

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

Date: Monday 23rd January 2023

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

Title: RENEWAL, RECREATION AND HOUSING PORTFOLIO DRAFT BUDGET 2023/24

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Chief Officer: Director of Finance

Ward: All Wards

1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2023/24 Budget which incorporates future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 18th January 2023. 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 2023/24 Council Tax levels.
- 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2023/24 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 2023/24 to 2026/27;**
- ii) **Consider the initial draft 2023/24 budget as a basis for setting the 2023/24 budget; and**
- iii) **Provide comments on the initial draft 2023/24 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: £20.5m (draft 2023/24 budget)
 5. Source of funding: Draft revenue budget for 2023/24
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2023/24 Financial Control Budget to be published in March 2023
 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 2023/24 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 2023/24 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 four years and includes the outcome of the Provisional Local Government Finance Settlement 2023/24. It is important to note that some caution is required in considering any projections for 2024/25 to 2026/27 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27).
- 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 Covid situation 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. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt is projected to represent 89.9% of Gross Domestic Product (GDP). This is expected to continue to increase and peak at 97.6% in 2026/27, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally, given that GDP is expected to fall in 2023/24 but deliver an overall increase of 2.6% per annum by 2026/27. These economic factors could impact on the funding available for local government. The Spending Review provided a one-year settlement which leaves considerable uncertainties over future years, with some limited assurances for 2024/25. However local government funding is currently expected to fall from 2025/26.
- 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, 2021/22 and 2022/23. For 2023/24 the Council has received a more generous settlement which includes additional funding for social care, including the repurpose of Adult Social Care Reform monies and a new Adult Social Care Grant. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. Austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. It is currently predicted that it could take more than a decade to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. Although, the Government did give positive recognition of the need for funding for local government, as part of the 2023/24 Provisional Local Government Finance Settlement, funding may remain '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 Provisional Local Government Finance Settlement 2023/24 mainly 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 2023/24 for the whole of London, giving us £118 per head of population compared with the average in London of £314 – the highest is £533. 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). If the council tax was the average of the four other low grant funded boroughs, our income would increase by £30.2m. 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. Despite being a low-cost authority, Bromley has achieved general savings of over £120m 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 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27 report to the Executive on 18th January 2023.
- 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 £29.6m per annum by 2026/27. 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 2026/27 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 2022/23 BUDGET THAT IMPACT ON THE DRAFT 2023/24 BUDGET AND FINANCIAL FORECAST

- 3.3.1. The 2022/23 Council Tax report reported to Executive in February 2022 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 2023/24, which covers 2023/24 continues to provide a significant improvement in funding for local government and combined with 2021/22 and 2022/23 represented the most positive funding proposal for local government since austerity began 12 years ago. The latest 2023/24 settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (2% increase) to support cost pressures in social care. It has also provided retention of One-Off Services Grant (reduced from £2.652m in 2022/23 to £1.494m in 2023/24, repurposed Adult Social Care Reforms funding (£5.9m (net) in 2023/24 rising to £8.4m (net) per annum from

2024/25), additional funding towards social care costs (£3.9m in 2023/24 rising to £6.6m in 2024/25) and inflation cover for the Council's business rate share (£4.1m).

- 3.3.3. The additional funding is welcomed but this has to be considered against the highest inflation levels for 41 years and ongoing cost/service pressures. Uncertainty remains on the level of funding beyond 2024/25. The forecast assumes that the level of core grant funding **will** not reduce from 2025/26.
- 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 at least 1% above the Consumer Price Index (CPI) level. The Draft 2023/24 Budget assumes contract price increases of 8.0%, in 2023/24 reducing to 4.0% in 2024/25 and 2% per annum from 2025/26, which compares with the existing CPI of 10.7% (13.9% for RPIX) - inflation is at its highest level for 41 years. The Bank of England reported that CPI inflation remains elevated at over 10% in the near term'. They also state that 'CPI inflation is expected to remain close to 11% through the remainder of Q4. It then eases towards 10% in 2023 Q1, before falling further in subsequent quarters'. However the Monetary Policy Committee (MPC) views 'that the risks to the inflation projection are skewed to the upside'.
- 3.3.5. The Draft 2023/24 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.1m in 2023/24 rising to £26.8m per annum from 2026/27. 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 it is essential to retain an adequate sum to partly mitigate such cost risks. The uncertainty of future arrangements for Adult Social Care reforms adds to that risk. 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 £120m 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 the full year effect of Phase 2 Transformation Savings combined with new changes, totalling £419k 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 2023/24 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Growth/cost pressures	1,589	3,101	4,613	6,125
Mitigation	Cr 1,745	Cr 3,041	Cr 3,897	Cr 3,897
Net additional costs	Cr 156	60	716	2,228

