

Agenda Item

Report
No.
FSD23003

London Borough of
Bromley

PART 1 - PUBLIC

Decision Maker: **Executive**

Date: **18th January 2023**

Decision Type: Non-Urgent Executive Non-Key

TITLE: DRAFT 2023/24 BUDGET AND UPDATE ON COUNCIL'S FINANCIAL STRATEGY 2024/25 to 2026/27

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Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 This report seeks approval of the initial draft 2023/24 Budget including the full year effect of changes agreed as part of the 2022/23 Council Tax report and savings approved during the year with the resultant impact on the Council's medium term "budget gap".
- 1.2 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. Details of the capital programme and the impact on the revenue budget is reported elsewhere on this agenda.
- 1.3 PDS Committees views will also be sought and reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on the 2023/24 Council Tax and Adult Social Care precept levels.
- 1.4 The report provides details of the Provisional Local Government Finance Settlement 2023/24 which was published on 19th December 2022 and represents a one-year settlement only, with limited indication of funding for 2024/25. The awaited Fair Funding Review and changes relating to the devolution of business rates, which could have a significant impact on future funding, have been delayed until at least 2025/26 – more realistically unlikely to be implemented until 2026/27.

- 1.5** There are still outstanding issues and areas of uncertainty remaining, including, for example grant conditions, which could impact on the final revenue budget. Any significant changes will be reported at the meeting and 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 Executive is requested to:

- 2.1.1 Agree the initial draft 2023/24 Budget detailed in Appendix 7.**
- 2.1.2 Refer the initial draft 2023/24 Budget for each portfolio to the relevant PDS Committees for consideration.**
- 2.1.3 Note the financial projections for 2024/25 to 2026/27.**
- 2.1.4 Note that there are still areas of financial uncertainty which will impact on the final 2023/24 Budget.**
- 2.1.5 Agree to increase rent levels for London Affordable Rents and Social (Formula) Rents by 7% from April 2023 as set out in Section 12.2.**
- 2.1.6 Agree the proposed contribution of £246,470 in 2023/24 to the London Boroughs Grant Committee (see section 22).**
- 2.1.7 Delegate the setting of the schools' budget, mainly met through Dedicated Schools Grant, to the Education, Children and Families Portfolio Holder, allowing for consultation with the Schools Forum (see section 23).**
- 2.1.8 Note that the outcome of consultation with PDS Committees will be reported to the next meeting of the Executive.**
- 2.1.9 Note the outcome of the Provisional Local Government Financial Settlement 2023/24 as detailed in the report.**
- 2.1.10 Note the budget gap remaining of an estimated £29.6m per annum by 2026/27 and that any decisions made for the 2023/24 Budget will have an impact on the future year projections.**
- 2.1.11 Note that any final decision by Executive on recommended Council Tax and Adult Social Care Precept levels to Council will normally be undertaken at the next meeting of Executive.**

Impact on Vulnerable Adults and Children

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

Corporate

Policy Status: Existing Policy

Making Bromley Even Better: Delivers on all of the key priorities

Financial

1. Cost of proposal: N/A
2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 4
3. Budget head/performance Centre: Council wide
4. Total budget for this head £189m Draft 2023/24 Budget (excluding GLA precept)
5. Source of funding: See App 7 for overall funding

Personnel

1. Number of staff (current and additional): total employees – 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 – N/A

Legal

1. 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 is applicable.

Procurement

1. Summary of Procurement Implications: None arising directly from this report

Customer Impact

1. Estimated number of users/beneficiaries (current and projected) - the Draft 2023/24 Budget includes the financial impact of the Council's strategies, service plans etc. which impact on all the Council's customers (including council taxpayers) and users of the services.

Ward Councilors Views

1. Have ward councilors been asked for comments? N/A
2. Summary of Ward Councillor comments: Council wide

3. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1 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.
- 3.2 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).
- 3.3 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.
- 3.4 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.

- 3.5 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.
- 3.6 An update on the economic situation which can impact on public finances is provided in Appendix 1. Further details of the outcome of the Autumn Statement and Provisional Local Government Finance Settlement 2023/24 are provided in Appendix 2.
- 3.7 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.
- 3.8 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). 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 £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.
- 3.9 Background information of the future local authority landscape is provided in Appendix 4. It is important to acknowledge that the Council has received a good settlement, compared with previous years, and if it was not for the significant cost increases arising impact from inflation it would be an even better settlement. It is clear that the Government have recognised the importance of local government in delivering key services but there remains uncertainty on whether the level of funding increases would continue in the future.

4. SUMMARY OF FINANCIAL FORECAST

- 4.1 Two of the Council's main activities which are grant funded are schools and housing benefits. Both areas of spend continue to be ring-fenced.

- 4.2 A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures (e.g., the impact of the National Living Wage).
- 4.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.
- 4.4 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.
- 4.5 The reasons for the budget gap by 2026/27 include, for example:
- (a) Inflation pressures partly offset by assumed council tax increase/adult social care precept of 4.99% (2.99% per annum from 2025/26) leaving a balance required of £18.3m.
 - (b) Growth/cost pressures of £81.8m, partly offset by mitigation of £55.0m resulting in a net additional cost of £26.8m
 - (c) Repurposed Adult Social Care reform monies (Cr £8.9m)
 - (d) Revenue impact of funding the capital programme (£6.6m)
 - (e) Impact of post Covid usage – freedom passes (£6.2m)
 - (f) Interest on balances (Cr £4m)
 - (g) Full year effect of Transformation Savings (Cr £2.7m in 2023/24 increasing to Cr £4.6m per annum in 2026/27)
 - (h) Savings from reduction in the Council's provision for risk/uncertainty held within the Central Contingency Sum (Cr £7.8m)
 - (i) Increase in Council Tax Base (Cr 1.5m)
 - (j) Fall out of building infrastructure fund (Cr £2m)
 - (k) Other variations of £0.5m
- 4.6 The above variations assume that there will not be Government funding reductions over the next four years and that the planned mitigation of growth pressures (see (b)) above is realised.
- 4.7 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.

5. DRAFT 2023/24 BUDGET AND FINANCIAL FORECAST

5.1 Details of the latest financial forecast, including the Draft 2023/24 Budget, are shown in Appendix 5 and summarised in the table below:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Variations Compared with 2022/23 Budget				
Net changes in Government core funding (mainly inflation)	-2.7	-3.7	-4.6	-5.6
Cost Pressures				
Increased costs (8% in 2023/24, £4% in 2024/25 and 2% per annum thereafter)	25.0	37.4	43.2	49.0
Total Additional Costs	25.0	37.4	43.2	49.0
Revenue impact of funding the Capital Programme and reduction in investment income (see Capital Review report elsewhere on this agenda)	6.6	6.6	6.6	6.6
Income / Savings				
Interest on balances	-7.0	-7.0	-4.0	-4.0
Net impact of repurposed ASC Reform Monies (2023/24 and 2024/25)	-5.9	-8.9	-8.9	-8.9
Release general provision in contingency for significant uncertainty/variables	-5.8	-6.8	-7.8	-7.8
Release of hospital discharge monies to support revenue budget	-1.7	-1.7	-1.7	-1.7
Adult Social Care Market Sustainability and Improvement Fund - grant related income	-2.8	-4.9	-4.9	-4.9
Adult Social Care Market Sustainability and Improvement Fund - grant related expenditure	2.8	4.9	4.9	4.9
Adult Social Care Discharge Fund (through BCF)	-1.1	-1.7	-1.7	-1.7
Transformation Savings (net)	-2.9	-4.1	-4.4	-4.5
CIL Funding Opportunities	-0.7	-1.7	-2.1	-2.1
Total Income / Savings	-25.1	-31.9	-30.6	-30.7
Other Changes (includes use of non-recurring funds)				
Real Changes and other Variations	-0.2	0.0	-0.5	0.5
Total Other Changes	-0.2	0.0	-0.5	0.5
Council Tax				
Fall out of Collection Fund Surplus 2020/21 used to support 2022/23 Budget	2.4	2.4	2.4	2.4
Use of Collection Fund Surplus 2021/22 to support 2023/24 Budget	-5.4	0.0	0.0	0.0
Collection Fund Surplus 2022/23 (estimated) to support 2024/25 Budget	0.0	-5.0	0.0	0.0
Future years collection fund surplus (estimated)	0.0	0.0	-4.0	-2.0
Estimated increase in council tax base	-1.0	-1.5	-1.5	-1.5
Total Council Tax	-4.0	-4.1	-3.1	-1.1
Growth/Cost Pressures including mitigation (see Appendix 6)				
- Education	1.0	1.3	1.6	2.2
- Children's Social Care	6.5	6.4	6.3	6.2
- Adults Social Care	3.9	6.7	8.7	14.5
- Housing	-0.2	0.1	0.7	2.2
Variation in car park income	0.5	0.0	0.0	0.0
Reduction in investment property income	1.6	1.3	1.3	1.3
Other growth/cost pressures - Resources	1.5	1.0	1.0	1.0
Fall out of two-year add provision for building maintenance	-1.0	-1.0	-1.0	-1.0
Parks Infrastructure Fund	0.4	0.4	0.4	0.4
Building Infrastructure Fund (2 year funding falling out in 2024/25)	0.0	-2.0	-2.0	-2.0
Variation in freedom pass costs to reflect impact of post Covid usage	1.0	3.9	6.2	6.2
Total growth/cost pressures	15.2	18.1	23.2	31.0
Sub-total	14.8	22.4	34.2	49.7
Increase in ASC precept and Council Tax (assume 4.99% in 2023/24 and 2024/25 with 2.99% per annum thereafter)	-9.0	-18.4	-24.3	-30.3
Use of Covid earmarked reserves	1.2	3.3	5.8	5.8
Use of previous Collection Fund Surplus to meet budget gap (earmarked reserve)	-7.0	-5.6	-5.6	4.4
Remaining "Budget Gap"	0.0	1.7	10.1	29.6

- 5.2 Appendix 5 highlights that the Council, in the medium term will have an underlying budget gap and will need to take action to ensure a statutory balanced budget is realised in future years.
- 5.3 The above table highlights that it has been possible to achieve a potential balanced budget for next year through increasing council tax/ adult social care precept by an illustrative 4.99%, utilising the Covid and collection fund reserves, the impact of transformation savings and other changes. This has been delivered despite the significant cost/growth pressures and high inflation. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections from 2024/25 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review (expected to be from 2026/27 at the earliest) and any future Government plans relating to arrangements for business rates – these changes combined could have a significant impact on the Council's finances.
- 5.4 In considering action required to address the medium term 'budget gap', the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings of over £120m were realised since 2009/10. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

6. CHANGES SINCE THE 2022/23 BUDGET THAT IMPACT ON THE DRAFT 2023/24 BUDGET AND FINANCIAL FORECAST

- 6.1 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.

6.2 Provisional Local Government Finance Settlement 2023/24 – Core Funding

- 6.2.1 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). The social care grant reflects the impact of the Council's ability to raise funding through the Adult Social Care precept – the more that can be raised the lower level of funding provided. 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.

6.3 Inflation

- 6.3.1 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'.

6.4 Interest on Balances

- 6.4.1 The budget for 2023/24 has been set at £9,841k (2022/23: £2,841k). Owing to succession of increases in the Bank of England base rate, counterparty rates have improved considerably and are currently in excess of 4%. Although income from interest is expected to rise significantly compared to the prior year, the budget also reflects an expected reduction in balances available for investment as a result of the probable utilisation of capital receipts, grants/contributions, as well as drawings from the Council's earmarked revenue reserves.
- 6.4.2 Reports to previous meetings had highlighted the fact that options with regards to the reinvestment of maturing deposits had become limited in recent years following bank credit rating downgrades and the prevailing low interest rate environment – though this has now ended. Changes to lending limits and eligibility criteria, as well as the introduction of other investment types (e.g. housing associations and sovereign bonds) have mitigated this to some extent.
- 6.4.3 Additionally, the treasury management strategy has previously been revised to enable alternative investments of £100m in pooled investments which generate additional income of approximately £2m compared with lending to banks. Officers continue to explore alternative investment opportunities, both within the current strategy and outside, for consideration as part of the ongoing review of the Council's treasury management activity.

6.5 Central Contingency Sum – reduction in provision for risk/uncertainty

- 6.5.1 The Council retains a Central Contingency Sum as part of the overall budget which includes a provision for risk/uncertainty, allows for unforeseen costs and includes various significant costs not allocated to Portfolio Budgets at this stage. The financial forecast assumes the release of £5.8m in 2023/24, £6.8m in 2024/25 and £7.8m per annum from 2025/26.
- 6.5.2 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 (see Appendix 6). 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. To illustrate the benefit of the investment approach the Council has potential income in 2023/24 totaling £15.25m from a combination of treasury management income and rents from investment properties. Without this income, equivalent service reductions may be required.

6.6 Transformation Savings

6.6.1 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.

6.6.2 The Councils Transforming Bromley includes key workstreams as follows:

- Environment and Public Protection
- Housing, Planning and Regeneration (including Transforming Property)
- Children's Services and Education
- Adult Social Care
- Professional Services
- Workplace Modernisation (including digitalisation)

6.6.3 The Draft 2023/24 Budget includes the full year effect of the Phase 2 Transformation Savings combined with new changes, totaling £2,9m in 2023/24 increasing to £4.5m per annum from 2026/27).

6.6.4 More details of the savings are provided within Appendix 7. 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.

6.7 Freedom Pass Costs

6.7.1 The cost of freedom passes is calculated taking into account the average number of journeys and costs of the previous two years for residents of pensionable age who use their freedom passes. The Council experienced significant reductions in the annual contribution to the freedom pass scheme in 2021/22 and 2022/23 following reduced use of transport arising from the impact of Covid 19. For 2022/23, the previous years' restrictions and less demand for travel had significantly reduced journey volumes leading to a reduction of 37% in the settlement costs, compared with 2021/22. However, a combination of inflation and increasing use of public transport (post Covid) results in the Draft 2023/24 Budget including an increase of £990k rising to an estimated increase of £6.2m per annum from 2025/26, compared with the 2022/23 Budget.

6.8 Council Tax Base

6.8.1 The Council's tax base has been updated to reflect changes in properties compared with the previous year. The latest position indicates a tax base of 134,093 "Band D" equivalent properties for 2023/24, which assumes an allowance of 1.66% for non- collection.

6.9 Covid Funding

6.9.1 The Government had provided significant funding towards Covid related costs up to 2021/22 including elements of unringfenced funding. Details of Covid funding and associated costs were included in the 'Provisional Final Accounts 2021/22' report to Executive on 29th June 2022. Any monies remaining have been retained in the Council's earmarked reserve to support ongoing Covid related costs. As no further funding has been provided by Government for the longer term, a sum of £13.044m was retained in the Council's earmarked reserve to support future costs. A sum of £5.848m was utilised in 2022/23 to support support the revenue budget which reduces to £4.648m in 2023/24 and £2.548m in 2024/25.

6.10 Cost/Growth Pressures and Mitigation

6.10.1 There remain significant cost/growth pressures impacting on education, high Needs transport, housing, adults and children's social care as well as opportunities for the mitigation of costs.

6.10.2 The financial forecast elements are summarised below with more details in Appendices 6 and 7.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Growth/cost pressures	39,479	50,751	68,680	81,807
Mitigation	-25,339	-34,530	-49,600	-55,038
Net additional costs	14,140	16,221	19,080	26,769

6.10.3 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.

6.11 Collection Fund Surplus and Covid Funding for Local Council Tax Support

6.11.1 It is a statutory requirement to maintain a Collection Fund at arm's length from the remainder of the Council's accounts.

