

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

Date: Wednesday 26th January 2022

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

Title: RENEWAL, RECREATION AND HOUSING PORTFOLIO DRAFT
BUDGET 2022/23

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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 2022/23 Budget which incorporates future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 12th January 2022. 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 2022/23 Council Tax levels.
 - 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2022/23 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 2022/23 to 2025/26;**
- ii) **Consider the initial draft 2022/23 budget as a basis for setting the 2022/23 budget; and**
- iii) **Provide comments on the initial draft 2022/23 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. MBEB Priority: Managing our resources well, regeneration
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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: £19.1m (draft 2022/23 budget)
 5. Source of funding: Draft revenue budget for 2022/23
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2022/23 Financial Control Budget to be published in March 2022
 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 2022/23 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. The Draft 2022/23 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 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 2022/23. It is important to note that some caution is required in considering any projections for 2023/24 to 2025/26 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 future plans relating to arrangements for 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. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The impact of Covid situation has had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. At the time of writing this report, the Government's budget deficit in 2021/22 (year to October 2021) is £127bn, with overall debt representing 95% of GDP, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally and what will this mean for council's revenues. The Spending Review provided a one- year settlement which leaves considerable uncertainties over future years.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21. The 2021/22 and 2022/23 settlement 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. It is currently predicted that it could take 10 to 15 years to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario. Austerity measures remain a real possibility from say 2024/25 or 2025/26 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.
- 3.1.5. The financial forecast detailed in this report assumes that Government funding for local government will be broadly flat from 2023/24 and future years, despite local government cost pressures. Additional funding will be provided for Adult Social Reforms for 2023/24 to 2025/26 but such funding will be offset by additional costs relating to new burdens/cost pressures from these changes. The Provisional Local Government Finance Settlement 2022/23 provides

funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years.

- 3.1.6. 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.
- 3.1.7. Bromley has the second lowest settlement funding per head of population in 2022/23 for the whole of London, giving us £115 per head of population compared with the average in London of £303 – the highest is £522. 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). Further details are provided in Appendix 3. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £32.6m. 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 – the most recent response is included in Appendix 4. Despite being a low-cost authority, Bromley has achieved general savings of over £110m 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 2022/23 Budget and Update on the Council's Financial Strategy 2022/23 to 2025/26 report to the Executive on 12th January 2022.
- 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 £19.5m per annum by 2025/26. Without any action to address the budget gap in future years additional 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 2025/26 partly due to net service growth/cost pressures. 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 2021/22 BUDGET THAT IMPACT ON THE DRAFT 2022/23 BUDGET AND FINANCIAL FORECAST

- 3.3.1. The 2021/22 Council Tax report reported to Executive in February 2021 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2022/23 continues to provide a significant improvement in funding for local government and combined with 2021/22 represented the most positive funding proposal for local government since austerity began 11 years ago. The latest settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (1% increase) to support cost pressures in social care. It has also provided additional funding towards social care costs (£2.96m), inflation cover for the Council's business rate share (£1.18m) and a 'Services Grant' of £2.652m.

- 3.3.3. The additional funding is welcomed but this has to be considered against the highest inflation levels for 10 years, ongoing impact of the pandemic, increase in employer national insurance costs (1.25% to fund social care reforms) and ongoing cost/service pressures. Uncertainty remains on the level of funding for future years. Apart from the one-off services grant, the forecast assumes that the level of core grant funding will remain unchanged in future years.
- 3.3.4. Historically the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2022/23 Budget assumes contract price increases of 5.0%, in 2022/23 reducing to 2.5% in 2023/24 and 2% per annum from 2023/24, which compares with the existing CPI of 5.1% (7.2% for RPIX) - inflation is at its highest level for 10 years. The Bank of England have recently indicated that inflation is expected to increase to 6% by the summer and will revert back to target levels of 2% by mid-2024. Then financial forecast assumes inflation of 2.5% in 2023/24 reducing to 2% per annum from 2024/25. 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.
- 3.3.5. The Draft 2022/23 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.9m in 2022/23 rising to £27.3m per annum from 2025/26. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. 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 changes and the potential impact of other public agencies identifying savings or new cost burdens 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 ongoing uncertainty relating to the ongoing 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.
- 3.3.6. With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends' groups) and exploring opportunities around community-based place shaping led by the Council as a community leader. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of over £110m 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 continue to undertake the transformational review across all services, focusing 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.

