

**Decision Maker:** EXECUTIVE

**Date:** Wednesday 31 March 2021

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

**Title:** BUDGET MONITORING 2020/21

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**Chief Officer:** Director of Finance

**Ward:** Borough Wide

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1. Reason for report

- 1.1 This report is split into two key elements. Firstly it provides the third budget monitoring position for 2020/21 based on expenditure and activity levels up to the end of December 2020, excluding the financial impact of Covid-19. The report also highlights any significant variations which will impact on future years as well as any early warnings that could impact on the final year end position. Secondly the report identifies latest indications of the financial impact of the Covid-19 situation which needs to be treated with some caution at this stage because of the ongoing uncertainty arising from moving out of lockdown to transition and ultimately the 'new normal'.
- 1.2 The Council Tax report 2021/22 to Executive on 10<sup>th</sup> February 2021 identified a budget gap rising to £14.1m per annum by 2024/25. The report proposes utilisation of any underspends/additional income identified in this report towards providing sustainable income for the future and/or providing transitional financial support in addressing the future years' budget gap as well as meet service cost pressures.

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2. RECOMMENDATION(S)

2.1 Executive are requested to:

**Financial Monitoring (excluding Covid-19 impact)**

- (a) consider the latest financial position;
- (b) note that a projected net underspend on services of £1,510k is forecast based on information as at December 2020.
- (c) consider the comments from Chief Officers detailed in Appendix 2;

- (d) note the full year cost pressures of £9.4m as detailed in section 3.5;
- (e) recommend to Council that a sum of £3.767m be set aside as a contribution to the provision for COVID related service pressures in future years (earmarked reserve) as detailed in para. 3.2.1;
- (f) agree the release of £50k from the 2020/21 Central contingency relating to staff merit awards as detailed in para. 3.3.2;
- (g) agree the release of £210k from the 2020/21 Central contingency relating to Adult Social Care as detailed in para. 3.3.3;
- (h) agree the release of £424k grant from the 2020/21 Central contingency relating to Homeless Prevention Initiatives as detailed in para. 3.3.4;
- (i) note the return to the Central Contingency of £775k as detailed in para. 3.3.5;
- (j) agree to set aside a provision of £350k to deal with a legal matter (see Part II of the agenda) to be met from the 2020/21 Central Contingency Sum (see 3.3.6)
- (k) agree to set aside a sum of £150k to meet the cost of the changes to the Council's website, funded from the 2020/21 Central Contingency Sum (see 3.3.10)
- (l) recommend to Council that a sum of £9.895m is set aside in the Housing Investment Fund earmarked reserve from monies not utilised in the current year within the 2020/21 Central Contingency Sum (see 3.3.12)
- (m) identify any issues that should be referred to individual Portfolio Holders for further action.

#### **Estimated Financial Impact of Covid-19**

- (n) consider the latest estimated financial impact of Covid-19 situation, detailed in Section 4, and note the ongoing financial uncertainty position relating to net costs;
- (o) note that the estimated financial impact of the Covid-19 situation which needs to be treated with some caution at this stage because of the ongoing uncertainty arising from the impact moving out of 'lockdown' to transition and ultimately the 'new normal'.

#### **2.2 Council are requested to:**

- (p) agree a sum of £3.767m as a provision for COVID related service pressures in future years (earmarked reserve) as detailed in para. 3.2.1;
- (q) agree a sum of £9.895m is set aside as a Housing Investment Fund earmarked reserve (see 3.3.12).

### 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: Council wide
  4. Total current budget for this head: £215.6m
  5. Source of funding: See Appendix 1 for overall funding of Council's budget
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### Personnel

1. Number of staff (current and additional): 2,096 fte posts (per 2020/21 Budget) which includes 505 for budgets delegated to schools
  2. If from existing staff resources, number of staff hours: N/A
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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: 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 2020/21 budget reflects the financial impact of the Council's strategies and service plans which impact on all of the Council's customers (including council tax payers) and users of our services.
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### Ward Councillor Views

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

### 3. COMMENTARY

#### 3.1 Summary of Projected Variations

3.1.1 The Resources Portfolio Plan included a target that each service department will spend within its own budget.

3.1.2 The Council has received significant grant funding from Government to meet Covid related costs. Although this funding is not included in the table below, it is covered in Section 4.3 of this report.