6.11.2 For the purpose of Collection Fund accounting, the treatment of council tax and business rate surpluses and deficits is determined in the same way. Before the beginning of each financial year, billing authorities calculate their council tax requirement (including precepts) and their business rate income, and such payments are fixed and paid over the year towards the revenue budget. Any surplus or deficit on the collection fund as a result of income from council tax/ratepayers being more or less than originally estimated, are shared between the Council and the GLA (and in the case of business rates with central government). Any surplus/deficit generated is paid over the course of the second year (e.g., surplus for 2021/22 paid over 2023/24).

6.11.3 The collection fund had a non-recurring council tax surplus of £6.9m reflected in the 2021/22 Provisional Final Accounts report to the Executive on 29th June 2022. A sum of £5.4m will be allocated to the Council, with the £1.5m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council's budget gap in 2023/24.

6.11.4 The financial forecast assumes further surplus would be generated allocating an estimated £5m in 2024/25, £4m in 2024/25 and £2m in 2025/26.

6.11.5 Given the uncertainty over the future of local government funding and the need to set aside resources to provide flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further, the collection fund surplus in previous years has, in some cases, been set aside within earmarked reserves. Given the scale of financial challenges continuing to face the Council in the medium term the financial forecast assumes part utilisation of the collection fund surplus set aside in earmarked reserves to support the revenue budget and reduce the estimated budget gap. The forecast assumes that the use of the collection fund surplus earmarked

reserve is used to support the revenue budget with further contributions of £9.1m in 2023/24, £10m in 2024/25 and £10m in 2025/26 - this partly reflects an approach adopted previously to smooth out future years budget gap.

- 6.11.6 The Council was allocated £2.3m in 2021/22 and £2.662m in 2022/23 for Local Council Tax Support from Government. This is unringfenced grant that was awarded in recognition of the additional cost of supporting households with financial difficulties as a result of the pandemic (cost of increase in council tax support claimants). As reported previously to Executive, owing to timing differences and the impact on the Collection Fund the equivalent amounts were set aside to compensate the General Fund in 2022/23 and 2023/24 respectively, which has been assumed in the Draft 2023/24 Budget and financial forecast.

6.12 Improved Better Care Fund (iBCF) Funding – set aside

- 6.12.1 In March 2017, after the Council agreed its 2018/19 Budget, the Government agreed further iBCF non-recurring funding of £4.463m in 2017/18, £3.363m in 2018/19 and £1.677m in 2020/21. The utilisation of these monies required the joint agreement with Bromley CCG. As part of the 2021/22 Budget, the monies due that year were used to create a 'whole system reserve' that can be called to avoid any crisis in the joint health and social care systems. This can include, for example, utilising resources to aid hospital discharge when the clients still have complex needs. Given the assurances from Government that the level of funding will now continue, the Draft 2023/24 Budget assumes that the 2023/24 monies can be released to support the revenue budget.

6.13 Council Tax and Adult Social Care Precept

- 6.13.1 Government funding for local government takes into account the amount that can be raised locally through council tax and the adult social care precept. Therefore, there is an inherent assumption that local authorities will be increasing council tax and utilising the adult social care precept towards meeting costs and demographic pressures for social care. For Bromley, this change does not take into account any need to address low funding levels for the Council raised previously with the Government. Councils can still choose locally the level of council tax increase required, subject to referendum options. In calculating the Council's spending power, the Government has assumed that social care authorities will use the maximum council tax increase (below referendum limit) applying both the social care precept and general council tax increases every year. Members will need to consider the level of council tax and adult social care precept increases towards funding the Draft 2023/24 Budget and the impact in the medium and longer term. The Council could consider an overall council tax increase of up to 4.99% in 2023/24 (including adult social care precept of 2%), without the need for a referendum (see also Section 27).

6.14 Real Changes – Various

6.14.1 The real changes in 2023/24 totaling Cr 238k mainly relate to the fall out of local election costs (Cr £700k) offset by other additional costs of £462k in 2023/24 with net costs of £536k by 2026/27. Further details are reflected in the policy sheets in Appendix 7.

7. BUSINESS RATES (NNDR)

7.1 The original Government proposals indicated that the funding “baseline” will be reset in 2020 and every 10 years thereafter. The previously planned full devolution of business rates was to change to 75% (rather than 100%) of business rates and was expected to be implemented from 2021/22 with the reset, undertaken every 3 years, to commence in 2021/22.

7.2 The Secretary of State reported to the Housing, Communities and Local Government Select Committee on 8th November 2021 and advised that the 75% retention is off the table in the short term, and it is ‘important we proceed with caution because it goes against the broader principle of levelling up because that works against the process of redistributing money to those who need it most, particularly in the wake of Covid, which has reinforced some inequalities.’

7.3 There is no fundamental reform of NNDR planned and there appears to be no change following the consultation on the Online Sales Tax. There will be a revaluation of business rates with future rateable values taking effect from 1st April 2023, with transitional arrangements being made. The Government’s latest position is that it is committed to reform the business rate system by delivering more frequent business rate revaluations. The Government announced various packages of business rate relief as part of the Autumn Statement 2022.

7.4 There will be new reliefs planned for 2023/24, including:

- Freezing the business rates multiplier for another year;
- Extending and increasing relief for retail, hospitality, and leisure businesses;
- Reforming Transitional Relief, including a cap on higher bill increases;
- Protection for small businesses who lose eligibility for either Small Business or Rural Rate Relief due to new property valuations.

7.5 Any future changes to business rates retention and the implementation of the Fair Funding Review is now expected to be delayed until at least 2026/27.

7.6 The Council continues to retain a 30% share of local business rates with 37% retained by the Government and 33% retained by the GLA which has been reflected in the Draft 2023/24 Budget.

8. SCHOOL FUNDING

- 8.1 Details of the impact of changes in school funding and the associated implications for 2023/24 and future years are provided in Section 24 of this report.

9. GOVERNMENT GRANTS

- 9.1 The full details of the final grant settlement for 2023/24 relating to all the grants received by the Council are awaited. Details of the Provisional Local Government Settlement 2023/24 are shown in Appendix 2.

10. DETAILED DRAFT 2022/23 BUDGET

- 10.1 Detailed draft 2023/24 Budgets are attached in Appendix 7 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 will now be forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February. Further updated information will also be available for individual PDS Committees.

- 10.2 Appendix 7 sets out the draft 2023/24 budget for each Portfolio as follows:

- A summary of the Draft 2023/24 Revenue Budget per Portfolio
- A high-level subjective summary for each Portfolio showing expenditure on employees, premises etc.
- 2023/24 Draft Contingency Sum
- A summary sheet per 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 per Portfolio in planned spending between 2022/23 and 2023/24 together with supporting notes

11. OPTIONS BEING UNDERTAKEN WITH A “ONE COUNCIL” APPROACH

- 11.1 As indicated elsewhere in the report, the Council will face future year cost and demographic pressures whilst Government core funding is expected to remain ‘flat’ i.e. not keep pace with such costs from 2025/26. There remains uncertainty around future funding from 2026/27 following the outcome of the delayed Government’s ‘Fair Funding’ review. The Government assumption remains that alternatives to Government funding will be potential increase in taxation receipts generated by council tax (including social care precept) and, where possible, business rates. Details of options relating to increasing council tax and the social care precept are identified elsewhere in this report. There are also benefits to explore opportunities to increase (or recover) the council’s business rate base through economic development, identify invest to save opportunities as well as realise investment income as shown below.

11.2 Community Infrastructure Levy (CIL)

- 11.2.1 The Community Infrastructure Levy (CIL) represents a local levy on developments that local planning authorities can introduce to help fund infrastructure in the area. Following consideration by the Development

Control Committee and the Executive, and having progressed through examination in public, the Borough CIL came into effect in June 2021.

11.2.2 Income raised from developments will be allocated in accordance with the Council's Infrastructure Development Plan statement and an officer group is in place to develop a list of priorities. There is some flexibility in allocating income of up to 15% on neighbourhood community projects and up to 5% can be allocated towards the costs of administration. Total CIL income of £1.25m is forecast next year, rising to c£3m in 2025/26. After allowing for funding community projects and administration, a sum of £1.0m has been allocated towards core service costs in 2023/24.

11.2.3 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 may fluctuate from year to year.

11.3 Impact of Operational Property Review/Property Disposals and Addressing Funding of Capital Programme

11.3.1 The Capital Programme Monitoring Report – Quarter 2 2022/23 reported to Executive on 30th November 2022 and full Council on 12th December 2022, included the potential acquisition of the Direct Line site and further costs relating to depot works, which combined with the existing programme results in potential unfunded costs of £44.8m. The capital programme funding shortfall has to be addressed and members were advised in February 2022 of the need for a fundamental operational property review to assist in addressing the funding challenges and provide improved planning to meet future liabilities. The outcome was the Operational Property Review and Property Disposals reports to the same meetings in November/December 2022.

11.3.2 The review identified that the maintenance liability, as identified from condition surveys, over the next 10 years amounts to £82.1m and that a further £82.3m would be required to refurbish the portfolio to a minimum standard resulting in a total cost of £164.4m. The review referred to ways to reduce that liability down to a more financially sustainable level on an ongoing basis by:

- Identifying and recommending properties that could be released for disposal
- Identifying and recommending properties that will be ringfenced for feasibility to deliver housing
- Identifying and make recommendations on properties that have significant maintenance liabilities or disposal values that warrant consideration of a range of options going forward, and what that might mean for service delivery
- Identifying and make recommendations on property opportunities for rationalisation
- Identifying the properties that should be retained and maintained and the associated costs of doing so

Further details on the proposals approved are included in these reports.

11.3.3 To address the existing funding shortfall and consider the further cost of meeting these future liabilities (which are in addition to the existing capital programme) after allowing for funding disposals there remains a significant funding gap. The Capital Programme Review report elsewhere on this agenda includes recommendations to refinancing housing costs through borrowing, thus releasing

previously utilised earmarked reserves (which was set aside to enable internal borrowing), combined with the balance of funding from earmarked reserves. It is important to note that the recent housing related schemes provided significant savings on temporary accommodation costs and would have been considered to be funded through borrowing – the Council owned sites will form of any future Housing Revenue Account proposal, depending on the specific scheme. There will be a report later this year on the maintenance liabilities of the Churchill Theatre and a way forward – a sum of up to £5m has been included in the proposed capital programme at this stage for essential works, where required.

- 11.3.4 The Council's future capital strategy (2023/24 to 2026/27) reported elsewhere on this agenda includes details of proposed Public Loans Work Board (PWLB) borrowing to refinance existing housing schemes, coupled with the drawdown from the Council's earmarked revenue reserves to support future capital spending. These impact on the Council's revenue budget through the required annual repayment of the PWLB borrowing – estimated at £3.2m, and interest foregone by utilising monies that would otherwise yield at least 4% through treasury management investments – this amounts to £400k annually. Furthermore, as part of the Council's capital strategy a number of assets have been approved for disposal and this is expected to result in the loss of £3m annually in rental income. Overall, therefore annual capital financing costs are included in the budget at £6.6m per annum. The ultimate revenue impact will depend on the phasing of costs, impact of changes in building costs (inflation and supply), timing of disposals, income foregone from interest earnings and latest prevailing borrowing rates. However, for financial planning purposes annual revenue impact of £6.6m has been included in the 2023/24 Revenue Budget and this will be reviewed as part of the capital programme and revenue budget quarterly monitoring reports to future Executive meetings.
- 11.3.5 It is proposed in the Council's future capital strategy (2023/24 to 2026/27) report, elsewhere on this agenda, that future housing schemes are funded through borrowing, subject to the business case ensuring the proposals are self-financing and generate overall financial savings to the Council.

11.4 Investment Income

- 11.4.1 The 2023/24 draft budget for income includes properties purchased to date from the Investment Fund and the Growth Fund and there is further income relating to other investment properties (including the Glades, Walnuts, Biggin Hill Airport and other sundry properties). This provides a budgeted income of £7.45m. Income from treasury management investments of £7.8m combined with income from investment properties, potentially provides a total investment income of £15.25m. The strategy of generating additional investment income has helped reduce the budget gap by an equivalent amount.
- 11.4.2 The Council's investments span a wide variety of options with the majority of income from commercial properties. Apart from lending to banks, housing associations and various local authority's other investment choices include a £40m investment in a property fund and £60m in Multi Asset Income Funds which represents a medium term (3 to 5 years) investment opportunity. The diverse range of investments enables more income to be achieved whilst managing the Council's exposure to risk. The Council also undertook secure lending to a developer which generates interest income of 6% per annum which also supported a homelessness initiative.

- 11.4.3 The Council will explore using low-cost treasury management monies to support future joint venture opportunities with the aim to generate investment returns over a three-to-five-year period.
- 11.4.4 A prudent approach to budgeting and the front-loading of savings has enabled a longer-term approach to generate further income and deliver spend to save from the additional resources available, as well as mitigate against significant risks, to provide a more sustainable financial position in the longer term. Given the significant benefits of achieving sustainable investment income/savings, which protects key services, this approach should continue, where possible.

11.5 Review of Fees and Charges

- 11.5.1 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'.

11.6 Invest to Save

- 11.6.1 The Invest to Save earmarked reserve was approved by Council in October 2011, with an initial allocation of £14m, to enable "loans" to be provided for Invest to Save initiatives, with advances to be repaid within a "reasonable" period and on-going revenue savings to contribute towards reducing the budget gap. Five schemes have been approved to date with a total approved sum of £9.9m to be advanced from the fund (the most significant of which was the street lighting replacement scheme at £8.5m. As at 31st March 2022, the actual balance on the Fund stood at £18.5m. To date, full year effect savings in excess of £1m have been achieved on the five schemes.

11.7 Commissioning and Procurement

- 11.7.1 The Council will continue to identify opportunities for contract savings including the review of inflation provision and repackaging of contracts and re-negotiation to secure the best value for the Council.
- 11.7.2 In the last few years significant savings have been delivered through commissioning of services. There are cost pressures identified in the financial forecast but all opportunities to identify commissioning savings whilst protecting key services will be explored to assist in reducing the Council's "budget gap".
- 11.7.3 It remains key that commissioning plans, through the transformation programme are in place across services to identify options for most effective service delivery, identifying future changes, evidence any necessary cost pressures, provide mitigation options for addressing cost pressures and identifying demographic pressures. This will include options around innovative service delivery, providing key services at a lower cost and exploring partnership, external funding and commercial income opportunities.

11.8 Managing Rising Demand

11.8.1 Apart from supply side improvement there remains the need to manage future demand by ensuring there is a focus on outcomes rather than service delivery which includes the need to rethink the relationship between the citizen and the service. More collaborative working with other public agencies will help to ensure that the most effective outcomes can be delivered whilst resources are reducing.

12. HOUSING

12.1 Provision of Housing

12.1.1 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.

12.1.2 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.

12.1.3 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

- 12.1.4 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.
- 12.1.5 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).
- 12.1.6 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.
- 12.1.7 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.

12.2 Housing Rent Setting

- 12.2.1 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.
- 12.2.2 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.
- 12.2.3 In addition, the Council owns 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.
- 12.2.4 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.
- 12.2.5 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

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

12.3 HRA and Respective Future Budget Planning

12.3.1 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.

12.3.2 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.

12.3.3 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.

