

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: 16th March 2022

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2021/22**

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Chief Officer: Director of Housing, Planning and Regeneration

Ward: (All Wards);

1. Reason for report

This report provides an update of the latest revenue budget monitoring position for 2021/22 for the Renewal, Recreation and Housing Portfolio based on expenditure and activity levels up to the end of December 2021.

2. **RECOMMENDATION(S)**

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

- 2.1 Endorse the 2021/22 revenue budget monitoring for the Renewal, Recreation and Housing Portfolio.

Impact on Vulnerable Adults and Children

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

1. Policy Status: Sound financial management
 2. BBB Priority: Excellent Council Quality Environment
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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: £20m
 5. Source of funding: Existing revenue budgets 2021/22
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Personnel

1. Number of staff (current and additional): 200.23 fte
 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 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: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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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 2021/22 financial year for the Renewal, Recreation and Housing Portfolio based on financial information available as at the end of December 2021. It should also be noted that monitoring this year now takes into account any ongoing impact of Covid-19 on the Portfolio's budgets, and anticipated application of available Covid-19 grant funding where relevant. To date, a sum of £945k has been provisionally allocated towards the additional costs of temporary accommodation (£800k) and loss of building control income (£145k).
- 3.2 The position for the third quarter is now a projected overall overspend of £102k on the Portfolio's controllable budgets on based on financial information available at that time. While this is an improvement on the overspend of £614k previously reported, this is largely attributable to an increase of £445k in the allocation of Covid-19 grants. There is also a further overspend of £11k on budgets controlled by other Portfolios.
- 3.3 The projected outturn is detailed in Appendix 1A, which shows the forecast spend for each division within the Portfolio compared to the latest approved budget. The main variations are summarised in the table below:

| | £'000 |
|---|--------------|
| Temporary accommodation costs | 1,098 |
| Supporting People | Cr 130 |
| Housing Needs running costs | 207 |
| Temporary accommodation income | Cr 348 |
| Building Control income | 285 |
| Other variations | Cr 65 |
| Sub total | 1,047 |
| Application of Covid-19 grant funding | Cr 945 |
| Total Variation – Controllable Budgets | 102 |

- 3.4 Appendix 1B provides further detail and commentary on each of the projected variations within each service.
- 3.5 The following table provides a summary of the variations across the Portfolio's controllable budgets by type of spend:

| | Budget | Projection | Variation | |
|----------------------------------|---------------|-------------------|------------------|-------------|
| | £'000 | £'000 | £'000 | % |
| Staffing | 9,388 | 9,315 | Cr 73 | -0.8% |
| Running expenses | 2,002 | 2,294 | 292 | 14.6% |
| Contracts | 6,815 | 6,718 | Cr 97 | -1.4% |
| Temporary accommodation - costs | 18,187 | 18,485 | 298 | 1.6% |
| Housing Benefits - payments | 81,576 | 81,576 | 0 | 0.0% |
| Temporary accommodation - income | Cr 11,367 | Cr 11,715 | Cr 348 | 3.1% |
| Housing Benefits - subsidy | Cr 82,121 | Cr 82,121 | 0 | 0.0% |
| Other income | Cr 9,329 | Cr 9,299 | 30 | -0.3% |
| Consultants | 151 | 151 | 0 | 0.0% |
| | 15,302 | 15,404 | 102 | 0.7% |

4. POLICY IMPLICATIONS

- 4.1 To meet the ambitions for residents, the Council must use available resources deploy its workforce wisely. This is reflected in the “Making Bromley Even Better” ambition of Service Efficiency - ‘To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents’.
- 4.2 The “2021/22 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 4.3 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, an overspending of £102k on the Portfolio’s controllable budgets is projected to the year-end based on the information available for the first quarter of the year. This is inclusive of Covid-19 grant funding of £945k towards the additional costs of temporary accommodation.

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

- 6.1 £1,403k of growth was included in the housing budget for 2021/22 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £886k savings have also been included to mitigate these pressures.
- 6.2 Whilst approaches remain high, the ongoing supply of acquired properties and prevention work has continued to slow the rate of growth in nightly paid accommodation placements. However there is likely to be increased pressures now that the moratorium on evictions during the pandemic has been lifted as these cases make their way through the courts and the model above has been adjusted to reflect the increasing placements averaging 15 per month. This position does rely on the supply of acquired properties continuing to come through. This results in a projected £1,000k overspend on temporary accommodation (net of projected savings), with a £45k overspend on housing overall. As has been reported work is ongoing to increase the supply of affordable housing to continue to mitigate and reduce the current pressures relating to temporary accommodation particularly in relation to the increased ability to secure leased accommodation within temporary accommodation subsidy rates.
- 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 2021/22 and future years remains difficult to assess and will be largely dependent on the easing of restrictions and recovery of the wider economy.

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| Non-Applicable Sections: | Legal, Personnel & Procurement Implications |
| Background Documents: (Access via Contact Officer) | 2021/22 budget monitoring files within the Finance Department |