3.1.3 A summary of the 2020/21 budget and the projected outturn is shown in the table below:

	2020/21 Original Budget £'000	2020/21 Latest Budget £'000	2020/21 Projected Outturn £'000	2020/21 Variation £'000
<b>Portfolio</b>				
Adult Care & Health	69,416	69,059	68,468	Cr 591
Education, Children & Families (inc. Schools Budget)	42,207	42,674	43,044	370
Environment & Community	31,136	31,335	30,963	Cr 372
Public Protection & Enforcement	2,434	2,463	2,463	0
Renewal, Recreation & Housing	14,889	14,675	14,326	Cr 349
Resources, Commissioning & Contracts Management	46,015	46,913	46,345	Cr 568
<b>Total Controllable Budgets</b>	<b>206,097</b>	<b>207,119</b>	<b>205,609</b>	<b>Cr 1,510</b>
Capital Charges and Insurance	9,340	9,340	9,340	0
Non General Fund Recharges	Cr 853	Cr 853	Cr 853	0
<b>Total Portfolio Budgets</b>	<b>214,584</b>	<b>215,606</b>	<b>214,096</b>	<b>Cr 1,510</b>
Income from Investment Properties	Cr 9,720	Cr 9,720	Cr 9,720	0
Interest on General Fund Balances	Cr 3,591	Cr 3,591	Cr 4,841	Cr 1,250
<b>Total Investment Income</b>	<b>Cr 13,311</b>	<b>Cr 13,311</b>	<b>Cr 14,561</b>	<b>Cr 1,250</b>
Contingency Provision	11,799	1,514	374	Cr 1,140
Other Central Items	1,822	12,297	16,064	3,767
General Government Grants & Retained Business Rates	Cr 42,038	Cr 42,110	Cr 42,110	0
Collection Fund Surplus	Cr 5,873	Cr 5,873	Cr 5,873	0
<b>Total Central Items</b>	<b>Cr 34,290</b>	<b>Cr 34,172</b>	<b>Cr 31,545</b>	<b>2,627</b>
<b>Total Variation on Services and Central Items</b>	<b>166,983</b>	<b>168,123</b>	<b>167,990</b>	<b>Cr 133</b>
Prior Year Adjustments	0	0	Cr 1,007	Cr 1,007
<b>Total Variation</b>	<b>166,983</b>	<b>168,123</b>	<b>166,983</b>	<b>Cr 1,140</b>

3.1.4 A detailed breakdown of the latest approved budgets and projected outturn for each Portfolio, together with an analysis of variations, is shown in Appendix 3.

3.1.5 Chief Officer comments are included in Appendix 2.

3.1.6 As a prudent working balance, the Director of Finance continues to recommend a minimum general reserve sum of £20m to reflect significant financial uncertainty facing the Council and the need to address the medium term 'budget gap'. Any proposals detailed in this report will result in that level of general reserve being retained.