13. ADULT SOCIAL CARE REFORM

- 13.1 In September 2021, the Government provided plans to reform adult social care in England and £5.4bn (cumulative) was allocated for the period 2022/23 to 2024/25 to fund the reforms. This consisted of:
- £2.2bn would be used to reform how people pay for social care (charging reforms) and £1.4 bn to help local authorities move towards paying a “fair cost of care” to providers (total £3.6bn);
 - £1.8bn would be used to support wider system reform.
- 13.2 The funding was initially planned to come from the new Health and Social Care Levy, but in September 2022 the Government announced the levy would be cancelled. The then Health Secretary, Thérèse Coffey, however, said that funding for social care would remain unchanged.
- 13.3 The Government originally proposed that the adult social care charging reforms would be implemented from October 2023. However, at the Autumn Statement 2022, the Chancellor announced that the reforms would be delayed for two years (until October 2025), with the funding allocated “to allow local authorities to provide more care packages.”
- 13.4 Under the now-delayed reforms, the Government planned to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. The cap will apply irrespective of a person’s age or income. The legislative framework for a cap is already provided by the Care Act 2014, but the relevant provisions are not currently in force. Only money spent on meeting a person’s personal care needs will count towards the cap. Spending on daily living costs (commonly referred to as “hotel costs” in a care home) is not included. Prior to its announcement delaying the reforms, the Government had said daily living costs would be set at a notional level of £200 per week at 2021/22 prices.
- 13.5 The cap would not apply retrospectively (i.e., costs accrued before implementation will not count towards the cap). The Government also proposed to make the means test for accessing local authority funding support more generous. The upper capital limit (the threshold above which somebody is not eligible for local authority support) will increase from £23,250 to £100,000. The lower capital limit (the threshold below which somebody does not have to contribute towards their care costs from their capital) will increase from £14,250 to £20,000.
- 13.6 Known as ‘Fair Cost of Care’, local authorities can use their position as a large purchaser of social care to obtain lower fee rates from care providers, which can be less than the cost of providing the care. To compensate, providers often attempt to cross-subsidise by charging more to people who fund their own care. The Government said this leads to market failure and announced two measures to address the issue:
- Provisions in the Care Act 2014 (section 18(3)) will be brought fully into force enabling self-funders to ask their local authority to arrange their care in a care home for them so that they can benefit from lower rates.
 - £1.4 billion was to be provided to local authorities to support them to increase the rates they pay to providers where necessary (move towards paying a “fair cost of care”).

- 13.7 Prior to the Autumn Statement announcement delaying the charging reforms, the Government had announced the Fair Cost of Care reforms would be implemented in stages from October 2023 to April 2025. The Council has previously raised concerns that the funding for the reforms was insufficient, particularly for the Fair Cost of Care, with Bromley facing a higher funding shortfall compared with many other local authorities.
- 13.8 As part of the Draft 2023/24 Provisional Local Government Finance Settlement, the funding for Fair Cost of Care and Charging Reforms has been 'repurposed' and therefore can be used to support additional cost pressures on adults and children social care which is welcomed. There remains uncertainty about the future funding for the reforms when implemented in October 2025 and whether the existing 'repurposed' funding would need to be diverted to support the delayed reforms. The financial forecast assumes that the 'repurposed' funding can be used to support the Council's revenue budget and will not be required to fund the delayed reforms. This remains a potential financial risk for the Council and creates uncertainty for the future funding of key services.
- 13.9 The Draft 2023/24 Budget includes the 'repurposed' Adult Social Care Reform funding (£5.9m in 2023/24) as well as a new Adult Social Care Market Sustainability and Improvement Fund grant (£2.8m in 2023/24 and grant conditions are awaited).
- 13.10 A White Paper on social care reform was published on 1st December 2021 which included, for example, offering more choice, control and independence for care users, information on workforce reform, inspection and quality assurance, integrated housing support and integration with health services. As part of support for wider system reform the £1.8bn over the period 2022/23 to 2024/25 was originally planned to be allocated as follows:
- At least £300m to provide integrated housing
 - At least £150m for technology and digitalisation
 - At least £500m for workforce training and qualifications
 - Up to £25m to support unpaid carers
 - £30m for innovation of support and care
 - At least £5m to help people understand care and support available
 - More than £70m to improve the delivery of care and support services
 - Use of the balance (around £720m) yet to be determined

Further details are still awaited on the allocation of grant conditions of some of the above proposals.

14. INTERGRATION WITH HEALTH

- 14.1 The Council is working with the Bromley Integrated Care Board (previously South East London CCG) to explore opportunities for any further delivery of local integration of health and social care. Integration will help protect social care and provide more effective services to people in the community. There are close interdependencies between health and social care which was recognised by the Government in the creation of the Better Care Fund. Opportunities will be explored including the pooling of resources across the locality if it enables better opportunities for value for money, economies of scale, reduce duplication and streamline processes. The state of finances within the NHS, particularly amongst health providers, does create an inherent risk and therefore any integration arrangement must fully consider the implications, including the level of financial risk.

- 14.2 Advice from Chartered Institute of Public Finance and Accountancy (CIPFA) states that Councils have a duty to their own council taxpayers as well as their clients and need to ensure that their council taxpayers are not, in effect, being asked to underwrite a portion of NHS costs.
- 14.3 The new Integrated Care System (ICS) created from June 2022 provides a new combined South East London ICS. The changes will be monitored closely to identify the risks/opportunities that may arise to meet the 'Making Bromley Even Better Priorities'.

15. IDENTIFYING FURTHER SAVINGS

- 15.1 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 (see section 6.6). 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.

16. CORE STATUTORY MINIMUM REQUIREMENTS

- 16.1 Local Authorities undertake numerous functions and provide a wide range of services. Some are mandatory and some are discretionary. We cannot stop carrying out functions where we are under a duty to deliver that function or service.
- 16.2 Where services are statutory, there may be a duty to provide a relevant service, but in both personal and general services there is scope for interpretation on whether level or type of provision has discharged the duty or not. Sometimes because of contractual obligations or the creation of a legitimate expectation then a local authority cannot easily stop providing discretionary services.
- 16.3 In addition many of the non-statutory services provided by Bromley fall into the following categories
- They deliver income to the Council – examples being the discretionary ceremonies part of the registrars' service, adult education and aspects of treasury management.
 - They reduce expenditure in statutory services, for example, certain non-statutory homelessness prevention work and aspects of environmental services enforcement.
 - Certain support services are integrally linked to the delivery of core council functions e.g., IT.

- 16.4 Bromley has undertaken several pieces of work to align its services closely with its statutory duties. This work which identifies statutory and non-statutory services contributes to the key Transformation work and each individual work stream is addressing the extent of the statutory service and savings proposed.
- 16.5 As part of any core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

17. NEW SELF FINANCING PROPOSALS NOT INCLUDED IN THE 2023/24 BUDGET, AT THIS STAGE

17.1 Government Announced Additional Council Tax Support

- 17.1.1 The Government have announced further funding of £365,066 in 2023/24 to be used to provide a £25 reduction for council tax support claimants (working age and elderly making part contribution totals about 10,500 claimants) which would provide total support of an estimated £262,500 leaving a balance of around £102,566 for a discretionary scheme yet to be determined. Further details are awaited.

17.2 Extension of Household Support Fund

- 17.2.1 The Government have announced £1bn (nationally) to extend the Household Support Fund over 2023/24. Although the final allocation is awaited it is currently estimated at around £4m for Bromley.

17.3 Energy Bills Support Scheme Alternative Funding

- 17.3.1 The Government announced in December 2022 a new alternative fuel payments scheme, which initially will be piloted. Final details are awaited but the scheme includes:
- Households across Great Britain that use alternative fuels like heating oil will receive a £200 payment this winter;
 - 900,000 households in England, Scotland and Wales without a direct relationship to an energy supplier – such as care home or park home residents – will be able to apply online for £400 of non-repayable help with their fuel bills.

17.4 Homes for Ukraine

- 17.4.1 The Government announced in mid-December 2022 additional funding in 2023/24, following the first year of funding which includes an increase in the monthly support provided to host families from £350 per month to £500 per month as well reducing the one off 'council tariff' for new arrivals after 1st January 2023 (revised to £5,900) and retain the existing Education tariffs for new arrivals. They will also provide some additional funding support to create a Local Authority Housing Fund (£500m nationally).

17.5 New Grants Identified Above

- 17.5.1 Further details will be reported to members at a future meeting, once more details become available.

18. PENSION FUND

- 18.1 Using benchmark data across LGPS universe, the overall pension fund performance was ranked 60th in the LGPS universe for the year to 31st March 2022, 52nd over 3 years, 3rd over 5 years, 2nd over 10 years and 1st over 20 and 30 years. In addition to winning the LGPS Investment Performance of the year in 2017 and 2018 (assets under £2.5bn) and being runners up and 'Highly Commended' in 2019 and 2020 respectively, Bromley also won the Pensions, Treasury and Asset Management Award 2019 and Achieving Excellence in Asset Management at CIPFA's Public Finance Awards 2021, recognising the consistent high performance of the Fund as well as top decile performance in treasury management. The impact of the outstanding performance has resulted in the Council's pension fund now being assessed by the Council's Actuary as continuing to be 'fully funded' reducing the cost impact on the Council's General Fund. There are not expected to be any changes impacting on the Council's revenue budget and the outcome of the Actuarial Valuation (undertaken every three years) will be reported to Pensions Investment Sub Committee on 22nd February 2023.

19. EXTENDED PRODUCER RESPONSIBILITY FOR PACKAGING

- 19.1 The Government will introduce an administrative and waste management fee to organisations that handle and supply packaging that is ultimately collected by local authorities through packaging waste. It will relate to organisations that originate such packaging and the charge will depend on the size of the organization and ability for the packaging to be recycled. Fees are expected to be determined in 2024 and potential collection of fees is expected to commence during mid to late 2024/25. The income collected is expected to be distributed to local authorities on the relative need and resources of individual local authorities. It is not clear how much of the additional income will be redistributed and the individual impact on each local authority. It remains uncertain how the Government would distribute the monies. No assumptions have been made in the financial forecast, at this stage, relating to additional income for the Council.

20. BALANCING THE BUDGET

- 20.1 The Council will need to seek primarily to balance its revenue budget over the financial forecast period and it remains essential to contain Council spending within original budget estimates to mitigate against further cost pressures. However, the Council could consider utilising balances, where necessary, to smooth the impact of the savings requirement throughout the period.

21. FAIR FUNDING REVIEW / DEVOLUTION OF BUSINESS RATES

- 21.1 In 2015, the Government said it would allow councils to retain 100% of business rates although this was revised down to 75% in 2017. Originally the roll out was to begin in 20/21 but has since been postponed and will not be undertaken during this life of Parliament.

- 21.2 A report to the Public Accounts Committee report titled Local Authority Financial Sustainability and the Section 114 Regime (Second Report of Session 2021/22) referred to the delay in the Fair Funding Review and the Secretary of State agreeing that the current distribution mechanism does not represent the 'fairest way to distribute resources'. The Committee recommended that the 'Government implement Fair Funding Review and business rate reset as soon as possible'
- 21.3 The Secretary of State reported to the Housing, Communities and Local Government Committee on 8th November 2021 and stated, 'we are looking to see what headroom we have for a redistribution of funding to better reflect the additional needs and responsibilities that local government has in those areas where it does not have the same resilient council tax base or the same level of business rates on which to draw'. It is 'not as crude as seeking to help local authorities in the north', 'but if it had to be boiled down to a single sentence, that is very much something in my mind'. The intention was that the 2022/23 'Services Grant' would not be part of a local authorities baseline funding and may be used as part of any transitional funding towards a new funding regime.
- 21.4 Local Governments funding arrangements were previously expected to experience their most significant reform for over two decades. Any changes were expected to include transitional arrangements that will impact on any 'winners' or 'losers' amongst Councils. The financial forecast assumes no financial changes from such a review.
- 21.5 The need for a Fair Funding Review is important as it will have been a decade since the funding formula have been updated whilst population has increased, and housing costs have continued to increase as well as other significant service demands for residents compared with some other parts of London and England. The basis of determining funding also needs to be able to reflect the situation facing boroughs such as Bromley. An assessment of whether the business rates retention system continues to incentivise councils to deliver business rates growth and is the fairest way to distribute funding is also overdue. The funding baseline no longer resembles the baseline of the Council relating to the early 2010s and therefore is no longer 'fit for purpose'.
- 21.6 The Draft 2023/24 Local Government Financial Settlement represented a good settlement for local government and Bromley. Bromley still seeks a fairer level of funding, considering the lower level of funding received, compared with other local authorities. However, the Fair Funding Review and any resultant review of business rates is now not expected to be implemented until at least 2026/27. The 'Service Grant' referred in 13.9.1 above has been reduced but included within each local authorities core funding. This highlights the likely significant delay in any major review in local government funding.
- 21.7 The 2023/24 Provisional Local Government Finance Settlement has provided a settlement, generally better than expected, and would provide a short-term "lifeline" for some local authorities and the government needs to ensure the long-term survival of councils with sustainable long- term funding.

22. LONDON BOROUGH GRANTS COMMITTEE

- 22.1 London Councils require formal notification of the Council's agreement to their contribution for 2023/24. The London Councils Grants Committee has proposed a Budget for 2023/24 comprising total expenditure of £6.668m.
- 22.2 Bromley's contribution to this Committee was £246,470 in 2022/23. The

proposed contribution represents no change compared with 2022/23.

- 22.3 The approval of at least two thirds of the constituent Councils of the London Boroughs Grants Scheme is required for the proposed 2023/24 budget. If it is not agreed by the 31st January 2023, the overall level of expenditure is deemed to be the same.

23. THE SCHOOLS BUDGET

- 23.1 Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring-fenced grant, more recently through the Dedicated Schools Grant (DSG).
- 23.2 The implementation of the National Funding Formula (NFF) began in 2018/19. Funding has been split into four blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING					
	Schools	High Needs	Early Years	Central	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	245,142	67,544	21,011	2,091	335,788
2023/24 (provisional)	257,152	74,086	22,252	2,046	355,536
Variation	12,010	6,542	1,241	-45	19,748

- 23.3 The figures in the table above are provisional and subject to change once DfE issue any updates in due course.
- 23.4 The Schools Block has risen by £12m. This is due to an increase in the per pupil unit of funding and increases in the population figures. This includes the previous year supplementary grant of £7.1m which was paid as a separate grant in 2022/23. Allowing for the £7.1m grant the funding increase is £4.9m. The majority of this funding will be top sliced and returned to DfE to fund Academy Schools.
- 23.5 There has also been an announcement of additional supplementary grant of £8.754m for 2023/24 for schools. This was originally to provide support for the costs of the Health and Social Care Levy and wider costs. This will be distributed as a separate grant in 2023/24 only as the intention is to integrate this into the DSG from 2024/25 onwards.
- 23.6 The High Needs Block is seeing pressures coming through the system. Nationally the Government were seeing some authorities building up high levels of deficit reserves. This particular funding issue has been acknowledged, and further funding committed for 2023/24.
- 23.7 The DSG allocation has resulted in an increase in high needs block funding of £6.5m for Bromley. £2.9m of this amount was announced in the Autumn spending review in recognition of increases in costs above and beyond the previous spending review and is intended to reflect likely cost increases local authorities and special schools will face in the provision for children and young people with high needs.

