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**Decision Maker:** PUBLIC PROTECTION AND ENFORCEMENT POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Thursday 14<sup>th</sup> January 2021

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

**Title:** PUBLIC PROTECTION AND ENFORCEMENT PORTFOLIO  
DRAFT BUDGET 2021/22

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**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2021/22 Budget which incorporates future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 13<sup>th</sup> January 2021. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
- 1.2. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2021/22 Council Tax levels.
- 1.3. 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 Public Protection and Enforcement PDS Committee is requested to:**

- i) **Consider the update on the financial forecast for 2021/22 to 2024/25;**
- ii) **Consider the initial draft 2021/22 budget as a basis for setting the 2021/22 budget; and**
- iii) **Provide comments on the initial draft 2021/22 budget for the February meeting of the Council's Executive.**

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### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
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### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Public Protection and Enforcement portfolio budgets
  4. Total current budget for this head: £3.28m (draft 2021/22 budget)
  5. Source of funding: Draft revenue budget for 2021/22
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### Personnel

1. Number of staff (current and additional): 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: Not Applicable
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### Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
  2. Call-in: Not Applicable
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### Procurement

1. Summary of Procurement Implications: Not Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2021/22 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

### **3. COMMENTARY**

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

- 3.1.1. Details of the Provisional Local Government Finance Settlement 2021/22, Council-wide Draft 2021/22 Budget and Financial Forecast 2022/23 to 2024/25, and an update on the Council's financial strategy were reported to Executive on 13th January 2021. Members should consider that report in conjunction with this report for the Public Protection and Enforcement Portfolio.
- 3.1.2. 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.
- 3.1.3. 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. It is important to consider the key national issues that could impact on public finances over the next four years, and this year the impact of Covid situation has had a dramatic impact on public finances. An "Update on Economic Situation which can impact on Public Finances" is provided in Appendix 1 of the report to the Executive.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. 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. Therefore 'flat' real terms funding for councils may be the best-case scenario.
- 3.1.5. 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.
- 3.1.6. 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'.
- 3.1.7. 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.

- 3.1.8. 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). 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. 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.

## **3.2. SUMMARY OF FINANCIAL FORECAST**

- 3.2.1. Details of the financial forecast are provided in the Draft 2021/22 Budget and Update on the Council's Financial Strategy 2021/22 to 2024/25 report to the Executive on 13th January 2021.
- 3.2.2. 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. This assumes that there will not be Government funding reductions over the next four years and that the planned mitigation of growth pressures is realised. 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.
- 3.2.3. 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.

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

- 3.3.1. 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.
- 3.3.2. Last year's Local Government Finance Settlement, 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 provisional settlement for 2021/22 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. Uncertainty remains for future years.
- 3.3.3. 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.

- 3.3.4. 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.
- 3.3.5. 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.
- 3.3.6. 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.

#### **3.4. FINANCIAL IMPACT OF COVID-19**

- 3.4.1. A key financial challenge is the cost of the impact of Covid-19 and the extent to which the Government funds the net cost to the Council. Further details can be found in the report to the Executive.
- 3.4.2. 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. The financial impact in 2021/22 (as well as future years) remains unclear at this stage. This will need to be monitored closely.

### **3.5. DETAILED DRAFT 2021/22 BUDGET**

3.5.1. Detailed Draft 2021/22 Budgets are attached in Appendix 1 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 are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

3.5.2. Appendix 1 sets out:

- A summary of the Draft 2021/22 Revenue Budget for the 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 for the Portfolio in planned spending between 2020/21 and 2021/22 together with supporting notes;
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

### **3.6. REVIEW OF FEES AND CHARGES**

3.6.1. 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'.

### **3.7. IDENTIFYING FURTHER SAVINGS/MITIGATION**

3.7.1. 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. 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.

### **3.8. POSITION BY DEPARTMENT – KEY ISSUES/RISKS**

#### **Food Safety Team**

3.8.1. 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.

3.8.2. 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 2018, 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.

- 3.8.3. 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.

### **Coroners Service**

- 3.8.4. Any high-profile inquests or significant increase in volume of cases could further increase the cost of the Coroners service.

## **4. POLICY IMPLICATIONS**

- 4.1 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.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 Financial implications are contained within the overall body of the report.

## **6. PERSONNEL IMPLICATIONS**

- 6.1 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.

## **7. LEGAL IMPLICATIONS**

- 7.1 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.

- 7.2 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.

- 7.3 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 fulfil 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.

- 7.4 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.

<b>Non-Applicable Sections:</b>	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2021/22 Budget and Update on the Council's Financial Strategy 2022/23 to 2024/25, Executive 13 <sup>th</sup> January 2021. Finance monitoring, Estimate Documents, etc all held in Finance Section