#### 3.2 Utilisation of underspends/additional income to meet provision for COVID related service pressures 2021/22

- 3.2.1 The 'Draft 2021/22 Budget and Update on Council's Financial Strategy 2022/23 to 2024/25' and '2021/22 Council Tax' reports to Executive on 13<sup>th</sup> January 2021 and 10<sup>th</sup> February respectively include a provision for Covid related costs in 2021/22 but the overall financial requirement remains uncertain. There continue to be service pressures relating to the impact of the pandemic and some impacts may be delayed until the end of the Government's support programme. There remains uncertainty on further Government funding for 2021/22 which creates a risk. The Chief Officer Executive have identified the need for further resources to be set aside. Current projections (see 3.1.3) show an overall net underspend of £1,510k within portfolio budgets, additional income of £1,250k on interest on balances and prior year adjustments of £1,007k (a total of £3,767k). It is proposed that these savings/additional income is set aside as an earmarked reserve to meet Covid related service pressures in 2021/22 which are not funded by Government grant. Any future utilisation of these monies will require the approval of the Executive.
- 3.2.2 It is important to note that the impact of the 'new normal' affects 2022/23 and future years. Although the Government has provided significant funding to support Councils in 2020/21 with further funding in 2021/22, no increase funding has been indicated by Government beyond 2021/22 towards any costs in future years arising from the 'new normal'. The Government have indicated that such funding required will be considered as part of the national Fair Funding review due to be implemented from 2022/23.

### **3.3 Central Contingency Sum and request for funding Housing Development and other matters**

- 3.3.1 Details of the allocations from and variations in the 2020/21 Central Contingency are included in Appendix 4.
- 3.3.2 As part of the introduction of Localised Pay, Members agreed a merited reward for exceptional performers which was included in the Central Contingency. A request is made to drawdown an additional £50k to fund the expenditure for the rewards in 2020/21.
- 3.3.3 The Central Contingency includes a sum of £210k from the Improved Better Care Fund Grant (iBCF). This sum is now requested to be drawn down and will be carried forward to 2021/22 along with any further iBCF underspends to support expenditure plans in future years
- 3.3.4 The Central Contingency includes a sum of £424k for Homeless Prevention Initiatives which now forms part of the Homelessness Reduction Grant and it is requested that the grant income is drawn down into Housing budgets. For 2021/22 there is an additional £271k of grant funding which partly offsets the growth pressures in housing that have been included in the budget.
- 3.3.5 Members are requested to note that the following items have been returned to the Central Contingency this cycle totalling £775k:-
- (i) The sum of £208k has been returned to Central Contingency to reflect the actual payments for this year for the cost of Freedom Passes will now be lower than originally budgeted for.
  - (ii) £567k of funding set aside for the National Living Wage in Adult Social Care has been returned to the contingency. This is no longer required as increases in fees in Adult Social Care placements have been lower than anticipated.

## **Legal Matter**

- 3.3.6 Members are requested to agree a provision of £350k is set aside to deal with a legal matter (see Part II of the agenda) to be met from the 2020/21 Central Contingency Sum.

## **Enhancing the Council's Website**

- 3.3.7 The presentational elements of the existing corporate website are some 10 years old now, and whilst the software has refreshed a number of times in that period, the look and feel of the website itself is tired and dated.
- 3.3.8 Bromley's website, when compared to other local authorities, is seen by some users as more difficult to navigate due to the core structure and taxonomy which was styled around 2010 to align with national guidance at that time. This has since moved on and superseded by a more customer centred approach to presenting services and subject areas, to enable easier and quicker access to digital services.
- 3.3.9 In order to modernise the site, a capital figure will be required to deploy appropriate resources to deliver the changes required. An indicative cost of £150K is proposed, and will be confirmed by officers as soon as possible.
- 3.3.10 Members are requested to set aside a sum of £150k to meet the cost of the changes to the Council's website, funded from the 2020/21 Central Contingency Sum. The detailed arrangements will be reported as part of the Customer Services Monitoring report to the July meeting of ER&C PDS Committee.