- 23.8 DfE has stipulated how this funding can be distributed to maintained special schools, special academies, pupil referral units and AP academies and therefore there are some restrictions on the use of this additional grant. The previous year's supplementary grant of £2.4m has been merged into the 2022/23 baseline figure
- 23.9 The remaining £3.6m is due to increases in per pupil funding and the increase in pupils themselves.
- 23.10 Although there are increases in funding, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments. Moreover, future funding levels have not yet been announced and so there is uncertainty as to what funding levels will be from 2024/25.
- 23.11 Early Years funding has increased by £1.241m. DfE have increased the part time equivalent (PTE) rates by 60p per hour for two-year-old funding and 29p per hour for three- and four-year-old funding for 2023/24. This has increased the grant by £1.227m. The assumption for volumes of hours (PTE's) remains the same for 2023/24 as the latest volumes for the 2022/23 DSG as DfE use January 2022 data. However this will change once the January 2023 census is published which will affect the figures. The remaining £14k increase is due to increases in Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF).
- 23.12 The Central Block has decreased by £45k. The per pupil rate fell by 2.5% (the equivalent of a loss of £52k). £7k of additional grant was received due to the increase in pupil numbers. There continues to be pressures in the Central Schools DSG due to funding shortfalls. Last year the Council used £460k of core LBB funding to underpin this expenditure. A further £50k is being proposed for 2023/24 bringing the total Council core funding to £510k.

24. GENERAL AND EARMARKED RESERVES

- 24.1 The 2022/23 Council Tax report included financial projections relating to the use of reserves to support the revenue budget of £13.7m in 2023/24, £12.5m in 2024/25 and £10m in 2025/26. The reserves consisted of collection fund and Covid earmarked reserves.
- 24.2 The projected earmarked reserve is currently expected to reduce from £258.6m as at 31/3/22 to £114.8m by 31/3/26. This reflects the impact of the fall out of Section 31 Funding (£50.9m), use of covid monies (£13m), utilisation of collection fund monies to support the revenue budget (£30.8m), meeting the DSG deficit (£14.3m), funding commitments to support existing housing schemes (£32.5m) and other net changes (£2.3m). After allowing for the insurance fund, schools reserves, and monies retained for health that available sum is reduced to £97m. Any further funding of the capital programme from earmarked reserves (see report elsewhere on this agenda) would reduce any balance even further. It is important to note that the earmarked reserves are available to support services and deal with future budget risks as well as income volatility. In other words, it is not simply spare resources and thus has been mainly set aside for other earmarked purposes. If used for capital funding the earmarked reserves would no longer be available for the other purposes.
- 24.3 The main factors to considering the level of retained reserves, which includes the impact of some new challenges are:

- Within two years, the Council loses significant flexibility within the central contingency sum, following a reduction of £6.8m per annum by 2024/25;
- Reserves provide flexibility to fund potential overspends in year.
- The financial challenges facing the Council reduce the ability/flexibility to top up reserves in future years (historically used collection fund surplus, new homes bonus and contingency to top up reserves).
- We still have a significant budget gap over 4 years without a detailed plan to address meeting the gap over the medium term.
- We cannot reinstate reserves through borrowing in the future to compensate – once reserves are used, they are gone.
- We do forego interest but this offsets the alternative cost of borrowing.
- We need a level of reserves to deal with any significant unforeseen costs that may arise.
- Reserves assist in addressing financial shortfalls to enable phasing of savings.
- Reserves remain retained for specific earmarked purposes and may not be easily rediverted.
- Provide resources for spend to save initiatives.
- Provide support for future schemes in the capital programme.
- Provide headroom to deal with significant uncertainty relating to government funding and potential new burdens in the future not fully funded. This includes, for example, dealing with the uncertainty relating to future Adult Social care reform funding (see Section 13)

24.4 These are key factors to determine the sustainable level of one-off reserves that should be retained. Appendix 4 of the 2022/23 Council Tax report highlighted the Council's approach to utilising reserves and the significant value in retaining reserves. The Council Tax report refers to the level of reserves needs to be adequate to ensure the longer-term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. The Council also has general reserves of £20m. Full details are included in the Provisional Final Accounts 2021/22, Executive, 29th June 2022

24.5 Medium term planning remains absolutely key in recognition of the medium-term budget deficit facing the Council. Inflation, new burdens, growth/cost pressures, uncertain medium and longer-term impact of the Covid situation and assumed flat lining of future Government funding will create significant budget gaps. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings. In terms of budget planning the combined impact of the Council's budget gap for the next four years combined with a potential future DSG deficit would realistically result in the reserves being fully utilised within the medium term to support the Council's revenue budget.

24.6 The Council also has a Central Contingency sum to cover risk/uncertainty in the future included in the base budget (see Section 6.5). The updated financial forecast assumes the release of £5.8m in 2023/24 rising to £7.8m per annum from 2025/26.

24.7 If the existing general reserves are released now to fund service initiatives, delay savings or reduce council tax there would be a resultant "opportunity cost" relating to a corresponding loss in interest earnings/investment opportunities and further acceleration of the anticipated exhaustion of reserves which is not recommended. Any increase in service levels or initial protection would only be very short term. Reserves can only be used as a one-off contribution to revenue spending and

would not provide a sustainable solution to maintaining local government services.

25. ISSUES FOR FUTURE YEARS

- 25.1 The key issue to consider is the need to ensure long term sustainable finances to help ensure the Council can provide priority services in the longer term. Any final proposals as part of the 2023/24 Council Tax report in February will need to enable the Council to achieve a legally and financially balanced budget in 2023/24 but to also deal with the medium-term financial position as well. Even allowing for the options in this report a budget gap of £29.6m per annum remains from 2026/27. The financial outcome will also depend on the final decisions made on council tax levels.
- 25.2 The Provisional Local Government Finance Settlement 2023/24 represents a significant financial improvement in funding but does not represent a medium term settlement. Although significant additional funding has been provided, this has to be considered in the context of increasing inflation and significant cost/growth pressures. There is no increase in core funding identified beyond 2024/25. These factors combined with the awaited Fair Funding Review and uncertainty on changes in business rates arrangements results in the Council continuing to face financial uncertainty relating to the future funding landscape. The Council is better placed than many other authorities because of the history of robust financial management and ensuring best use of resources. The financial strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and addressing budget deficits during this uncertain period.

26. COUNCIL TAX, FUNDING AND SPEND COMPARISONS

- 26.1 Details of council tax and funding levels between councils are shown in Appendix 3.
- 26.2 Bromley's council tax is amongst the lowest in outer London.
- 26.3 Using 2023/24 funding information, if Bromley received the average grant funding for London, its annual income would increase by £50.6m. If the Council had the average council tax levels for the 4 other lowest grant funded councils, the Council would receive additional income of £30.2m.
- 26.4 Despite being a low-cost authority, Bromley has achieved savings of over £120m since 2009/10 but it becomes more challenging to achieve further savings with a low- cost base.
- 26.5 Bromley has retained a low council tax despite lower levels of grant funding. This has been achieved by maintaining a below average spending base. It is important to recognise that the pattern of spending in Bromley restricts the options facing Members. One of the key issues in future year budgets will be the balance between spending, taxation and charges and service reductions in an organisation starting from a low spending base.

27. COUNCIL TAX LEVEL INCLUDING GLA PRECEPT

- 27.1 The Mayor of London's draft consolidated budget was published on 16th December 2022. It includes an indicative precept increase of 7.1% but this excludes an increase for police services. The Mayor could still increase the precept by up to 9.7%, once he has considered the police settlement.

- 27.2 The final GLA precept for 2023/24 is expected to be announced after the Assembly has considered the mayor's draft consolidated budget on 23rd February 2023.
- 27.3 For 2022/23 every £1m change in income or expenditure causes a 0.6% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.8m.
- 27.4 As part of the Localism Act, any council tax increase of 3% or above (excludes ASC precept) in 2023/24 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase then the Council would be required to meet the cost of rebilling of approximately £170k. The one- off cost of a referendum is estimated to be £700k.
- 27.5 The Government has enabled Councils for 2023/24 and 2024/25 to have a council tax precept of up to 2% per annum to specifically fund adult social care (a 2% increase in council tax equates to £3.6m additional income per annum) – this has been reflected in the funding from Government. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. Therefore, the Council could potentially have a council tax increase of just below 5% without the need for a council tax referendum. The Government introduced this change in recognition of the cost pressures facing social care authorities. Members will be requested to consider applying the precept as part of the 2023/24 Council Tax report to the Executive on 8th February 2023.

28. CONSULTATION

- 28.1 It is proposed that this report is considered by individual PDS Committees, and their comments and considerations will be reported back to the 8th February 2023 meeting of the Executive. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 27th February 2023 where the 2023/24 Budget and Council Tax will be agreed.
- 28.2 Prior to finalising the 'School's Budget' the Education, Children and Families Portfolio Holder will consult with the Schools' Forum.
- 28.3 Consultation papers will also be sent to local business representatives for their views and comments. Other examples of consultation will include consultation on specific budget proposals.

29. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 29.1 There remain risks in meeting the ‘budget gap’ arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, implications of the post Covid situation and the impact of Government policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council’s Corporate Risk Register shows that ‘Failure to deliver a sustainable financial strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget’ is the highest risk the Council is facing.
- 29.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 8. The level of balances held, and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

30. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 30.1 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.

31. POLICY IMPLICATIONS

- 31.1 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.

32. PERSONNEL IMPLICATIONS

- 32.1 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.

33. LEGAL IMPLICATIONS

- 33.1 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.

- 33.2 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.
- 33.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 33.4 Executive is being requested to delegate the setting of the schools' budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.
- 33.5 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.
- 33.6 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.
- 33.7 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.

- 33.8 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.
- 33.9 Section 106, Local Government Finance Act 1992, applies to Members where:
- They are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
 - any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.
- 33.10 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

34. CONCLUSION

- 34.1 One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service changes in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.
- 34.2 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management has assisted the Council to provide a potential balanced budget for 2023/24. There will be significant challenges as the Council is a low-cost authority and the position will need to be regularly reviewed particularly as there are risks relating to further cost pressures/new burdens. Apart from early identification of options to address the future years budget gap (2024/25 and beyond) including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their “cash envelope”.
- 34.3 There is uncertainty on the future arrangements for devolution of business rates and the awaited Government’s ‘Fair Funding’ review which may result in new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2026/27 whilst the forecast assumes that Government funding will remain at a standstill from 2025/26. Financial challenges are expected to continue beyond the financial forecast period. The continuation long-term financial planning as part of the Medium-Term Financial Strategy remains essential to ensure that any future service changes are managed effectively.

- 34.4 The Council will continue to seek a fairer financial settlement on behalf of the residents of the Borough. The contribution of local MPs has also assisted in this arrangement.
- 34.5 There will continue to be increasing financial volatility, uncertainty and risk and the Council faces the challenge of delivering a balanced budget over the medium term. Stewardship and delivering sustainable finances are increasingly important during a period of national and international economic issues which creates uncertainty over the longer-term direction of the Government’s public expenditure plans. It is probable that the situation will remain volatile in the medium term requiring ongoing change in our detailed approach, but the framework should be one of tight financial forecasts and control linked to a clear strategic service direction. In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities (including regeneration) and mitigate against the cost pressures currently being forecast. It is important to consider actions now that address the “budget gap” in the medium term to enable the Council to ‘live within its means’.

Background documents	<p>Capital Programme Monitoring 2022/23, Executive, 30th November 2022</p> <p>Operational Property Review, Executive, 30th November 2022</p> <p>Property Disposals, Executive, 30th November 2022</p> <p>Budget Monitoring 2022/23, Executive, 30th November 2022</p> <p>Treasury Management – Quarter 2 Performance 2022/23 and Mid- year Review, Council, 12th December 2022</p> <p>Provisional Final Accounts 2021/22, Executive, 29th June 2022</p> <p>2022/23 Council Tax, Executive 9th February 2022</p>
Financial Considerations	Covered within overall report

Update on Economic Situation which can impact on Public Finances and Economic Context

1. 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. 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. Russia's war in Ukraine clearly contributes to the economic uncertainty. These 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. However, this report assumes the continuation of existing funding levels beyond 2025/26.

2. The key economic and fiscal headlines, for the UK, from the Autumn Statement 2022 are summarised below:
 - Annual increase in inflation (CPI) is projected to be on average 9.1% in 2022/23 (currently 11.1%) , 7.4% in 2023/24, 0.6% in 2024/25 and -0.8% in 2025/26, 0.2% in 2026/27 and 1.7% in 2027/28;
 - Annual increase in Gross Domestic Product (GDP) is projected to be 4.2% in 2022/23, -1.4% in 2023/24, 1.3% in 2024/25, 2.6% in 2025/26, 2.7% in 2026/27 and 2.2% in 2027/28;
 - Debt as a percentage of GDP is projected to be 89.9% in 2022/23, 95.9% in 2023/24, 97.2% in 2024/25, 97.6% in 2025/26, 97.6% in 2026/27 and 97.3% in 2027/28.

New fiscal rules have been announced:

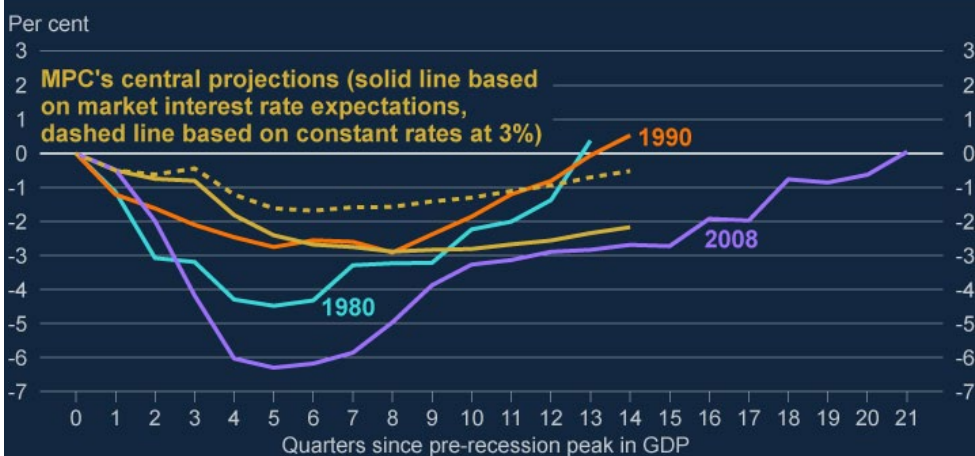
 - Public Sector net debt needs to be falling as a percentage of GDP by the fifth year of the rolling forecast;
 - Public sector net borrowing (the annual deficit) needs to be below 3% of GDP by the fifth year of the rolling forecast.

3. The Bank of England's Monetary Policy report (November 2022) provides two charts that indicates their view on the direction of GDP for the future.

Chart 1.1: GDP growth projection based on market interest rate expectations, other policy measures as announced



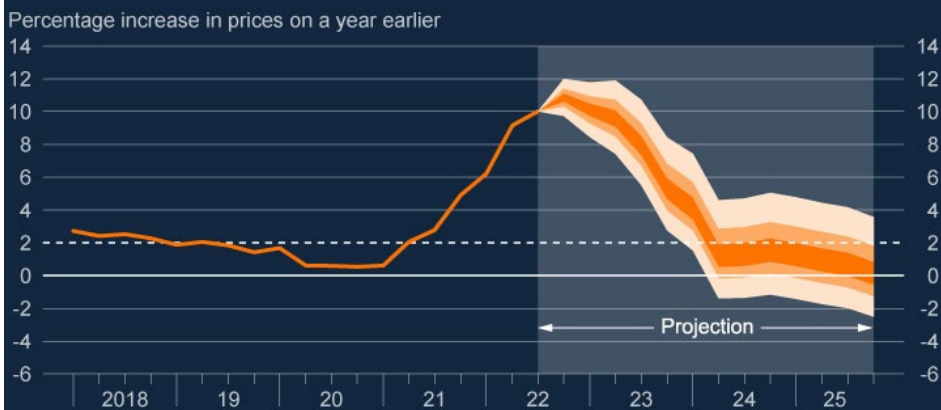
Chart 1.2: Changes in GDP since pre-recession peak in past recessions and the MPC's November 2022 projections (a)



Recessions are defined as at least two consecutive quarters of negative GDP growth. The UK economy is facing a recessionary period at the time of writing this report.