- 3.3.10. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2024/25 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

3.3.11. **DETAILED DRAFT 2023/24 BUDGET**

- 3.3.12. Detailed Draft 2023/24 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budget 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.

- 3.3.13. Appendix 1 sets out:

- A summary of the Draft 2023/24 Revenue Budget for the Portfolio showing actual 2021/22 expenditure, 2022/23 budget, 2023/24 budget and overall variations in planned spending between 2022/23 and 2023/24;
- A summary of the main reasons for variations for the Portfolio in planned spending between 2022/23 and 2023/24 together with supporting notes;
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.4. **HOUSING INVESTMENT**

- 3.4.1. 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 due to current market conditions and housing pressures across the Capital and South East. Demand is also forecast to increase following financial pressures on households.

- 3.4.2. 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.
- 3.4.3. 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)	11,636	5,162	2,548	5,649	3,343	28,338
Financed by:						
GLA grant	4,500	2,500	1,000	2,500	840	11,340
Section 106 contributions	1,072	523	340	523	356	2,814
Internal borrowing	6,064	2,139	1,208	2,626	2,147	14,184
	11,636	5,162	2,548	5,649	3,343	28,338

- 3.4.4. 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 £36m.
- 3.4.5. 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).
- 3.4.6. In addition to the housing development work referred to above, the Council has recently agreed two 'self-financing' acquisition schemes:
- The Beehive scheme resulted in the acquisition of the properties (77 properties to date), 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. At the end of November 2022, sales have been agreed for the total portfolio, with 192 properties having exchanged or completed.
 - A further 200 properties are expected to be purchased through Meadowship Homes 2 which was agreed by Executive in July 2022, with final documents being agreed in November 2022. This scheme is funded through a £58m finance facility from Phoenix Life Limited and £15m funding from the Council.
- 3.4.7. 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.

3.5. HOUSING RENT SETTING

- 3.5.1. As set out above, the Council is now a Social Landlord in respect of the homes that have been built on Council owned sites and must set the rent levels each year.
- 3.5.2. The rents for these properties are set at London Affordable Rents (LAR) which were introduced by the Greater London Authority (GLA) for the 2016-21 funding period. This is a benchmark rent, set by the GLA and based on the 2015/16 formula rent caps inflated by CPI +1%. There is a different LAR set for each bedroom size. The GLA publish a LAR each April.
- 3.5.3. In addition, the Council owns own a small number of properties which were previously used as tied accommodation for caretakers. As these units become vacant or the employment ceases, the rents are set as social rents (formula rents) with 1999 valuations.
- 3.5.4. In line with the Rent Standard (2020), social housing rents can be increased by CPI +1.0% until this cap is reviewed by central government in 2025, using the preceding September CPI level, which would mean an increase of up to 11.1% from April 2023.
- 3.5.5. However, in November 2022 the Government announced a rent ceiling of a 7% increase for 2023/24. It is proposed that all rents are increased by this amount, which will set weekly London Affordable Rents in line with the table below:

	2022/23	2023/24
	£	£
1 bed	168.34	180.12
2 bed	178.23	190.71
3 bed	188.13	201.30

- 3.5.6. Temporary Accommodation rent levels will remain the same at 90% of the relevant 2011 London Housing Allowance levels.