## **Housing Investment Fund**

- 3.3.11 The Council adopts a prudent approach in considering the Central Contingency Sum required to mitigate against risks such as new burdens, uncertainty of in year cost pressures, and risks around non delivery of savings. This has also helped assist with the uncertainty on the Covid situation, although the Government have now provided significant funding towards such risks in 2020/21. As in previous years, if the Central Contingency Sum is not fully utilised during the year the approach has been to use these monies for investment, generate income/savings and provide a more sustainable financial position for the future. This approach has identified significant savings/income for the Council and helped reduce the future years 'budget gap'. The Council has recently extended prioritisation for potential investment monies to cover regeneration as well as housing.
- 3.3.12 The Draft Budget report to Executive in January 2021 identified (para 8.7.4) that after allowing for the funding of York Rise, Burnt Ash, Anerley and Bushell Way for housing schemes, to meet the Housing Transformation target of 250 units, a further 155 units would be required – this will require further funding of £34m. In addition, there is the funding for other housing schemes that will be required in the future. A significant growth/cost pressure facing the Council relates to the cost of homelessness and there will be investment choices identified through the Council's Transformation programme to reduce homelessness costs. Subject to Members views, it is proposed that the remaining uncommitted resources within the 2020/21 Central Contingency Sum is set aside as a contribution to the Housing Investment Fund earmarked reserve. A sum of £9.895m is proposed to be set aside within the Housing Investment Fund earmarked reserve. The utilisation of these monies in the future will generate revenues savings from reduced homelessness costs and in some cases provide income from financing housing schemes. Some of the savings are already assumed in the 2021/22 Budget. The utilisation of this funding would be reported to a future meeting of the Executive.

### 3.4 General Fund Balances

- 3.4.1 Based on the proposals in this report, the level of general reserves is currently projected to remain at £20m at 31<sup>st</sup> March 2021 as detailed below:

	2020/21 Projected Outturn £'000
<b>General Fund Balance as at 1st April 2020</b>	<b>Cr 20,000</b>
Net Variations on Services & Central Items (para 3.1)	Cr 1,140
	Cr 21,140
Adjustment to Balances:	
Carry Forwards (funded from underspends in 2019/20)	1,140
<b>General Fund Balance as at 31st March 2021</b>	<b>Cr 20,000</b>

### 3.5 Impact on Future Years

- 3.5.1 The report identifies expenditure pressures which could have an impact on future years. The main areas to be considered at this stage are summarised in the following table:

	2020/21 Budget £'000	2021/22 Impact £'000
<b>Adult Care &amp; Health Portfolio</b>		
Assessment & Care Management - Care Placements	24,101	2,148
Learning Disabilities - Care Placements & Care Management	36,951	1,958
Mental Health - Care Placements	7,211	703
		4,809
<b>Renewal, Recreation &amp; Housing</b>		
Housing Needs	8,366	1,124
		1,124
<b>Children, Education &amp; Families Portfolio</b>		
Children's Social Care	35,968	3,469
		3,469
<b>TOTAL</b>		<b>9,402</b>

- 3.5.2 Further details are included in Appendix 5.
- 3.5.3 Given the significant financial savings that the Council will need to make over the next four years, it is important that all future cost pressures are contained and that savings are identified early to mitigate these pressures.
- 3.5.4 The additional funding set aside, as detailed in this report, will help provide one off support towards these cost pressures and provide savings on housing needs.

### Investment Income

#### 3.6 Income from Investment Properties

- 3.6.1 A deficit of £4m is projected for net investment income which takes into consideration the following:

- (i) The COVID 19 situation has had a significant impact on the retail sector and tenants ability to pay rents. The Council has offered payment deferments to a significant number of tenants, and while this income remains due and accounted for in 2020/21 there will inevitably be defaults when the deferred amounts become payable by at the end of the financial year. It is difficult to estimate the value of this to the Council at this stage but the level of rental income that has been assumed to be at risk which would be in the region of £4m of Investment Property income. This amount will increase as the impact of the current lockdown will impact on the ability of tenants to pay rent. Further restrictions post lockdown are anticipated and whilst some tenants have received assistance in the form of rental deferments it is unlikely that they will pay. Numerous tenants have sought rent cessations and whilst being directed to Central and Local Government support it is likely that payments will not be received. Business owners affected by the pandemic will be protected from eviction until the end of March 2021. This could be extended and the deferment of such cases is likely to generate a 12 month Court backlog for determination.