4. The impact of significant increases in inflation for 2022/23 and projected for 2023/24 has resulted in additional costs of around £17.9m compared with the Council tax report to Executive on February 2022. Hence it is important to consider the direction of inflation and its impact on the Council's revenue budget and financial forecast. Many of the Council's contracts have annual price review clauses linked to CPI and other inflation indices with many reviewed using January and February indices each year. Therefore, for example, even if there was a sharp fall in inflation during 2023/24 the key annual price increase period for the Council, relating to contracts, will be determined by January and February indices.
5. Office for Budget Responsibility (OBR) predictions indicate CPI inflation expected to be at 7.4% in 2023/24 - RPIX tends to have a rate of over 1% higher. The views of economic commentators vary on expected inflation levels. The Bank of England's inflation report (November 2022) provides the following projections for CPI inflation

Chart 1.4: CPI inflation projection based on market interest rate expectations, other policy measures as announced



6. Local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services in the future could result in a likely real term funding reductions remaining for local government or creating a situation where costs and demographic pressures facing local government are not matched fully by changes in government funding.
7. Bromley's core funding had been reduced in real terms by 75% compared with 63% (England) over the course of the 10 years up to 2019/20, with some respite from 2020/21 to 2023/24. The Government view new flexibilities including, for example, Adult Social Care Precept as a means to increase council tax to fund social care cost and demographic pressures
8. The Bank of England reported that the UK economy faces a very challenging outlook and 'it is expected to be in recession for a prolonged period and 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'. The Draft 2023/24 Budget assumes overall inflation of 8% for 2023/24, 4% in 2024/25 and 2% per annum thereafter.

Provisional Local Government Finance Settlement 2023/24

The Government published an Autumn Statement 2022 on 17th November, followed by the Policy Statement on 12th December 2022 and Provisional Local Government Finance Settlement 2023/24 on 19th December 2022.

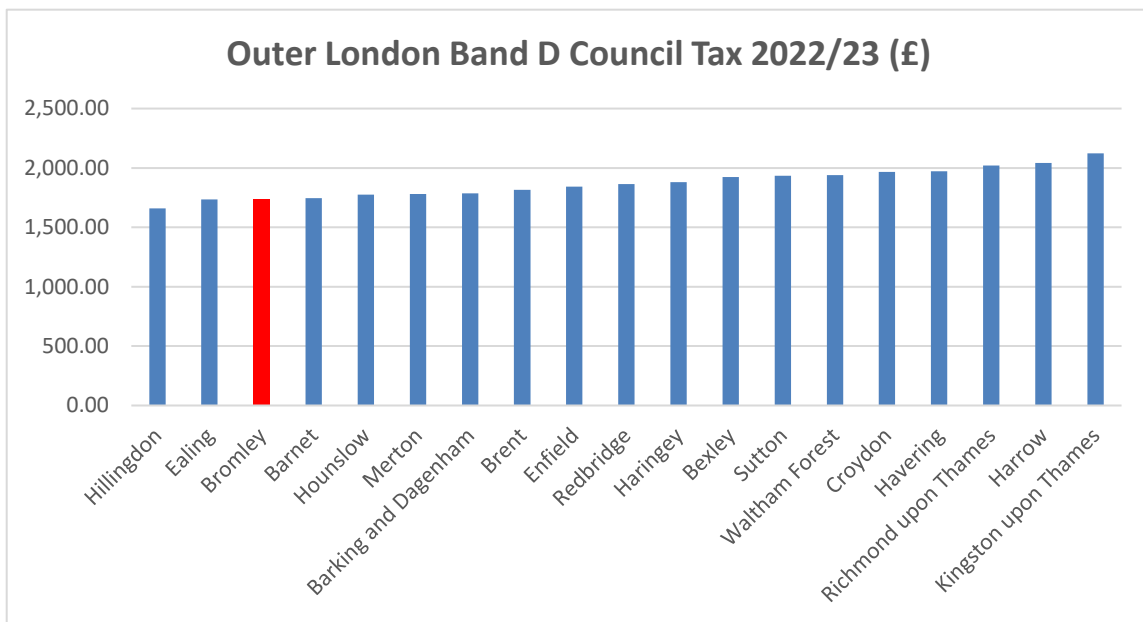
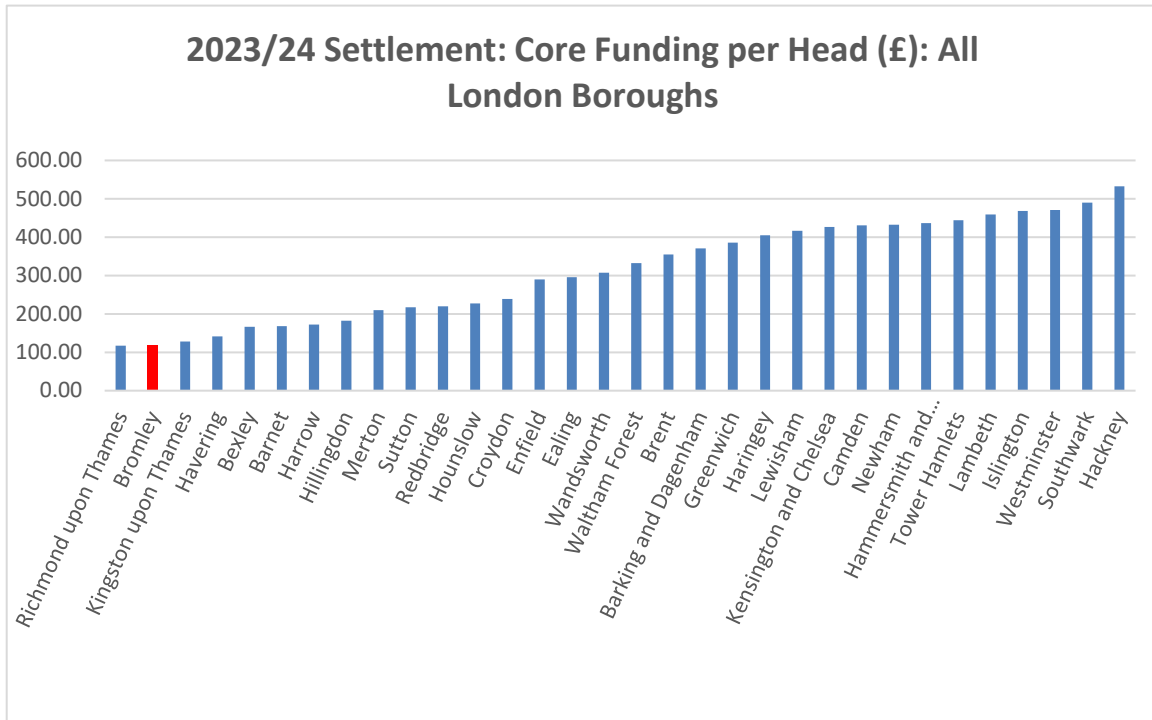
Key Changes/Updates include the following:

- Council Tax and ASC precept referendum limit will be 5% for both years (2023/24 and 2024/25);
- GLA can allow for £15 referendum principle re police precept – this may result in increase in GLA precept of 8.5%+;
- Confirmation that Revenue Support Grant would rise by CPI inflation in 2023/24 and 2024/25 as well as a commitment to continue to eliminate negative RSG (Bromley has negative RSG so no increase would apply).
- Business rates will be frozen but Local Government will receive additional funding to the equivalent of CPI annual increases (September CPI 2022 and 2023 indices) for 2023/24 and 2024/25 respectively);
- There will be transitional relief available as part of business rate revaluations from 2023/24;
- There will be an increase in 'spending power' expected to be a minim of 5% (if very low business rate share) and rise up to 10.1% if high proportion of business rate income in funding – RSG and business rates allows for inflation increase of 10.1% - Bromley's 'spending power' increases by 9%.
- Statutory override (high needs) will be in place for a further three years (2023/24 to 2025/26);
- The Government will delay the rollout of Adult Social Care Reforms from October 2023 to October 2025 and the funding allocated can be utilised to support adult and children's social care – it is not clear whether this is effectively one-off funding for two years. The 'repurposed' monies may still be required to support the Adult Social Care Reforms from October 2025 (the monies available equates to £5.9m in 2023/24 and £8.9m in 2024/25). The Council will benefit from the delay in incurring significant costs as part of the reforms as well as retaining the grant for at least two years for adults and children's social care;
- New Adult Social Care (ASC) grant which will be ring fenced (£2.8m) and the government expect monies to be used to make tangible improvements to ASC such as address discharge delays, social care waiting times, low fee rates and workforce pressure. Potential new burdens and there will a reporting requirement on the new Adult Social Care specific grant. Further details awaited on grant conditions;
- New ASC grant of £1.1m in 2023/24 and estimated £1.7m from 2024/25 distributed through a grant, potentially through Better Care Fund (BCF), which is intended to support hospital discharge;
- The 2022/23 One-Off Services Grant will reduce in 2023/24 to reflect national insurance savings and to increase contribution to Supporting Families Programme. The balance remaining will be distributed by the Settlement Fund Assessment – the Council received one off service grant of £2.6m in 2022/23 and this was expected to fall out in 2023/24. The impact of the redistribution is funding retained of £1.5m (net reduction of £1.1m compared with 2022/23 Budget);
- The government is limiting the increase in social housing rents, under current rules rents could have increased by up to 11.1% but now can only increase by a maximum of 7%;
- £1bn will be made available to extend the Household Support Fund over 2023/24;
- DLUHC will repurpose expired New Homes Bonus (NHB) legacy payments and lower tier service grant to create a one-off Funding Guarantee (to enable authorities to see an increase of at least 3% in their core spending power) – Minimal impact for Bromley;
- There will be new rounds of NHB payments in 2023/24 – minimal impact for Bromley;

- A commitment to consolidate 4 grants (Independent Living Fund; Council Tax Discounts – Family Annex; Local Council Tax Support Administration Subsidy; and Natasha’s Law), which are usually confirmed outside of the settlement, into the settlement;
- National Living Wage will increase, for individuals over 23 years, by 9.7% to £10.42 per hour;
- The Chancellor confirmed that for three years after the Spending Review period (from 2024/25) , day to day departmental spending would rise by 1% in real terms each year on average. Taking into account common priorities, such as NHS and schools, this could mean real-terms reduction in government grants to councils;
- Local Housing Allowances (used to determine housing benefit payments) will remain frozen;
- For 2024-25:
 - confirmation of a “significant” new funding stream relating to the Extended Producer Responsibility for packaging (pEPR) scheme – with LAs receiving additional (unspecified) income from the scheme. DLUHC, HMT and DEFRA will be assessing the impact of additional pEPR income on the relative needs and resources of individual local authorities in the coming year (i.e., this could impact on Council’s Settlement Funding Assessment for 2024/25);
 - DLUHC will review the 2024/25 funding for lower tier authorities - particularly given this pEPR scheme.
 - commitment to set out the future of the NHB “ahead of” the 2024-25 local government finance settlement.
- State pensions, benefits and tax credits will rise in line with inflation (10.1%) from April 2023;
- The NHS budget will increase by £3.3bn per annum;
- The Schools Budget will increase by £2.3bn per annum;
- The Energy Price Guarantee will rise to £3,000 from April 2023 (currently £2,500).

This is a positive outcome for local government finance. Although there remains significant financial sustainability challenges in the medium term, the additional funding provides significant support for the next two years.

Council Tax Levels and Government Funding



1. The above graphs illustrate that the Council has achieved a low council tax level despite low levels of Government funding. This has been achieved by retaining below average spending levels.
2. Using 2023/24 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £50.6m
3. Bromley were to set its Council Tax at the average level of the lowest four settlement recipients then it would receive additional income of £30.2m

FUTURE LOCAL AUTHORITY LANDSCAPE

1. The Public Accounts Committee report titled *Local Authority Financial Sustainability and the Section 114 Regime (Second Report of Session 2021/22)* referred to the 'failure to properly fund children's and adult social care, especially adult social care, is the single biggest threat facing local government financial resilience. Given that the cost of providing social care consumes between 60% and 70% of the budgets of top-tier councils, a solution to this funding crisis alone could largely restore local government finance'. The report referred to the benefits of greater fiscal autonomy could contribute to improve local government's financial resilience. The report identified that local government has not had a multi-year financial settlement since 2015 and concluded that 'local government cannot manage its spending and borrowing without the medium-term certainty that multi-year settlements bring'.
2. Michael Gove, Secretary of State, addressing a Commons Select Committee in November 2022 referred to a review of the council tax system and details of the review and its implications are awaited.
3. A Council's Chief Financial Officer (Section 151 Officer) is required to make a Section 114 Notice if it appears that the expenditure in a financial year is likely to exceed the resources (including sums borrowed) available for the organisation to meet that expenditure. Once a Council has issued a Section 114 notice, spending on all but essential services must immediately cease. The Council would be required to meet within 21 days of the notice being issued to discuss what to do next. In the last few years Northamptonshire (2018), Croydon (2020 with third notice issued in 2022), Slough (2021), Nottingham (2021), Northumberland (re unlawful finances, 2022) and Thurrock (2022) have been issued Section 114 Notices. The number would have been even higher if some Councils hadn't sought a Capitalisation Direction which effectively enables borrowing to fund revenue costs – this is not a sustainable solution.
4. Local Government Chronicle reported in February 2022 that two dozen south east councils were thought to be at risk of Section 114s.
5. The Local Government Information Unit and Municipal Journal have collaborated on the State of Local Government Finance Report every January since 2012 to coincide with English councils setting their annual budgets. The last survey available was in 2020 which was sent to senior decision-makers at each of England's 343 councils (council leaders, chief executives, cabinet members for finance/resources and directors of finance/resources). Around half of English councils responded. The conclusion was that confidence in the sustainability of local government finance remains very low, with three quarters (74%) of councils saying they do not feel confident. 1 in 10 councils (12%) say they are in danger of being unable to fulfil statutory duties this year and 1 in 7 councils (14%) said they anticipate an increase in judicial challenges to the level of service provision that year.
6. In June 2022, the Local Government Association (LGA) advised that more councils could be tipped into financial crisis while others face emergency in-year cuts due to soaring inflation and living wage increases. Their analysis, at that time, predicted additional cost pressures of £2.4bn this year, rising to £3.6bn in 2024/25. They referred to 'soaring inflation, energy prices and National Living Wage (NLW) pressures are putting council services at risk'. The LGA analysis said both inflation

and energy prices have continued to spiral upwards since ministers announced the 2022/23 local government finance settlement and councils agreed their budgets in March – prompting an ‘unprecedented crisis’.