- 3.3.7. The current Renewal, Recreation and Housing Portfolio budget includes Phase 1 and Phase 2 Transformation Savings, agreed as part of the 2020/21 and 2021/22 budgets, totalling £1.5m per annum.
- 3.3.8. 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.
- 3.3.9. There remain significant cost/growth pressures impacting on Renewal, Recreation & Housing budgets as well as opportunities for the mitigation of costs which have been reflected in the Draft 2022/23 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Growth/cost pressures	1,796	2,200	3,877	4,349
Mitigation	Cr 1,882	Cr 3,549	Cr 4,707	Cr 4,707
Net additional costs	Cr 86	Cr 1,349	Cr 830	Cr 358

- 3.3.10. 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. It is clear that there are potential additional cost pressures facing the Council due to the impact of the pandemic which includes for example:

- Ongoing impact of increase in referrals for children social care.
- ‘Long Covid’ effect on adult social care activity and costs.
- Potential increase in homelessness costs following end of furlough and national eviction ban.
- Reduced income remaining from car parking and other income sources.
- Ongoing challenges relating to debt recovery (partly due to required delay enforcement action for income recovery).

- 3.4.2. Some of these changes had been incorporated in the 2022/23 Budget but there remains uncertainty about the ongoing impact arising from the ‘new normal’. The Provisional Local Government Finance Settlement 2022/23 announced on 16th December provides no specific long COVID (or ‘new normal’) additional funding for local government in 2022/23.

3.4.3. DETAILED DRAFT 2022/23 BUDGET

- 3.4.4. Detailed Draft 2022/23 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.

- 3.4.5. Appendix 1 sets out:

- A summary of the Draft 2022/23 Revenue Budget for the Portfolio showing actual 2020/21 expenditure, 2021/22 budget, 2022/23 budget and overall variations in planned spending between 2021/22 and 2022/23;
- A summary of the main reasons for variations for the Portfolio in planned spending between 2021/22 and 2022/23 together with supporting notes;
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.5. HOUSING INVESTMENT

3.5.1. 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.

3.5.2. 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.

3.5.3. 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, five schemes have been approved, and funding allocated for the provision of around 109 modular housing units at the following sites:

	York Rise	Burnt Ash	Anerley	Bushell Way	West Wickham	Total
Number of units	35	25	10	25	14	109
	£'000	£'000	£'000	£'000	£'000	£'000
Estimated scheme cost (incl. land value)	6,000	5,162	2,548	5,199	3,343	22,252
Financed by:						
Earmarked reserves	6,000					6,000
GLA grant		2,500	1,000	2,500	840	6,840
Section 106 contributions		523	340	523	356	1,742
Internal borrowing		2,139	1,208	2,176	2,147	7,670
	6,000	5,162	2,548	5,199	3,343	22,252

3.5.4. To meet the Housing Transformation target for the provision of 250 units, a further 141 units will be required. Based on the average costs above, this is likely to require further funding of around £29m.

3.5.5. 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).

3.5.6. In addition to the housing development work referred to above, the Council has recently agreed two 'self-financing' acquisition schemes:

- 77 properties with Beehive have been purchased. 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.
- Around 250 properties are expected to be purchased through the Meadowship Homes joint venture with Orchard & Shipman (subject to acquisition prices), also for use as affordable housing. This scheme is funded through a £67m finance facility from Pensions Insurance Corporation (PIC) and £20m funding from the Council.

3.5.7. Officers are exploring the option to expand these schemes 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.

3.6. REGENERATION INVESTMENT

3.6.1. The pandemic continues to put pressure on the Culture & Regeneration Division, both in terms of the resources needed to support local businesses and distribute grants, in addition to the relatively new demands to deliver housing, but also in terms of unprecedented disruption to the construction industry, as well as the wider leisure and culture sectors and supply chains, as the impact of Covid continues to take effect.

3.6.2. The first Council adopted Regeneration strategy in 2020, continues to be a springboard for growth and rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. Building on this, the Council also adopted the first ever Economic Development strategy, setting out a proactive approach to taking advantage of the opportunities a changing landscape provides. A strong and stable economy benefits the Council financially; increased access to wealth for residents and businesses reduces reliance on additional public services and supports a sustainable base for future Council income. Historically Bromley has benefitted from a robust local economy, but in recent times we have seen changing work and travel patterns challenging Bromley's place as a leading local economy.