<b>Summary of variations within Investment Income</b>	
	<b>£'000</b>
Estimated shortfall in rent due to COVID-19 pressures	4,000
<b>Total variations within Investment Income</b>	4,000

3.6.2 The £4m deficit is COVID related and therefore is contained within the COVID expenditure detailed in paragraph 4 of this report.

### **3.7 Interest on Balances**

- 3.7.1 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 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. 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.
- 3.7.2 In addition, whilst the utilisation of the Investment and Growth Funds has depleted the funds available for Treasury Management, this has been offset by slippage in the capital programme which has provided new funds available for investment.
- 3.7.3 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.
- 3.7.4 The provisional outturn for 2019/20 was £1.8m above budget. For 2020/21 the projected outturn stands at £4.841m, £1.25m above budgeted income of £3.591m.

### **3.8 The Schools Budget**

- 3.8.1 Expenditure on Schools is funded through the Dedicated Schools Grant (DSG) provided by the Department for Education (DfE). DSG is ring fenced and can only be applied to meet



expenditure properly included in the Schools Budget. Any overspend or underspend must be carried forward to the following years Schools Budget.

- 3.8.2 The DSG projected to overspend by £4,254k. This will be taken from the £1,733k carried forward from 2019/20. There is also an adjustment of £301k of additional income to the carry forward figure for Early Years Prior Year Adjustment. It was agreed to use £252k of the brought forward balance to support the services in-year. It was agreed that £1,100k of this years DSG allocation would be set aside to fund 2021/22 future pressures. However as these pressures have emerged more rapidly the funding will be used to support additional expenditure in year. £363k worth of spend within the DSG that is being incurred due to COVID-19 and will be funded from other sources. This gives an estimated DSG deficit balance to be carry forward of £1,009k into the new financial year. It should be noted that the DSG can fluctuate due to pupils requiring additional services or being placed in expensive placements.

### **3.9 Investment Fund and Growth Fund**

- 3.9.1 Full details of the current position on the Investment Fund and the Growth Fund are included in the 'Capital Programme Monitoring Q3 2020/21 & Capital Strategy 2021 TO 2025' report to Executive on 10<sup>th</sup> February 2021. The uncommitted balances currently stand at £6.5m for the Investment Fund (after allowing for 'Property Acquisition Scheme Proposal' report to latest meeting of Executive) and £12.7m for the Growth Fund.

### **3.10 Prior Year Adjustments resulting in a net credit provision of £1,007k**

- 3.10.1 Financial provisions were made in prior years accounts for Learning Disability and Mental Health Services, and an element of these are no longer required and have therefore been released in 2020/21 resulting in a credit of £584k.
- 3.10.2 A number of provisions were set up in previous financial years in respect of backdated utility costs that were potential liabilities to LBB following new contract arrangements. A recent review of these provisions has concluded that the risk of this has reduced allowing an amount of £339k to be released.
- 3.10.3 A number of provisions were set up in previous financial years in respect of historic highways rechargeable works and vehicles crossover balances. A recent review of these provisions has concluded that a number of the provisions are no longer required and that £84k can be released.

## **4. ESTIMATED FINANCIAL IMPACT OF COVID-19**

### **4.1. 2020/21 Financial Monitoring**

- 4.1.1 Detailed elsewhere in this report is the latest financial monitoring position which excludes the impact of Covid-19. This represents the impact of the first nine months of the financial year and the full year impact of 2019/20 outturn. The most significant financial risk to the Council relates to Covid-19 impact, which is shown below.

### **4.2 Summary of Key Influences on Financial Impact**

- 4.2.1 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.

