The proposed additional provision of £1m in 2021/22 and 2022/23 reflects the likelihood of an increase in maintenance and repair works identified by the condition surveys. As stated, a clearer picture will be available once all surveys have been evaluated.

Other Rental Income

The majority of the Council's leased properties have periodic rent increases, the frequency of which is set in the individual property lease. Most rent reviews are five yearly and therefore annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that rent changes in the properties where there are reviews will not match budget assumptions.

A large element of the Council's income is received from retail units and this class of asset has suffered significantly with little or zero growth as a result of the impact of the generic national downturn in retail performance and more recently by the impact of Covid-19. Many tenants are unable to meet their rent obligations and have sought assistance from the Council, the position is fluid in that the impact of the various lockdowns and placement of Tier structures has meant that tenants in some cases are unlikely to remain sustainable.

The position is carefully being monitored and where tenants seek assistance, such requests are considered ensuring that all other avenues of Central Government assistance are explored.

Energy Tariff

Current Government intentions over the next two years is for the Climate Change Levy (a carbon tax on energy) to be adjusted each April, with a planned increase in the levy on gas and a reduction in that on electricity. Consequently, LBB's energy costs will need to continue to be closely monitored to track the financial impact, although it is expected that these changes will be largely offsetting.

A new contract for energy supply was secured in October 2020 on a 2-year fixed rate basis thus ensuring that energy costs remain within the approved budget for this period.