3.6. HRA AND RESPECTIVE FUTURE BUDGET PLANNING

- 3.6.1. 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 a 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.
- 3.6.2. The Council currently has an exemption from the Secretary of State to hold up to 199 properties in the General Fund rather than in the HRA. As the five sites detailed above will provide 109 properties, it is not intended at this time that they will be transferred to the HRA due to the additional administrative burden. However, officers have started work on a draft 30-year HRA business plan in readiness. Future reports will be presented for the consideration of business cases for individual sites and the adoption of the HRA business plan.
- 3.6.3. 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.

3.7. REVIEW OF FEES AND CHARGES

- 3.7.1. There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. The 2023/24 Budget includes significant additional income from the review of fees and charges and Chief Officers will continue to review fees and charges for 2024/25 and beyond to identify opportunities to reduce the future years 'budget gap'.

3.8. IDENTIFYING FURTHER SAVINGS/MITIGATION

- 3.8.1. 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 2023/24 Budget represents the fourth year of savings from the Transformation Programme. 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.

3.9. POSITION BY DEPARTMENT – OTHER KEY ISSUES/RISKS

Regeneration

- 3.9.1. Regeneration can be a key component in rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. A Regeneration Strategy has been developed to ensure that moving forward the Council's Growth Fund is utilised for maximum positive impact for the benefit of residents and local businesses across the borough. This includes maximising funding opportunities through securing S106 and CIL monies, creating opportunities for income generation, and leverage in of grant funding whilst aligning the existing Growth Fund with the Regeneration Strategy's Action Plan which sets out the Council's regeneration priorities over the next ten years.
- 3.9.2. As a long-term ambition, the Strategy will inevitably involve significant capital investment over a number of years, and therefore there will be the risks to 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 would also be the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability. A key component of progressing regeneration as well as mitigating risk to the Council, will be to support inwards investment from developers, which will enhance opportunities, particularly in town centres as we support them to change and adapt over the next few years. Building new homes for Bromley residents, is a key focus for regeneration, and identifying opportunities to do this, jointly with developers is likely to advance schemes.

Borough CIL

- 3.9.3. 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.

- 3.9.4. 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.

Transformation (also relates to RCCM Portfolio)

- 3.9.5. The primary objective of the transformation work is to deliver and fully integrate a corporate landlord model for the strategic, effective and efficient management of the Council's estate and assets. The corporate landlord model of management will enable the Council to use its estate to deliver corporate objectives and strategic priorities, including those identified in the following:

- Housing Strategy
- Regeneration Strategy
- Local Plan
- Transforming Bromley Programme
- Corporate Plan
- Revenue budget and capital investment strategies

- 3.9.6. In order to make the most of the corporate landlord model, the Council will identify and deliver its optimal operational estate in order to:

- Bring services to customers through the channels and in the places that they want.
- Facilitate improved service delivery and unlock service transformation potential through fit for purpose buildings.
- Modernise the working environment for the benefit of customers, staff, elected members and our partners.
- Implement a long-term commitment to agile working practices, reflecting the lessons learned from the response to the impact of coronavirus.
- Consolidate and optimise the council's operational estate to reduce revenue costs and release surplus land for disposal, generating capital receipts.
- Use the process of identifying the optimal operational estate to support the recovery of the local economy and meeting the council's housing targets.

- 3.9.7. The implementation of the corporate landlord model will also enable a strategic review of the non-operational estate which will identify and deliver a minimum of £30m of capital receipts through disposals, and a review our management of the council's investment property portfolio to identify opportunities to maximise income. The disposals programme must be specifically focussed on generating capital receipts to enable ongoing investment in services and public assets and on identifying sites that can deliver housing for the council's new Housing Revenue Account.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Draft 2023/24 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 2023/24 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 2023/24 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. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

8.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 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. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. The Council has a number of statutory duties which it must fulfill 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, however, 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 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.

- 8.5 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.
- 8.6 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 2023/24 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 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27, Executive 18 th January 2023.