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

4.3.1 The Council is required to submit a return to MHCLG on the latest estimated cost/income losses due to Covid-19 for the current financial year. The latest return submitted, together with funding available at the time of completing the return is shown below:

<b>Portfolio</b>	<b>Total £'000</b>
Adult, Care & Health	17,425
Children's, Education and Families	7,975
Environment and Community	9,197
Public Protection & Enforcement	1,884
Renewal, Recreation and Housing	4,379
Resources, Commissioning and Contract Management	8,025
<b>Sub total</b>	<b>48,885</b>
Council Tax/Business Rates	16,600
<b>Total per MHCLG Return</b>	<b>65,485</b>
General Grant	22,878 Cr
Income Compensation	4,768 Cr
Contain Outbreak Management Fund *	7,600 Cr
Infection Control	4,535 Cr
Council Tax Hardship	1,841 Cr
Test and Trace	1,370 Cr
Holiday Activities and Food Programme *	809 Cr
National Leisure Recovery Fund (inc. monitoring element)	762 Cr
Covid Winter Grant Scheme	754 Cr
Community Testing	687 Cr
Social Care Workforce Capacity Fund	595 Cr
ASC Rapid Testing Fund	530 Cr
Next Steps Accommodation Programme	391 Cr
London Streetspace Fund	369 Cr
Reopening High Streets Safely Fund	295 Cr
Emergency Assistance	279 Cr
Support for the Clinically Extremely Vulnerable	179 Cr
Business Grants Admin new Burdens	318 Cr
Compliance and Enforcement Grant	145 Cr
Emergency Active Travel Fund	100 Cr
Wellbeing for Education	39 Cr
Support for Rough Sleepers	6 Cr
Health Funding (SEL CCG)	3,312 Cr
CCG Funding for Mass Vaccination Centre	4 Cr
Funding towards 'Bromley element' of council tax and business rate	

losses	6,785 Cr
<b>Total Government Funding</b>	<b>59,351 Cr</b>
GLA and Govt Share of Business and Council Tax Loss	7,553 Cr
<b>Estimated Net Cost to the Council</b>	<b>2,525</b>
Consisting of:	
General Fund in 2020/21	263
Potential Losses Charged to Revenue in Future Years	2,262

\*Funding can be utilised in 2020/21 and 2021/22

4.3.2 Assuming any additional funding is fully committed by the equivalent amount to fund additional Covid related costs, the Council faces a net cost, after Government funding of £2.5m of which £0.3m would need to be reflected in the current year and a cost of £2.2m within the Council's collection fund which results in a revenue impact over the next three years (2021/22 to 2023/24).

4.3.3 In addition to the funding identified above the Council has received funding for the following which are ring fenced and effectively are 'transfer payments' as follows:

<b>Grant Description</b>	<b>£'000</b>
Funding identified in table above	59,351
Grant funding not included in table above	
Business Support Grants (various)	101,361
Test and Trace Payments	312
Business Rate Relief	55,030
	216,054

\* Funding can be utilised in 2020/21 and 2021/22

4.3.4 The table in 4.3.1 highlights that since the last budget monitoring to Executive there has been a further increase in Covid funding from Government which has reduced the negative financial impact to the Council of the Covid pandemic. There is also a greater certainty of costs as we move closer to the end of the current financial year. This table reflects latest estimates and includes a contingency for unforeseen costs. The projections assume full utilisation of unringfenced grants, to reflect remaining uncertainty of the impact of the pandemic in the current. However, if these monies are not fully utilised it is proposed that any monies remaining are set aside as an earmarked reserve to provide a Covid recovery fund. It is clear that there will be an ongoing impact of the pandemic in 2021/22 and potential costs arising from the impact of the 'new normal'. The Covid recovery fund will help support future arrangements to aid any such recovery. Details will be reported as part of the 2020/21 Provisional Financial Accounts to a future meeting of Executive.

