

Decision Maker: PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING

Date: For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on 16 November 2022

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2022/23

Contact Officers: James Mullender, Head of Finance (Adults, Health & Housing)
Tel: 020 8313 4196 E-mail: James.Mullender@bromley.gov.uk
Murad Khan, Head of Finance (Environment & Corporate Services)
Tel: 020 8313 4015 E-mail: Murad.Khan@bromley.gov.uk

Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

1.1 This report provides the second revenue budget monitoring position for 2022/23 for the Renewal, Recreation and Housing Portfolio based on expenditure and activity levels for the second quarter of the financial year.

2. **RECOMMENDATION(S)**

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

i) **Note the projected net overspend of £762k on controllable expenditure based on information as at September 2022.**

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

i) **Note the projected net overspend of £762k on controllable expenditure based on information as at September 2022.**

Impact on Vulnerable Adults and Children

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

Corporate Policy

1. Policy Status: Sound financial management
 2. MBEB Priority: To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents
-

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: £15.6m
 5. Source of funding: Existing revenue budget 2022/23
-

Personnel

1. Number of staff (current and additional): 190 Full time equivalent
 2. If from existing staff resources, number of staff hours: Not applicable
-

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
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

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.
-

Ward Councillor Views

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

3. COMMENTARY

3.1 The 2022/23 projected outturn for Renewal, Recreation and Housing Portfolio is detailed in Appendix 1A, broken down over each division within the service. Appendix 1B gives explanatory notes on the movements in each service. The current position is a projected overspend of £762k on the controllable budget, and some of the main variances are highlighted below.

3.2 The main variations are summarised in the table below:

| | £'000 |
|-----------------------------|--------------|
| Building Control income | 244 |
| Culture | 25 |
| Supporting People contracts | Cr 118 |
| Temporary Accommodation | 639 |
| Staffing | Cr 28 |
| | <u>762</u> |

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

4.1 £1,116k of growth was included in the housing budget for 2022/23 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £1,785k savings was also included to mitigate these pressures.

4.2 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 the number of approaches are starting to rise alongside increased pressure on nightly paid accommodation rates across London and the South East. This results in a £639k overspend on temporary accommodation, with a £493k 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.

4.3 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.

4.4 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.

4.5 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 inflation and increased costs of utilities and so forth
- 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

4.6 Finally, the ongoing impacts of the Covid-19 pandemic on budgets are 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.

5. POLICY IMPLICATIONS

5.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents and to meet this we will need to maintain a relentless focus on efficiency, outcomes of services and prudent management of our finances.

5.2 The “2022/23 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.

5.3 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.

6. FINANCIAL IMPLICATIONS

6.1 Overall the current projected overspend position stands at £762k. A detailed breakdown of the projected outturn by service area is shown in appendix 1A with explanatory notes in appendix 1B. Other financial implications are contained in the body of this report and Appendix 1B provides more detailed notes on the major services.

6.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. 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.

6.3 “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. 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.

6.4 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.

| | |
|---|--|
| Non-Applicable Sections: | Legal, Personnel and Procurement Implications |
| Background Documents: (Access via Contact Officer) | 2022/23 Budget Monitoring files in ECS and ECHS Finance Section |