7. The National Audit Office produced the report titled *Local Government Finance System: Overview and Challenges Thirty-Fourth Report of Session 2021–22 Report*, published in January 2022. The report refers to:
 - ‘The sector is facing a wide range of risks that have built up during the period of sustained financial pressure on local authorities’
 - ‘The Department (DLUHC) needs to identify key areas of concern regarding the sustainability of local government finance and explain how these will be addressed as part of its stewardship role.’
 - ‘The sector is still facing uncertainty and stop-gap financial arrangements until such time as the longer-term reforms are put in place’.
8. NAO in their report titled *The local government finance system in England: overview and challenges*, published in November 2021 referred to:
 - ‘Funding reductions (up to 2019/20) have coincided with growing service demand and cost pressures’
 - ‘Key planned reforms relevant to local government finance system have been delayed’
 - ‘Rising social care spending has squeezed funds available for non-social care services’
 - ‘A lack of short-term funding certainty hampers local authorities’ ability to plan’
 - ‘Financial uncertainty does not support value-for money decision making’
 - ‘The financial resilience of the local government sector was being tested even before COVID-19 pandemic’
9. London Councils reported, as part of their response to the Provisional Local Government Finance Settlement 2023/24 that ‘neither fundamental reform to needs assessments nor the business rates reset will be implemented before 2025-26’ which is of concern. They stated that ‘the 2023-24 provisional local government finance settlement provided much needed additional resources for London boroughs through the largest increase to Core Spending Power since 2010. The increase in Core Spending Power will go a long way to helping boroughs to balance budgets next year and demonstrates that concerns raised by the sector’ have been heard by government’ However they also stated that ‘despite this increase, Core Spending Power will remain 18% below the 2010 level in real terms for London boroughs (13% across England)’. They also referred to ‘prior to the release of the provisional Local Government Finance Settlement, London boroughs were operating in an extremely uncertain financial environment, forecasting a funding gap of over £700m in 2023-24, with a similar level of savings required in 2024-25 despite the wider uplift in funding, there will still be significant pressure on borough budgets next year particularly as inflation remains high and the rising cost of living continues to increase demand for council services, in particular homelessness into next year’.
10. The Local Government Association (LGA), as part of their response to the Provisional Local Government Finance Settlement 2023/24 referred to:
 - These Government forecasts are based on the assumption that councils will raise their council tax by the maximum permitted without a referendum.

- Councils have always supported the principle of adult social care reforms and want to deliver them effectively but have warned that underfunded reforms would have exacerbated significant ongoing financial and workforce pressures’.
- The Government must urgently publish the response to the SEND Green paper, setting out policy reforms that will reduce pressure on high needs budgets, ensure councils can eliminate their High Needs Budget deficits before the end of March 2026 and include a focus on increasing levels of mainstream inclusion.
- The Government has clarified that the Review of Relative Needs and Resources and a reset of accumulated business growth will not be implemented in the current Parliament. When the Review does happen, it needs to consider both the data and the formulas used to distribute funding and the Government needs to ensure that overall local government funding is sufficient when new needs formulae are introduced to ensure that no council sees its funding reduce as a result and that there are transitional arrangements for any business rates reset.
- This is the fifth one-year settlement in a row for councils which continues to hamper financial planning and their financial sustainability.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Bromley's Budget Requirement in 2022/23 (before funding from Formula Grant) @	221,663	221,663	221,663	221,663	221,663
Formula Grant and Business Rate Share	-42,828	-42,828	-42,828	-42,828	-42,828
Inflation allowance		-4,172	-5,112	-6,071	-7,049
	178,835	174,663	173,723	172,764	171,786
Assumed fall out of one off service grant		1,158	1,158	1,158	1,158
Grants to be consolidated into core funding		290	290	290	290
Changes in Government Core Funding		1,448	1,448	1,448	1,448
Cost pressures					
Increased costs (8% in 2023/24, 4% in 2024/25 and 2% thereafter)		25,139	37,334	43,163	48,993
Total additional costs		25,139	37,334	43,163	48,993
Revenue Impact of Funding the Capital Programme and reduction in investment income to fund schemes (See report elsewhere in the agenda)		6,600	6,600	6,600	6,600
Income/Savings					
Interest on balances		-7,000	-7,000	-4,000	-4,000
Repurposed ASC Reform Monies (2023/24 and 2024/25)		-6,500	-9,500	-9,500	-9,500
Less ILF monies replaced		600	600	600	600
Reduction in central contingency sum to offset significant inflation costs (inflation and risk reserve reduced)		-5,800	-5,800	-5,800	-5,800
Release general provision in contingency for significant uncertainty/variables		0	-1,000	-2,000	-2,000
Release of IBCF used as an earmarked reserve for hospital discharge to support revenue budget		-1,677	-1,677	-1,677	-1,677
Adult Social Care Market Sustainability and Improvement Fund - grant related income		-2,800	-4,900	-4,900	-4,900
Adult Social Care Market Sustainability and Improvement Fund - grant related expenditure		2,800	4,900	4,900	4,900
Adult Social Care Discharge Fund (through Better Care Fund)		-1,083	-1,710	-1,710	-1,710
Transformation Savings		-2,926	-4,065	-4,415	-4,480
CIL Funding Opportunities		-680	-1,680	-2,080	-2,080
		-25,066	-31,832	-30,582	-30,647
Other changes					
Real Changes and other Variations		-238	4	-541	536
		-238	4	-541	536
Council Tax					
Fall out of Collection Fund Surplus 2020/21 used to support 2022/23 Revenue budget		2,400	2,400	2,400	2,400
Collection Fund Surplus 2021/22 used to support 2023/24 Revenue Budget		-5,400	0	0	0
Collection Fund Surplus 2022/23 (estimated) used to support 2024/25 Revenue Budget		0	-5,000	0	0
Future years collection fund surplus		0	0	-4,000	-2,000
		-3,000	-2,600	-1,600	400
Growth/Cost Pressures including mitigation (See also Appendix 6)					
- Education		952	1,317	1,630	2,180
- Children's Social Care		6,500	6,400	6,300	6,200
- Adults Social Care		3,855	6,703	8,725	14,452
- Housing		-156	60	716	2,228
Variation in car park income		500	0	0	0
Fall out of two year addt provision for building maintenance		-1,000	-1,000	-1,000	-1,000
Parks Infrastructure Fund		400	400	400	400
Building Infrastructure Fund (Fall out of 2 year funding from 2024/25)		0	-2,000	-2,000	-2,000
Reduction in investment property income		1,556	1,308	1,276	1,276
Other growth pressures -Resources		1,533	1,033	1,033	1,033
Variation in freedom pass costs to reflect impact of post Covid usage		990	3,818	6,152	6,152
Total growth/cost pressures		15,130	18,039	23,232	30,921
Budget Requirement		194,676	202,716	214,484	230,037
2023/24 Council Tax Income	-178,835	-178,835	-178,835	-178,835	-178,835
Illustrative increase in ASC precept and Council Tax (assume 4.99% in 2023/24 & 2024/25 and 2.99% per annum thereafter)		-8,992	-18,364	-24,261	-30,333
Estimated increase in council tax base		-1,000	-1,500	-1,500	-1,500
Budget Gap before use of one off collection fund surplus and Covid reserve		5,849	4,017	9,889	19,369
Use of earmarked reserves					
Gradual fall out of use of Covid earmarked reserve towards funding Covid cost pressures		1,200	3,300	5,848	5,848
Collection Fund surplus to meet future years budget gap		-7,411	-8,300	-8,300	1,700
Fall out of Government funding towards additional council tax support costs (held in reserve)		362	2,662	2,662	2,662
		-5,849	-2,338	210	10,210
Revised Budget Gap		0	1,679	10,099	29,579

1) The above forecast assumes, for illustrative purposes, a 4.99% increase in ASC precept/ Council Tax for 2023/24 & 2024/25 and 2.99% per annum thereafter.

FINANCIAL FORECAST 2023/24 TO 2026/27
GROWTH AND MITIGATION

APPENDIX 6

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2022/23</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>Budget</u>
					<u>£'000</u>
SUMMARY					
GROWTH (excel DSG)	39,479	50,751	68,680	81,807	
MITIGATION	-25,339	-34,530	-49,600	-55,038	
NET	14,140	16,221	19,080	26,769	
CHILDREN'S SOCIAL CARE					
GROWTH					
FYE of 2022/23 Overspends (placements)	6,600	6,600	6,600	6,600	20,937
	6,600	6,600	6,600	6,600	
MITIGATION					
Additional CCG contribution	-100	-200	-300	-400	Cr 2,350
	-100	-200	-300	-400	
NET GROWTH	6,500	6,400	6,300	6,200	
EDUCATION - DSG					
GROWTH					
Estimated DSG Brought Forward (c/fwd)	12,142	15,940	18,402	20,240	0
Placements including post 16	8,500	12,000	15,500	19,000	26,330
Home and hospital increased demand	160	160	160	160	877
	20,802	28,100	34,062	39,400	
MITIGATION					
Alternative Provision savings on service delivery	-158	-177	-189	-189	1,669
Additional high needs grant announced/estimated	-4,500	-8,000	-11,500	-15,000	-92,378
Free special school	0	-167	-362	-478	26,330
SEN additional in borough placements	-204	-554	-1,371	-1,850	26,330
Estimated c/forward of DSG	-15,940	-19,202	-20,640	-21,883	0
	-20,802	-28,100	-34,062	-39,400	
NET GROWTH	0	0	0	0	
net annual increases in DSG deficit (cumulative)	3,798	3,262	2,238	1,643	
cumulative increase in DSG deficit	3,798	7,060	9,298	10,941	
EDUCATION - RSG					
GROWTH					
SEN Transport additional demand	575	1,101	1,611	2,111	7,771
Cost pressures SEN transport	700	700	700	700	7,771
Decrease in Central DSG allocation	50	100	150	200	
Ed Psychologist and Soulbury pay	10	10	10	10	1,016
	1,335	1,911	2,471	3,021	
MITIGATION					
SEN transport route optimistaion etc.	-383	-594	-841	-841	7,771
	-383	-594	-841	-841	
NET GROWTH	952	1,317	1,630	2,180	
	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	
ADULT SOCIAL CARE					
ACM - Placements - 21/22 FYE	1,071	1,071	1,071	1,071	28,979
Learning Disabilities - 21/22 FYE	551	551	551	551	44,469
Mental Health - 21/22 FYE	-80	-80	-80	-80	6,711
National Living Wage	800	2,000	3,500	5,000	1,378
Fall out of IBCF one off use	1,000	1,400	1,400	1,400	0
ASC Reforms Costs (preparing/early requirements for 2023/24 and 2024/25)	1,000	1,000	7,600	10,000	1,000
Learning Disabilities Growth	1,822	3,356	5,183	7,010	44,469
	6,164	9,298	19,225	24,952	
Mitigation					
Preparing for adulthood support	-439	-485	-600	-600	44,469
BCF allocation for D2A	-458	-458	-458	-458	0
ASC Reforms funding			-7,600	-7,600	0
Improved hospital discharge arrangements	-1,005	-1,005	-1,005	-1,005	0
IBCF Inflation	-227	-227	-227	-227	0
Alternative accommodation for people with learning disabilities	0	-150	-250	-250	0
Savings from DomCare contracts	-180	-270	-360	-360	14,926
	-2,309	-2,595	-10,500	-10,500	
Net Growth	3,855	6,703	8,725	14,452	

Housing

Growth

Temp Accom. - growth	1,339	2,851	4,363	5,875	15,059
Temp Accom. - impact Homes for Ukraine	To be funded	by Govt grant			
Meadowship Homes	250	250	250	250	0
	1,589	3,101	4,613	6,125	

Mitigation (excluded from Transformation savings)

Housing development programme	-314	-967	-1,823	-1,823	
Housing acquisition programme	-1,431	-2,074	-2,074	-2,074	15,059
	-1,745	-3,041	-3,897	-3,897	

Sub total

	-156	60	716	2,228	
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Environment (and Public Protection and Safety)

Car parking income	-500	-1,000	-1,000	-1,000	Cr 200
Reduction in income from moving traffic contraventions	1,500	1,500	1,500	1,500	Cr 1,796
Waste volumes reduction	-800	-800	-800	-800	0
Mortary and Coroners services (£200k plus £100 respectively) -PPS	300	300	300	300	0
	500	0	0	0	

Resources Commissioning and Contract Management (RCCM)

Additional IT staffing - report to Executive	613	613	613	613	913
Savings in future project costs contained within dept budgets	-380	-380	-380	-380	0
Impact of IT systems moving to 'cloud' (Oracle plus report to Exec Nov 22)	500	500	500	500	0
Contribution to insurance fund	500	0	0	0	0
Increase in counsel costs supporting services	300	300	300	300	309
Income from investment properties	1056	808	776	776	Cr 9,276
Investment properties - maintenance sinking fund to prevent income reductions	500	500	500	500	Cr 9,276
	3,089	2,341	2,309	2,309	

Building Maintenance (RCCM)

Parks Infrastructure Fund (Environment)	-1,000	-1,000	-1,000	-1,000	4,942
	400	400	400	400	0

SUMMARY OF DRAFT 2023/24 REVENUE BUDGET - PORTFOLIO

2022/23 Final Budget	Portfolio/Item	2023/24 Draft Budget £'000
98,429	Education	109,712
Cr 92,411	Less costs funded through Dedicated Schools Grant*	Cr 102,180
6,018	Sub total	7,532
41,485	Childrens Social Care	47,102
80,790	Adult Care and Health	83,895
34,213	Environment & Community Services Portfolio	37,910
2,644	Public Protection and Enforcement	3,182
14,555	Renewal, Recreation and Housing	15,484
40,774	Resources, Commissioning & Contracts Management	47,597
1,284	Non Distributed Costs & Corporate & Democratic Core	1,361
221,763	Total Controllable Budgets	244,063
4,043	Total Non Controllable Budgets	4,823
Cr 942	Additional Revenue Expenditure Funded From Capital Under Statute	Cr 4,832
	Total Excluded Recharges	Cr 947
224,864	Portfolio Total	252,771
Cr 9,878	Reversal of Net Capital Charges	Cr 9,930
	Additional Capital Grants Funding Revenue Expenditure Under Statute	Cr 4,832
Cr 2,841	Interest on General Fund Balances	Cr 9,841
	Contribution to Carbon Neutral Initiatives Fund	
253	Contribution to Utilisation of New Homes Bonus for Housing	
	Utilisation of Prior Year Collection Fund Surplus/Set Aside	
18,208	Central Contingency Sum	19,298
	Contingency Provision for Revenue Impact of Capital Financing Programme	6,600
	Levies	
447	- London Pensions Fund Authority*	460
247	- London Boroughs Grants Committee	246
263	- Environment Agency *	272
315	- Lee Valley Regional Park *	324
231,878	Sub Total	255,368
Cr 253	New Homes Bonus	Cr 42,828
Cr 42,828	Business Rate Retention	Cr 1,494
Cr 2,652	Reduced funding following continuation of one off service grant	Cr 4,172
	Increase in funding (inflation)	Cr 5,400
Cr 2,400	Collection Fund Surplus (previous years)	Cr 366
Cr 2,662	Council tax support - collection fund surplus	Cr 9,111
Cr 1,700	Collection Fund Surplus - set aside for future years	Cr 2,300
	Collection fund surplus for future years (council tax support)	
Cr 548	Funding Covid cost pressures from Earmarked Reserve	
	Use of Specific Earmarked reserve created during 2022-23 to fund additional social work post	Cr 870
178,835	Bromley's Requirement (excluding GLA)	188,827

* The highlighted budgets above are still in draft with final allocations still awaited.