4.3.5 The table in 4.3.3 highlights total potential funding provided of £216m of which £101m relates to business support grants, £55m for business rate relief. £23m unringfenced funding, £7m for council tax/business rate losses (payable over three years), £5m for income compensation and the balance of £25m relating to ring fenced grants for support to services. It is currently anticipated that all ring fenced funding will be fully utilised in 2020/21 except for the following:

<b>Grant Description</b>	<b>Proposed Treatment of monies not yet utilised</b>
Additional Restrictions Grant (£6,785k)	Any unspent monies to be utilised in 2021/22 - effectively a receipt in advance
Contain Outbreak Management Fund (£7,600k)	Any unspent monies to be utilised in 2021/22 – effectively a receipt in advance
Holiday Activities and Food Programme (£809k)	Any unspent monies to be utilised in 2021/22 – effectively a receipt in advance
Unringfenced Grant – General Grant	Although the above table assumes that it will be fully utilised in the current year, at this stage, it is proposed that any unspent monies in 2020/21 are set aside as a Covid Recovery earmarked reserve to be utilised in future years. Proposals to be reported to a future meeting of the Executive.

- 4.3.6 Members are requested to note that any unspent monies within Additional Restrictions Grant, Contain Outbreak Management Fund and Holiday Activities and Food Programme are carried forward into 2021/22 which complies with the grant conditions.

#### **4.4 Impact of Covid-19 on capital programme and capital receipts**

- 4.4.1 The current situation may have a negative impact on the capital receipts and may result in a deferral of disposals which impacts on funding for capital schemes. The capital programme, reported to the February meeting of the Executive, identified that the capital programme will need to be funded from revenue or borrowing from 2023/24 if there are further new schemes and alternative capital receipts are not identified. This situation will continue to be closely monitored and it remains unclear, at this stage, on whether the Covid-19 situation will increase the costs of capital schemes as the social distancing etc. continues. The Covid related costs identified in 4.3.1 assumes that the capital programme costs will increase by £1m to reflect the Covid impact and assumes a contribution will be made from revenue to meet such costs, using the Government's Covid funding.

#### **4.5 2021/22 Budget and Mitigation/Transformation Savings**

- 4.5.1 There is one off funding of £7.795m that has been set aside to meet any further service cost pressures in the 2021/22 Budget (matching un ringfenced government grant) and a further sum of £2.3m (funded by Government Grant) to meet the cost of the increasing council tax support caseload. This report requests setting aside a further one off provision of £3.767m (see 3.2.10).
- 4.5.2 The 2021/22 Budget and 2022/23 to 2024/25 forecast assumes net growth pressures of £51.7m offset by mitigation of £33.9m (net increase of £17.8m). In addition transformation savings of £6.4m per annum have been assumed by 2024/25. Without delivery of the combined mitigation and transformation savings of £40.3m per annum by 2024/25, the budget gap would widen in future years. Directors will monitor progress on a monthly basis covering the delivery of the mitigation and transformation savings as well as seeking to contain any further growth pressures.

### **5. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 5.1 The 2020/21 budget reflects the financial impact of the Council's strategies and service plans which impact on all of the Council's customers and users of our services.

## 6. POLICY IMPLICATIONS

- 6.1 The "Building a Better Bromley" objective of being an Excellent Council refers to the Council's intention to ensure good strategic financial management and robust discipline to deliver within our budgets.
- 6.2 The "2020/21 Council Tax" report highlighted 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.

## 7. FINANCIAL IMPLICATIONS

- 7.1 These are contained within the body of the report with additional information provided in the appendices.

Non-Applicable Sections:	Personnel, Legal, Procurement
Background Documents: (Access via Contact Officer)	Provisional Final Accounts 2019/20 – Leader May 2020; 2020/21 Council Tax – Executive 12th February 2020; Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24 – Executive 15 <sup>th</sup> January 2020; Capital Programme Monitoring Report – elsewhere on agenda; Treasury Management Annual Investment Strategy 2020/21 and Quarter 3 performance– Council 24 <sup>th</sup> February 2020; First Budget Monitoring – Leader July 2020 Second Budget Monitoring – Leader November 2020 Financial Management Budget Monitoring files across all portfolios.