

Decision Maker: RENEWAL, RECREATION AND HOUSING POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 2nd February 2021

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

Title: RENEWAL, RECREATION AND HOUSING PORTFOLIO DRAFT BUDGET 2021/22

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Chief Officer: Director of Finance

Ward: All

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 13th 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 Renewal, Recreation and Housing 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.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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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: Renewal, Recreation and Housing portfolio budgets
 4. Total current budget for this head: £19.7m (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 Renewal, Recreation and Housing 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 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 the report to the Executive.
- 3.3.6. 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.
- 3.3.7. 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.
- 3.3.8. The current Renewal, Recreation and Housing Portfolio budget includes Phase 1 Transformation Savings, agreed as part of the 2020/21 Budget, totalling £1.3m per annum.
- 3.3.9. The Draft 2021/22 Budget now includes Phase 2 Transformation Savings totalling £202k relating to Disabled Facilities Grants and Council-wide training savings.
- 3.3.10. 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.

3.3.11. There remain significant cost/growth pressures impacting on Renewal, Recreation and Housing budgets as well as opportunities for the mitigation of costs which have been reflected in the Draft 2021/22 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Growth/cost pressures	2,535	2,936	3,105	3,807
Mitigation	Cr 801	Cr 2,683	Cr 4,350	Cr 5,508
Net additional costs/savings(-)	1,734	253	Cr 1,245	Cr 1,701

3.3.12. 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.

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. HOUSING INVESTMENT

3.6.1. 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.

3.6.2. 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.

3.6.3. 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	Bus hell 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

3.6.4. 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.

3.6.5. 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).

3.6.6. 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.

3.7. REGENERATION INVESTMENT

3.7.1. 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.

- 3.7.2. 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.
- 3.7.3. The Council will also disseminate Additional Restrictions Grant through 2021/22 in line with government advice to support businesses in their recovery.
- 3.7.4. 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.
- 3.7.5. 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.
- 3.7.6. 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.

3.8. UPDATE ON THE HOUSING REVENUE ACCOUNT (HRA)

- 3.8.1. 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.

3.8.2. 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.

3.8.3. 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.

3.8.4. 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.

3.9. REVIEW OF FEES AND CHARGES

3.9.1. 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'.

3.10. IDENTIFYING FURTHER SAVINGS/MITIGATION

3.10.1. 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.

3.11. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

Housing

3.11.1. 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

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

3.11.3. 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:

- 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.
- 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.
- Pan London arrangements to share details on TA costs and set benchmark rates to reduce the level of price increases.
- 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

3.11.4. 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.

3.11.5. 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

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

Culture and Regeneration

- 3.11.7. As a long term ambition, the Regeneration 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.
- 3.11.8. The public health pandemic 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.

COVID impacts

- 3.11.9. 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.
- 3.11.10. 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 £132K 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.

Transformation

- 3.11.11. 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.
- 3.11.12. 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.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 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.

5. POLICY IMPLICATIONS

- 5.1 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.

6. FINANCIAL IMPLICATIONS

6.1 Financial implications are contained within the overall body of the report.

7. PERSONNEL IMPLICATIONS

7.1 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.

8. LEGAL IMPLICATIONS

8.1 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.

8.2 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.

8.3 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.

8.4 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.

Non-Applicable Sections:	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 th January 2021. Finance monitoring, Estimate Documents, etc all held in Finance Section