3.6.3. In terms of wider strategic regeneration, as set out in the Regeneration Strategy, there are Council owned buildings that will require significant capital investment over a number of years. There will be challenges over where capital investment is prioritised as the Council works through where demands on services are changing as well as the changes in residents' behaviours as we emerge from the pandemic, such as how town centres are used and in particularly the growing importance of leisure and culture provision (in its broadest sense) to support retail. There will be opportunities to use our assets for catalysing the market.

3.6.4. Additionally, the pandemic has seen an unprecedented rise in construction costs related to materials and labour shortages, presenting a new need to consider stimulating local labour. Whilst Bromley's prudent approach to capital programme management has enabled strong fiscal management of projects so far, there continue to be risks for 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 is also the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability, although a health check of the programmes to date has highlighted, that because of strong foundations Bromley is in a strong place to build on this work and weather these challenges.

3.6.5. Making use of Council owned assets and land has enabled strong development programmes. The Council has also secured significant sums of GLA grants towards building homes. Whilst in-house delivery is very strong, it is important that the Council secures investment from, and

partners with, developers to deliver strategic regeneration and economic development plans faster, whilst transferring risk from the Council. Working with development partners and leveraging in funding in town centres where there is likely to be the most needed change will be a key priority.

3.6.6. Investment in our infrastructure is essential for:

- A thriving local economy
- Local employment
- 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. HRA AND RESPECTIVE FUTURE BUDGET PLANNING

3.7.1. 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.

3.7.2. As three of the sites above (Burnt Ash Lane, Anerley Town Hall Car Park and Bushell Way) are due to be complete before the end of the 2021/22 financial year, an indicative budget will be prepared and reported to a future meeting. Work is currently ongoing to produce budgets for other costs such as communal area cleaning etc and related service charge income.

3.7.3. Officers are currently working to develop the initial 30-year business plan. Future reports will be presented for the consideration of business cases for individual sites and the adoption of the HRA business plan.

3.7.4. By appropriating the land from the General Fund 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.

3.8. REVIEW OF FEES AND CHARGES

3.8.1. 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 2022/23 to identify opportunities to reduce the future years 'budget gap'.

3.9. IDENTIFYING FURTHER SAVINGS/MITIGATION

3.9.1. 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 2022/23 Budget represents the third year of savings from the Transformation Programme (see section 6.7). 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.

3.10. POSITION BY DEPARTMENT – OTHER KEY ISSUES/RISKS

Planning Services

- 3.10.1. 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 by the impact of Covid-19 which saw reductions in income from planning fees, building control and land charges in 2020/21. Although this had largely recovered in the first half of 2021/22, Building Control income was still significantly reduced. The Portfolio's draft budget for 2022/23 assumes any 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 2022/23 and beyond.
- 3.10.2. 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 and is aligned with the requirements of the Community Infrastructure Levy Regulations 2010 to produce an annual Infrastructure Funding Statement.
- 3.10.3. Action is ongoing to reduce risk of Government Designation for Special Measures due to Planning performance.

Borough CIL

- 3.10.4. The Council introduced a local Community Infrastructure Levy (CIL) which came into effect in June 2021, with income raised from developers undertaking new building projects. Proceeds from CIL are allocated in accordance with the Council's Infrastructure Development Plan statement. As the liability to pay CIL is only triggered on granting of planning permission, income generated initially is projected to be modest but is expected to increase significantly in future years.
- 3.10.5. As the level and scope of future development is subject to local and regional economic and other factors, the actual level of future income each year will not necessarily be consistent with initial forecasts and inevitably will fluctuate from year to year.

COVID impacts

- 3.10.6. Leisure Services/MyTime: The financial impact upon the leisure industry in 2020/21 and early 2021/22 has been significant and it has taken time for the industry to fully recover and secure financial sustainability. During the current year, an interim rental waiver was agreed but this is not planned to continue into 2022/23. However, it remains to be determined if there will any impact of any further Covid restrictions that may be introduced in response to further increases in infection rates, and the adverse effect this could have on financial viability.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Draft 2022/23 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 2022/23 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' 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 2022/23 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 2022/23 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 2022/23 Budget and Update on the Council's Financial Strategy 2023/24 to 2025/26, Executive 12 th January 2022.