DRAFT REVENUE BUDGET 2023/24

	Education, Children & Families	Adult Care & Health	Environment & Community Services	Public Protection and Enforcement	Renewal, Recreation & Housing	Resources, Commissioning & Contracts Management	Portfolio Total
	£000	£000	£000	£000	£000	£000	£000
Employees	39,539	17,843	7,437	2,802	10,173	18,523	96,317
Premises	1,098	230	7,863	43	1,090	4,493	14,817
Transport	9,955	1,365	135	42	47	39	11,582
Supplies and Services	9,197	5,468	20,141	445	1,637	7,967	44,856
Third Party Payments	62,422	126,631	29,536	1,547	29,623	14,968	264,727
Transfer Payments	71,521	11,038			82,774	7,533	172,867
Government Grants	- 121,973	Cr 33,846		Cr 367	Cr 87,895	Cr 556	Cr 244,637
Other Grants Reimbursements and Contributions	- 3,718	Cr 29,018	Cr 289		Cr 514	Cr 461	Cr 34,000
Customer and Client Receipts	- 3,634	Cr 18,986	Cr 24,442	Cr 440	Cr 21,111	Cr 2,220	Cr 70,834
Controllable Recharges	- 3,174	4,228	Cr 1,565	Cr 890	Cr 6	Cr 1,719	Cr 3,126
Below Cost of Services on CIES	-		Cr 2			Cr 10,121	Cr 10,123
Movement between Reserves	- 6,598	Cr 1,059	Cr 905		Cr 334	671	Cr 8,225
Total Controllable Budgets	54,634	83,895	37,910	3,182	15,484	39,117	234,222
Capital Charges/ Financing	1,070	201	5,192		Cr 37	357	6,783
Repairs, Maintenance & Insurance	515	499	1,967	12	390	1,871	5,253
Rents and Other Property Based Charges	Cr 81	Cr 141	Cr 416		Cr 894	Cr 850	(2,381)
Not Directly Controllable Budgets	1,505	559	6,743	12	Cr 541	1,378	9,655
Net Recharges	10,841	3,489	2,336	816	5,574	Cr 24,004	Cr 947
Total Net Budget	66,980	87,942	46,989	4,010	20,517	16,491	242,930

2023/24 CENTRAL CONTINGENCY SUM

General	£'000
Provision for Unallocated Inflation	10,681
General provision for risk/uncertainty	3,500
Adult Social Care Market Sustainability and Improvement Fund - Grant related exp.	2,800
Building Infrastructure Fund	2,000
SEND Transport Growth	1,000
Property income recovery/rent variations	500
Grants to be consolidated into core funding and no longer reflected in departmental budgets	290
Legal support - childcare and adults social care	170
Property Valuation	100
Planning appeals - changes in legislation	60
Social Care grant re asc reforms	Cr 720
Adult Social Care Discharge Fund - Grant Income	Cr 1,083
	<u>19,298</u>

Contingency Provision for Revenue Impact of Capital Financing Programme	<u>6,600</u>
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There may be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO**DRAFT REVENUE BUDGET 2023/24 - SUMMARY**

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Childrens Social Care				
1,775,557	Bromley Youth Support Programme	1,778,320	110,810	Cr 125,000	1,764,130
8,149,915	CLA and Care Leavers	8,280,450	496,370	2,593,890	11,370,710
676,052	Early Intervention and Family Support	1,341,650	189,800	Cr 69,850	1,461,600
21,406,286	Fostering, Adoption and Resources	19,025,320	1,381,510	3,442,390	23,849,220
4,357,719	Referral and Assessment Service	4,202,500	253,500	22,590	4,478,590
3,907,957	Safeguarding and Care Planning East	3,012,010	180,740	917,840	4,110,590
2,778,625	Safeguarding and Care Planning West	5,991,440	383,640	101,120	6,476,200
Cr 980,148	Safeguarding and Quality Improvement	(2,146,650)	169,320	Cr 4,431,640	(6,408,970)
42,071,963		41,485,040	3,165,690	2,451,340	47,102,070
	Education Division				
49,157	Workforce Development & Governor Services	(4,600)	1,700	0	(2,900)
99,173	Strategic Place Planning	132,310	20,250	0	152,560
0	Special Schools & Alternative Provision	15,674,480	940,470	5,320	16,620,270
2,612,226	SEN and Inclusion	41,383,250	2,553,610	9,145,000	53,081,860
Cr 1,455,746	Schools Budgets	(79,001,430)	(4,497,390)	(8,326,140)	(91,824,960)
694,308	Schools & Early Years Commissioning and QA	21,633,340	1,302,930	(71,000)	22,865,270
25,327	Other Strategic Functions	3,063,130	178,630	10,320	3,252,080
Cr 460,574	Adult Education Centres	(437,900)	(0)	10,000	(427,900)
6,974,439	Access and Inclusion	3,575,130	227,310	13,500	3,815,940
6,017,710		6,017,710	727,510	787,000	7,532,220
48,089,673	TOTAL CONTROLLABLE	47,502,750	3,893,200	3,238,340	54,634,290
6,321,290	TOTAL NON CONTROLLABLE	1,593,870	18,900	(108,220)	1,504,550
9,679,039	TOTAL EXCLUDED RECHARGES	10,852,210	0	(10,810)	10,841,400
64,090,002	PORTFOLIO TOTAL	59,948,830	3,912,100	3,119,310	66,980,240

Education, Children and Families

SUMMARY OF BUDGET VARIATIONS 2023/24

Ref		VARIATION IN 2023/24		ORIGINAL
		£'000	£'000	BUDGET 2022/23 £'000
1	2022/23 BUDGET			
			59,949	
2	Increased Costs		3,912	
	Full Year Effect of Allocation of Central Contingency			
3	Agency saving in 2022/23 Budget	Cr 121		
4	NI Adjustment 2022/23	Cr 163	Cr 284	
	Movements Between Portfolios/Departments			
5	Transfer of funding to the Chief Executives department	Cr 200		
6	Violence Against Women and Girls (VAWG) budget	Cr 64	Cr 264	
	Real Changes			
	<i>Other Real Changes</i>			
7	Drawdown of Reserves for Additional Social Worker Posts	870		
8	Removal of COVID Funding	200		Cr 3,000
9	Repurposed ASC Reform Monies	Cr 4,300	Cr 3,230	0
	<i>Growth</i>			
10	FYE effect of 2022/23 Children's Placements	6,600		20,937
11	Cost pressures SEN Transport	700		7,771
12	SEN Transport additional demand	575		7,771
13	Decrease in Central DSG allocation	50		
14	Ed Psychologists	10	7,935	1,016
	<i>Mitigation</i>			
15	Additional CCG Contribution	Cr 100		Cr 2,350
16	SEN Transport route optimisation, etc	Cr 383	Cr 483	7,771
	<i>Transformation Programme Savings</i>			
17	Adult Education	13		Cr 438
18	Fees and Charges	Cr 15		
19	Transport Services Policy	Cr 50		7,771
20	Maintained Nursery's to work under a commercial model	Cr 68		162
21	Emergency Foster Placement	Cr 79		5,361
22	0-25 Transitions Service (Inc. Short Breaks)	Cr 100		
23	Youth Services Review	Cr 125	Cr 424	732
24	Variations in Capital Charges		Cr 209	
25	Variations in Insurances		78	
26	2023/24 DRAFT BUDGET		66,980	

Education, Children and Families

Notes on Budget Variations in 2023/24

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Agency saving in 2022/23 Budget (Cr £121k)
The full year effect of agency worker savings expected as a result of the most recent contract award.
- 4 NI Adjustment 2022/23 (Cr £163k)
The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.

Movements Between Portfolios/Departments

- 5 Violence Against Women and Girls (VAWG) (Cr £64k)
It was agreed that the VAWG service would move from Children Service to the PPE portfolio where the MOPAC funding is allocated.
- 6 Transfer of Funding to the Chief Executives Department (Cr£200k)
Movement of temporary funding allocated to CEF in 2022/23 back to Chief Executives Department for 2023/24

Real Changes

Other Real Changes

- 7 Drawdown of Reserves for additional Social Worker posts (Dr £870k)
This adjustment relates to the 'Additional Staffing Capacity for Children's Social Care' paper that has been approved by the Executive.
- 8 Removal of COVID Funding (Dr £200k)
Part reversal of the COVID funding provided as part of the 2022/23 Budget to support the on-going impact of COVID-19 on the CEF portfolio.
- 9 Repurposed ASC Reform Monies (Cr £4,300k)
The government had previously announced funding for the Adult Social Care Reforms which were due to take effect from October 2023. The reforms have subsequently been delayed for two years, however the funding has been repurposed and will be distributed through the Social Care Grant for adult and children's social care. This helps offset growth pressures detailed below.

Growth

- 10 FYE effect of 2022/23 Children's Placements (Dr £6,600k)

The full year effect of 2022/23 pressures on Children Social Care placements is £6,600k. This covers all of the different placements within the Children Social Care area. Within this figure are some assumed management actions.

- 11 Cost pressures SEN Transport (Dr £700k)
On top of the on-going increase in client numbers and costs, there is the additional pressure in relation to increased costs above inflation in 2022/23 that feed through into 2023/24.
- 12 SEN Transport additional demand (Dr £575k)
Additional funding is required to support the increase in the numbers of clients using the service. Increases in pupils are the start of the academic year of 18% over the last 2 years . Costs have also increased as due to the impact of COVID, there is a shortage of workers to drive the clients.
- 13 Decrease in Central DSG allocation (Dr £50k)
There is an expected reduction in the Central Services Block of the Dedicated Schools Grant (DSG) funding. The growth covers the loss of grant and maintains the current service levels.
- 14 Ed Psychologists (Dr £10k)
This is a continuation of the recruitment and retention policy in order to retain staff and avoid costly temporary / agency staff. The pay structure will be more in line with the market and will therefore attract slightly higher costs.

Mitigation

- 15 Additional CCG Contribution (Dr £100k)
Additional funding has been secured above and beyond current budgeted levels.
- 16 SEN Transport route optimisation, etc (Cr £383k)
To help off-set the pressures in SEN Transport Growth, the service has undertaken various reviews to optimise the routes they are being delivered in order to help alleviate pressures.

Transformation Programme Savings

- 17 Adult Education (Dr £13k)
A continuation of the slight reduction in the transformation savings due to one off savings in previous years.
- 18 Fees and Charges (Cr £15k)
Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24.
- 19 Transport Services Policy (Cr £50k)
Changes to service provision including Personal Budgets and Independent Travel training initiatives.as reported previously to committee.
- 20 Maintained Nursery's to work under a commercial model (Cr £68k)

The in-house nurseries are currently being reviewed and options are being considered to move them to a more commercial model, as previously reported to committee.

21 Emergency Foster Placement (Cr £79k)

Assuming a steady stream of placements across the financial year being able to be diverted from IFA's and offsetting the costs of retaining three emergency carers.

22 0-25 Transitions Service (Inc. Short Breaks) (Cr £100k)

The combined 0-25 service will use a more efficient model of working which will enable savings to be made across the whole service.

23 Youth Services Review (Cr £125k)

There is an ongoing review of the Youth Service with the expectation that there will be efficiencies moving forward.

24 Variations in Capital Charges (Cr £209k)

The variation in capital charges is due to a combination of the following:

(i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2023/24.

(ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2023/24 capital programme schemes.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

25 Variations in Insurances (Dr £78k)

Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

CHILDREN, EDUCATION AND FAMILIES PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Movement between Reserves	Total Controllable
	£	£	£	£	£	£				£			£
Childrens Social Care													
Bromley Youth Support Programme	2,059,260	196,970	34,020	203,830	99,770	0	Cr 352,230	Cr 173,630	Cr 235,510	Cr 68,350		0	1,764,130
CLA and Care Leavers	3,627,412	0	35,380	1,649,770	1,553,570	7,417,690	Cr 2,229,202	0	Cr 692,340	8,430		0	11,370,710
Early Intervention and Family Support	2,834,420	312,620	27,300	162,720	190,950	0	0	Cr 26,230	Cr 178,980	Cr 1,861,200		0	1,461,600
Fostering, Adoption and Resources	2,519,900	0	229,600	1,843,900	22,700,840	772,500	Cr 317,520	Cr 2,550,000	0	Cr 50,000		0	25,149,220
Referral and Assessment Service	4,271,500	0	6,760	14,180	8,820	0	0	0	0	0		Cr 1,300,000	3,178,590
Safeguarding and Care Planning East	2,837,410	0	8,580	720,550	505,730	38,320	0	0	0	0		0	4,110,590
Safeguarding and Care Planning West	4,199,220	0	147,820	8,600	1,999,630	1,227,050	0	Cr 649,720	0	Cr 456,400		0	6,476,200
Safeguarding and Quality Improvement	3,023,960	0	11,040	1,185,300	0	0	Cr 9,957,960	Cr 193,600	0	Cr 477,710		0	6,408,970
	25,373,082	509,590	500,500	5,788,850	27,059,310	9,632,890	Cr 12,856,912	Cr 3,593,180	Cr 1,106,830	Cr 2,905,230		Cr 1,300,000	47,102,070
Education Division													
Workforce Development & Governor Services	35,400		170	17,690	20,360				Cr 43,360	Cr 33,160		0	Cr 2,900
Strategic Place Planning	314,240			43,420					Cr 205,100	0		0	152,560
Special Schools & Alternative Provision		24,410				16,706,315	Cr 59,455		Cr 51,000	0		0	16,620,270
SEN and Inclusion	7,680,690	310,800	9,359,490	752,640	30,710,540	6,263,910	Cr 85,190	Cr 125,090	Cr 518,660	232,730		Cr 1,500,000	53,081,860
Schools Budgets		700		273,530		17,911,344	Cr 106,073,014		Cr 105,770	Cr 33,750		Cr 3,798,000	91,824,860
Schools & Early Years Commissioning and QA	1,846,330	86,440	6,570	987,320	15,910	21,005,630	Cr 41,130		Cr 959,750	Cr 82,050		0	22,865,270
Other Strategic Functions	193,000	110	890	528,920	3,436,520		Cr 947,980		Cr 542,070	40,620		0	3,252,080
Adult Education Centres	1,488,450	165,470	1,510	355,930			Cr 1,909,440		Cr 306,250	Cr 11,020		0	427,900
Access and Inclusion	2,607,830	0	85,950	448,460	1,179,510				Cr 199,560	Cr 199,560		0	3,815,940
	14,165,940	587,930	9,454,580	3,407,910	35,362,840	61,888,429	Cr 109,116,209	Cr 125,090	Cr 2,526,860	Cr 269,250		Cr 5,298,000	7,532,220
	39,539,022	1,097,520	9,955,080	9,196,760	62,422,150	71,521,319	Cr 121,973,121	Cr 3,718,270	Cr 3,633,690	Cr 3,174,480		Cr 6,598,000	54,634,290

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges	Total Net Budget
	£				£	£
Childrens Social Care						
Bromley Youth Support Programme	102,000	55,840	Cr 72,980	84,860	325,260	2,174,250
CLA and Care Leavers		1,510		1,510	540,920	11,913,140
Early Intervention and Family Support	123,000	10,690		133,690	538,880	2,134,170
Fostering, Adoption and Resources		670		670	1,535,250	26,685,140
Referral and Assessment Service		1,610		1,610	397,690	3,577,890
Safeguarding and Care Planning East		740		740	314,370	4,425,700
Safeguarding and Care Planning West		71,800	Cr 7,940	63,860	617,030	7,157,090
Safeguarding and Quality Improvement		190,270		190,270	1,104,010	5,114,690
	225,000	333,130	Cr 80,920	477,210	5,373,410	52,952,690
Education Division						
Workforce Development & Governor Services		20		20	Cr 8,010	Cr 10,890
Strategic Place Planning		60		60	Cr 43,830	108,790
Special Schools & Alternative Provision	389,000	7,160		396,160	Cr 16,653,970	362,460
SEN and Inclusion	11,000	3,540		14,540	Cr 41,824,990	11,271,410
Schools Budgets	295,000	64,220		359,220	91,727,690	261,950
Schools & Early Years Commissioning and QA		28,720		28,720	Cr 21,711,030	1,182,960
Other Strategic Functions		20		20	Cr 2,934,640	317,460
Adult Education Centres	150,000	77,910		227,910	365,520	165,530
Access and Inclusion		690		690	Cr 3,448,750	367,880
	845,000	182,340	0	1,027,340	5,467,990	14,027,550
	1,070,000	515,470	Cr 80,920	1,504,550	10,841,400	66,980,240

