

**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:** **8<sup>th</sup> September 2021**

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

**Title:** **FINAL OUTTURN REPORT 2020/21**

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**Chief Officer:** Director of Housing, Planning and Regeneration

**Ward:** All Wards

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1. Reason for report

- 1.1 This report provides details of the final outturn position for 2020/21 for the Renewal, Recreation and Housing Portfolio.
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2. **RECOMMENDATION(S)**

2.1 **The Renewal, Recreation and Housing PDS Committee is invited to:**

- i) **Note the net underspend of £278k on controllable expenditure at the end of 2020/21 and consider any issues arising from it.**

2.2 **The Renewal, Recreation and Housing Portfolio Holder is requested to:**

- i) **Endorse the 2020/21 final outturn position for the Renewal, Recreation and 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: £21.9m
  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 provides the final outturn position for the Renewal, Recreation and Housing Portfolio for 2020/21, which is broken down in detail in Appendix 1, along with explanatory notes.
- 3.2 The final outturn for the “controllable” element of the Renewal, Recreation and Housing budget in 2020/21 is a net underspend of £278k compared to the last reported figure of a net underspend of £349k which was based on activity at the end of December 2020.

#### Summary of Major Variations

The following table summarises the variations over the key areas:

	<b>£'000</b>
Building Control staffing	Cr 45
Planning staffing	Cr 127
Land Charges staffing	Cr 61
Libraries contract	38
Supporting People	Cr 335
Temporary Accommodation	314
Housing Needs staffing	Cr 242
Travellers Sites	95
Homeless Prevention Scheme	247
Furniture Storage	Cr 122
Other variations	Cr 40
	<b>Cr 278</b>

- 3.3 There were 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 overspent by £38k due to additional pension costs for the staff that transferred to GLL at the commencement of the contract.
- 3.5 Temporary accommodation budgets overspent by £314k, mainly as a result of delays in achieving savings linked to the development of housing sites, and an increase in the provision for non-recovery of rent arrears. In addition there was an overspend on homeless prevention schemes of £247k, which was partly offset by an underspend on furniture storage of £122k.
- 3.6 Housing Needs salary costs underspent by £242k mainly due to staffing vacancies.
- 3.7 The Travellers Site service overspent by £95k mainly due to a shortfall of site fees income of due to voids and one-off spend on fencing works.

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

	<b>Budget £'000</b>	<b>Outturn £'000</b>	<b>Variation £'000</b>	<b>%</b>
Staffing	9,187	8,566	Cr 621	-6.8
Running expenses	3,078	3,453	375	12.2
Contracts	20,093	19,932	Cr 161	-0.8
Temporary accommodation - costs	17,634	19,233	1,599	9.1
Housing Benefits - payments	90,373	89,581	Cr 792	-0.9
Temporary accommodation - income	Cr 11,254	Cr 11,493	Cr 239	2.1
Housing Benefits - subsidy	Cr 91,993	Cr 91,123	870	-0.9
Other income	Cr 22,475	Cr 23,766	Cr 1,291	5.7
Consultants	148	130	Cr 18	-12.2
	<b>14,791</b>	<b>14,513</b>	<b>Cr 278</b>	<b>-1.9</b>

### Full Year Effect

3.9 The cost pressures identified above are projected to impact in 2021/22 by £1,124k. Further growth of £1,403k for Housing has been included in the budget for 2021/22; however, there is a total of £1,088k savings assumed from the mitigation and transformation work streams, mainly through the provision of new affordable housing.

### Carry Forward Requests

3.10 On the 30<sup>th</sup> June the Executive approved a number of carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2021/22.

3.11 Appendix 2 provides a detailed breakdown of all of the carry forward requests for Renewal, Recreation and Housing Portfolio. The carry forwards included in section 1 will have repayment implications if not approved, and those in section 2 relate to grants which will not have to be repaid if not agreed but will impact on service delivery in 2021/22. Future reports to the Portfolio Holder will be required to approve their release from the 2021/22 Central Contingency.

## 4. POLICY IMPLICATIONS

4.1 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.

4.2 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 2021/22 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 final outturn position for 2020/21 is an underspend of £278k.

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.

6.2 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 results in a £314k overspend on temporary accommodation with a £186k 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.

6.3 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.

6.4 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.

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

- i) Increased homelessness and the associated costs particularly relating to the increased demand for placements across London
- ii) Increased rent arrears arising from roll out of Welfare reform and impact of COVID
- iii) Reduced vacant housing association properties coming forward for letting
- iv) Increased maintenance and repairs costs in relation to the travellers site required to maintain health and safety standards
- v) Increase in planning applications and need to ensure application processing is sufficiently resourced
- vi) Increases being seen in construction and maintenance costs

6.6 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.

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