

Decision Maker: **PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING**

For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on:

Date: **30th March 2021**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2020/21**

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Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

1.1 This report provides an update of the latest revenue budget monitoring position for 2020/21 for the Renewal, Recreation and Housing Portfolio based on activity to 31 December 2020.

2. **RECOMMENDATION(S)**

2.1 The Portfolio Holder is requested to:

- i) Endorse the latest 2020/21 budget monitoring for the Renewal, Recreation & Housing Portfolio.

Impact on Vulnerable Adults and Children

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

1. Policy Status: Sound financial management
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: RR&H Portfolio Budgets
 4. Total current budget for this head: £19.4m
 5. Source of funding: Existing revenue budget 2020/21
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Personnel

1. Number of staff (current and additional): 194.7 Full time equivalent
 2. If from existing staff resources, number of staff hours: Not applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2019/20 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report sets out the results of the latest quarterly revenue budget monitoring exercise for the 2020/21 financial year for the Renewal, Recreation and Housing Portfolio. The impact of Covid-19 on the Portfolio's budgets is not included as these details are reported separately to the Executive.
- 3.2 The projected outturn for is detailed in Appendix 1A, broken down over each division within the service. Appendix 1B gives explanatory notes on the movements in each service. The current position is a projected underspend of £349k on the controllable budget.

The following table summarises the variations over the key areas:

	£'000
Building Control staffing	Cr 49
Planning staffing	Cr 100
Land Charges staffing	Cr 58
Libraries contract	50
Supporting People	Cr 321
Temporary Accommodation	275
Housing Needs staffing	Cr 208
Travellers Sites	132
Other variations	Cr 70
	<u>Cr 349</u>

- 3.3 There are projected underspends on Planning, Building Control and Land Charges staffing budgets due to vacant posts being held whilst the level of activity remains lower as a result of the wider economic conditions since the beginning of the financial year.
- 3.4 The Libraries contract is forecast to overspend by £50k this financial year due to additional pension costs for the staff that transferred to GLL at the commencement of the contract.
- 3.5 Temporary accommodation budgets are currently projected to overspend by £275k. The projection is based on the number of current clients as at the end of December 2020, and an assumed increase of 10 clients each month for the next 3 months. This increased assumption (from the 5 per month assumed in the growth allocation in the 2020/21 budget) reflects an expectation of higher numbers of evictions later in the year.
- 3.6 Housing Needs salary costs are projected to underspend by £208k mainly due to staffing vacancies.
- 3.7 The Travellers Site service is expected to overspend by £132k mainly due to a forecast shortfall of site fees income of £37k due to voids, forecast overspend of £55k on the grounds maintenance and utilities budgets and a one-off spend on fencing works costing £64k. These forecast overspends are partly offset by a forecast underspend of £16k on other running expenses budgets and underspend of £8k on the salaries budget.

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

	Budget	Projection	Variation	
	£'000	£'000	£'000	%
Staffing	9,136	8,667	Cr 469	-5.1
Running expenses	6,325	6,324	Cr 1	0.0
Contracts	4,274	4,007	Cr 267	-6.2
Temporary accommodation - costs	17,635	18,225	590	3.3
Housing Benefits - payments	102,373	102,373	0	0.0
Temporary accommodation - income	Cr 11,255	Cr 11,570	Cr 315	2.8
Housing Benefits - subsidy	Cr 104,847	Cr 104,847	0	0.0
Other income	Cr 8,692	Cr 8,579	113	-1.3
Consultants	150	150	0	0.0
	14,675	14,751	Cr 349	-2.4

3.9 The cost pressures identified above are projected to impact in 2021/22 by £1,124k. Further growth of £702k for Housing has been assumed in the budget for 2021/22; however, there is a total of £987k savings assumed from the mitigation and transformation work streams, mainly through the provision of new affordable housing.

4. POLICY IMPLICATIONS

4.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.

4.2 Bromley's Best Value Performance Plan "Making a Difference" refers to the Council's intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.

4.3 The four-year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2020/21 to minimise the risk of compounding financial pressures in future years.

4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

5. FINANCIAL IMPLICATIONS

5.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B.

5.2 Overall the current projected position for 2020/21 is an underspend of £349k based on the financial information available as at 31st December 2020.

5.3 Costs attributable to individual services have been classified as "controllable" and "non-controllable" in Appendix 1A. Budget holders have full responsibility for those budgets classified as "controllable" as any variations relate to those factors over which the budget holder has, in general, direct control. "Non-controllable" budgets are those which are managed outside of individual budget holder's service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service.

5.4 As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources, Commissioning and Contracts Management Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance.

6. COMMENTS FROM THE DIRECTOR OF HOUSING, PLANNING & REGENERATION

6.1 £465k of growth was included in the housing budget for 2020/21 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £1,342k savings have also been included to mitigate these pressures. Whilst approaches remain high, this ongoing supply of acquired properties and prevention work has continued to slow the rate of growth in nightly paid accommodation placements reducing the average increase from 15 per to 10 per month. This, however, relies on the supply of acquired properties continuing to come through. This results in a projected £275k overspend on temporary accommodation with a £117k overspend on housing overall. As has been reported work is ongoing to increase the supply of affordable housing to continue to mitigate and reduced the current pressures relating to temporary accommodation.

6.2 A substantial part of Planning Services’ work attracts a fee income for the Council, for example the planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough. There is a risk of income variation beyond the Council’s immediate control; however, trends are regularly monitored in order that appropriate action can be taken. Action has successfully been taken to negate the risk of Government Designation for Special Measures due to Planning performance for the current year. However, this is based on the actions identified being implemented to reduce the risk of Government Designation in future years.

6.3 There is a risk of substantial planning appeal costs being awarded against the Council by the Planning Inspectorate if the Council is found to have acted unreasonably. For major appeals, which can arise unpredictably, there is often a need for specialist external consultant’s advice which creates additional costs.

6.4 The key risks in the Renewal, Recreation and Housing Portfolio continue to be:

- i) Increased homelessness and the associated costs
- ii) Introduction of the Homeless Reduction Act
- iii) Increased rent arrears arising from roll out of Welfare reform
- iv) Reduced vacant housing association properties coming forward for letting
- v) Increased maintenance and repairs costs in relation to the travellers site required to maintain health and safety standards.

6.5 Finally, the immediate and ongoing impacts of the Covid-19 pandemic on budgets are only now becoming apparent. Significant losses in income, in particular from commercial rents, are expected as town centres have been severely affected during lockdown restrictions. There is also likely to be an increase in homeless presentations and families requiring temporary accommodation as the current moratorium on evictions is eased later in the year. The full impact in 2020/21 and future years is difficult to assess at this stage and will be largely dependent on the easing of restrictions and recovery of the wider economy.

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