ADULT CARE & HEALTH PORTFOLIO

DRAFT REVENUE BUDGET 2023/24 - SUMMARY

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Adult Social Care				
22,492,722	Assessment and Care Management	24,473,360	2,787,640	Cr 3,757,030	23,503,970
0	Carers	0	5,630	0	5,630
117,472	Direct Services	86,120	63,530	Cr 12,330	137,320
39,169,154	Learning Disabilities Services	43,583,360	2,903,240	1,567,240	48,053,840
8,380,196	Mental Health Services	8,197,430	508,500	Cr 291,490	8,414,440
1,779,101	Quality Assurance & Safeguarding	1,929,970	119,320	Cr 22,290	2,027,000
71,938,645		78,270,240	6,387,860	Cr 2,515,900	82,142,200
	Integrated Commissioning Service				
Cr 25,440	Better Care Fund	Cr 20,320	Cr 1,029,170	0	Cr 1,049,490
0	Improved Better Care Fund	0	0	0	0
0	Information & Early Intervention	0	200,500	Cr 36,000	164,500
2,105,753	Integrated Commissioning Service	2,250,030	149,740	Cr 49,260	2,350,510
2,080,313		2,229,710	Cr 678,930	Cr 85,260	1,465,520
	Public Health				
Cr 128,430	Public Health	290,070	99,460	Cr 102,650	286,880
Cr 128,430		290,070	99,460	Cr 102,650	286,880
73,890,528	TOTAL CONTROLLABLE	80,790,020	5,808,390	Cr 2,703,810	83,894,600
2,601,762	TOTAL NON CONTROLLABLE	434,250	13,960	110,650	558,860
5,249,396	TOTAL EXCLUDED RECHARGES	3,488,780	0	0	3,488,780
81,741,686	PORTFOLIO TOTAL	84,713,050	5,822,350	Cr 2,593,160	87,942,240

ADULT CARE & HEALTH PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2023/24

Ref	VARIATION IN 2023/24		ORIGINAL
	£'000	£'000	BUDGET 2022/23 £'000
1	2022/23 BUDGET		
		84,713	
2	Increased Costs		
		5,822	
	Full Year Effect of Allocation of Central Contingency		
3	Agency workers contract savings	Cr 72	
4	Adj to NI budget following reversal of 2022-23 increase	Cr 145 Cr 217	
	Real Changes		
	<i>Other Real Changes</i>		
5	ASC Reform Monies	Cr 880	0
	Release of IBCF previously used as an earmarked reserve for hospital discharge to support revenue budget	Cr 1,677	Cr 1,677
7	Adult Social Care Market Sustainability and Improvement Fund	Cr 2,800	Cr 4,849
8	Fall out of Covid reserves monies	<u>1,000</u> Cr 4,357	1,000
	<i>Growth</i>		
9	Assessment & Care Management - Full Year Effect of 2021/22	1,071	28,979
10	Learning Disabilities - Full Year Effect of 2021/22	551	44,469
11	Mental Health - Full Year Effect of 2021/22	Cr 80	6,711
12	National Living Wage	800	1,378
13	ASC Reforms Costs	1,000	0
14	Fall out of one-off IBCF funding	1,000	1,000
15	Learning Disabilities Growth	<u>1,822</u> 6,164	44,469
	<i>Mitigation</i>		
16	Preparing for adulthood support - Learning Disabilities	Cr 439	44,469
17	BCF allocation for Discharge to Assess (D2A)	Cr 458	0
18	Improved hospital discharge arrangements	Cr 1,005	0
19	IBCF inflation	Cr 227	0
20	Savings from Domiciliary Care contracts	Cr 180	14,926
21	Changes to Fees & Charges	<u>Cr 159</u> Cr 2,468	Cr 17,350
	<i>Transformation Programme Savings</i>		
22	Renegotiation of the lease agreement for Day Centre	Cr 6	Cr 6
23	Charging for Dementia Respite Service	Cr 103	0
24	Trusted Assessor for Domiciliary Care	Cr 700	14,926
25	Reintroduce Joint Panel for Mental Health packages of care with NHS	Cr 100	Cr 128
26	High cost Placements and Package of Care and Review	Cr 200	6,711
27	Reducing void levels in Learning Disability Supported Living schemes	Cr 100	18,332
28	Review of Learning Disabilities Day Care	Cr 20	2,301
29	Review of Learning Disabilities Day Care 1:1's	Cr 100	2,301
30	Reduction of Extra Care Housing Void levels	Cr 100	4,256
31	Charge Providers for PVI Training	Cr 20	0
32	Shared lives - move to in Borough placements	Cr 32	627
33	Change of management arrangements for the Independent Living Centre	Cr 36	Cr 36
34	Management of Community Equipment and Integrated Therapies demand and catalogue	Cr 175	2,240
35	Review of moving and handling needs of individuals with high-cost care packages	Cr 50	11,985
36	Sexual Health	Cr 50	
37	NHS Health Check	<u>Cr 40</u> Cr 1,832	
38	Variations in Capital Charges		0
39	Variations in Insurances		117

ADULT CARE & HEALTH PORTFOLIO

Notes on Budget Variations in 2023/24

Ref Comments

Full Year Effect of Allocation of Central Contingency

3 Agency workers contract savings (Cr £72k)

The full year effect of agency worker savings expected as a result of the most recent contract award.

4 Adj to NI budget following reversal of 2022-23 increase (Cr £145k)

The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.

Real Changes

Other Real Changes

5 ASC Reform Monies (Cr £880k)

The government had previously announced funding for the Adult Social Care Reforms which were due to take effect from October 2023. The reforms have subsequently been delayed for two years, however the funding has been repurposed and will be distributed through the Social Care Grant for adult and children's social care. This helps offset growth pressures detailed below.

6 Release of IBCF previously used as an earmarked reserve for hospital discharge to support revenue budget (Cr £1,677k)

In previous years the non-recurrent Improved Better Care Fund (iBCF) funding of £1,677k had been set aside as a contribution to a 'whole system' reserve that can be called upon in relation to any crisis in the joint health and social care systems. This contribution is now being released to support growth pressures in the ASC revenue budget.

7 Adult Social Care Market Sustainability and Improvement Fund (Cr £2,800k)

The Adult Social Care Market Sustainability and Improvement Funding Grant is provided to upper tier authorities to enable tangible improvements to be made to adult social care in particular to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector.

8 Fall out of Covid reserves monies (£1,000k)

The 2022/23 budget included £1m from unringfenced Covid funding carried forward through reserves for the additional costs relating to the impact of Covid-19 on Adult Social Care. This was non-recurrent and falls out in 2023/24.

Growth

9 Assessment & Care Management - Full Year Effect of 2022/23 (Dr £1,071k)

The full year effect of the 2022/23 overspend on Assessment & Care Management is £1,071k and this has been funded in the 2023/24 budget.

10 Learning Disabilities - Full Year Effect of 2022/23 (Dr £551k)

The full year effect of the 2022/23 overspend on Learning Disabilities services is £551k and this has been funded in the 2023/24 budget.

11 Mental Health - Full Year Effect of 2022/23 (Cr £80k)

The full year effect of the 2022/23 underspend on Mental Health services is £80k and this has been funded in the 2023/24 budget.

12 National Living Wage (Dr £800k)

Provision of £800k has been included in the 2023/24 budget to fund the impact of the increase to the National Living Wage (from £9.50/hour to £10.42/hour).

13 ASC Reforms Costs (Dr £1,000k)

Growth of £1m has been included for preparatory work associated with the Adult Social Care reforms for 2023/24 and 2024/25. This is funded through the ASC Reform Grant detailed in note 5.

14 Fall out of one-off IBCF funding (Dr £1,000k)

£1.4m of one-off underspends on the Improved Better Care Fund (iBCF) was allocated in 2022/23 to part fund growth pressures. The remaining £400k is being used in 2023/24 so there is a fall out of £1m.

15 Learning Disabilities Growth (Dr £1,822k)

There are demand-related pressures on the Learning Disabilities budget in 2022/23 arising mainly from transition clients and increased client needs and complexity. This is offset by both mitigation and transformation savings as detailed below.

Mitigation

16 Preparing for adulthood support - Learning Disabilities (Cr £439k)

Investment in support planning for young people who will require support as adults will create sustainable services and partly mitigate the demand-related growth pressures for adult social care services in conjunction with Children's services.

17 BCF allocation for Discharge to Assess (D2A) (Cr £458k)

Included in the Assessment & Care Management FYE growth item above is an amount for the Discharge to Assess pathway. An allocation has been made from the additional increase in the Better Care Fund (BCF) allocation for 2022/23 above inflation.

18 Improved hospital discharge arrangements (Cr £1,005k)

As a result of the Covid-19 pandemic, the hospital discharge pathway had to be revised, resulting in additional costs borne by the Council. As the pressure has now subsided to some extent, and with new pathways being implemented in association with health partners, reductions in these costs are now anticipated, partly offsetting the Full Year Effect of 2022/23 expenditure shown in note 9.

19 IBCF inflation (Cr £227k)

Inflation on the Improved Better Care Fund (iBCF) in 2022/23 has been allocated towards funding growth pressures in ASC.

20 Savings from Domiciliary Care contracts (Cr £180k)

In 2021/22 the domiciliary care contracts with providers were recommissioned, with expected savings to be made across all service user groups as reported to the Executive in June 2021. This is in addition to the £240k included in the 2022/23 budget.

21 Changes to Fees & Charges (Cr £159k)

Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24.

Transformation Programme Savings

22 Renegotiation of the lease agreement for Day Centre (Cr £6k)

Changes to the lease arrangements for the day centre at St Marks Church will result in a saving of £6k.

23 Charging for Dementia Respite Service (Cr £103k)

Currently the Council has not implemented the charging policy for the dementia respite service. The implementation of the charging policy will bring in additional income of £103k.

24 Trusted Assessor for Domiciliary Care (Cr £700k)

The Trusted Assessor scheme involves the safe and timely review of provider support plans and to adjust them within agreed parameters. This approach allows domiciliary care providers to make changes to their support plans with the aim of helping people who use their services to reach their goals. It is expected that reduction in package costs can be achieved by adopting this approach.

- 25 Reintroduce Joint Panel for Mental Health packages of care with NHS (Cr £100k)
The reintroduction of a joint panel to agree packages of care with the NHS should result in additional funding of packages by the NHS.
- 26 High cost Placements and Package of Care and Review (Cr £200k)
Reviewing high cost packages of care in older people, physical disabilities and mental health areas is expected to realise savings of £200k.
- 27 Reducing void levels in Learning Disability Supported Living schemes (Cr £100k)
Ensuring that the supported living schemes are used effectively, with reduced numbers of voids is expected to save £100k from the budget.
- 28 Review of Learning Disabilities Day Care (Cr £20k)
This saving relates to the reduction in the use of spot placements in favour of making placements at the block contracted Astley Day Centre.
- 29 Review of Learning Disabilities Day Care 1:1's (Cr £100k)
A review will be undertaken of 1:1 packages for service users with complex needs who are attending a day care setting.
- 30 Reduction of Extra Care Housing Void levels (Cr £100k)
Reducing the level of voids in Extra Care Housing (ECH) schemes will result in better utilisation of the block funded ECH beds, avoidance of paying void rent and reducing placements (at additional cost) in domiciliary care or spot residential provision.
- 31 Charge Providers for PVI Training (Cr £20k)
Recharging some of the costs of training provided to care providers would result in an estimated £20k in additional income.
- 32 Shared lives - move to in Borough placements (Cr £32k)
Estimated savings of £32k are envisaged by bringing out of borough Shared Lives placements back in borough.
- 33 Change of management arrangements for the Independent Living Centre (Cr £36k)
Changes to the management arrangements for the Independent Living Centre at Lewis House in Beckenham are expected to save £36k.
- 34 Management of Community Equipment and Integrated Therapies demand and catalogue (Cr £175k)
To ensure that equipment provided offers the best value for money by continuously reviewing the catalogue and commencing trials of new equipment when possible. To provide training to staff across the Integrated Care System to support appropriate prescription. To scrutinise clinical reasoning for special orders and high-cost items.
- 35 Review of moving and handling needs of individuals with high-cost care packages (Cr £50k)
Ongoing reviews of care packages that require more than one member of staff are expected to save £50k.
- 36 Sexual Health (Cr £50k)
Savings of £50k are expected from further developing on-line provision and therefore reduce clinic attendance.
- 37 NHS Health Checks (Cr £40k)
Efficiency savings of £40k from using different near-patient testing and potential use of digital offer.

38 Variations in Capital Charges (Cr £6,682k/Dr £6,682k)

The variation in capital charges is due to a combination of the following:

- (i) Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2023/24.
- (ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2023/24 capital programme schemes.

39 Variations in Insurance (Dr £117k)

Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

ADULT CARE & HEALTH PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Movement between Reserves	Total Controllable
	£	£	£	£	£	£				£			£
Adult Social Care													
Assessment and Care Management	8,871,360	203,700	371,650	5,002,430	45,767,660	4,818,250	Cr 8,708,550	Cr 661,440	Cr 14,539,380	Cr 17,621,710		0	23,503,970
Carers	0	0	0	0	0	99,520	0	0	0	Cr 93,890		0	5,630
Direct Services	1,443,730	0	79,380	99,990	46,320	0	0	0	Cr 552,160	Cr 979,940		0	137,320
Learning Disabilities Services	1,365,270	24,740	879,460	45,640	49,411,670	5,920,120	Cr 425,190	Cr 1,099,110	Cr 3,791,870	Cr 4,276,890		0	48,053,840
Mental Health Services	124,400	0	15,430	Cr 324,360	8,940,610	199,940	0	Cr 235,740	Cr 82,450	Cr 223,390		0	8,414,440
Quality Assurance & Safeguarding	1,843,230	1,880	2,830	253,570	6,210	0	0	0	0	Cr 80,720		0	2,027,000
	13,647,990	230,320	1,348,750	5,077,270	104,172,470	11,037,830	Cr 9,133,740	Cr 1,996,290	Cr 18,965,860	Cr 23,276,540	0	0	82,142,200
Integrated Commissioning Service													
Better Care Fund	0	0	0	0	9,206,060	0	Cr 1,200,000	Cr 26,645,710	0	17,990,160		Cr 400,000	Cr 1,049,490
Improved Better Care Fund	0	0	0	0	190,530	0	Cr 7,730,240	0	0	7,939,710		Cr 400,000	0
Information & Early Intervention	0	0	0	0	3,760,550	0	Cr 170,590	Cr 254,400	0	3,171,060		0	164,500
Integrated Commissioning Service	2,438,000	0	11,560	36,560	273,230	0	0	Cr 113,870	Cr 20,000	Cr 274,970		0	2,350,510
	2,438,000	0	11,560	36,560	13,430,370	0	Cr 9,100,830	Cr 27,013,980	Cr 20,000	22,483,840	0	Cr 800,000	1,465,520
Public Health													
Public Health	1,757,270	0	4,500	354,460	9,027,720	0	Cr 15,611,290	Cr 7,560	0	5,020,780	0	Cr 259,000	286,880
	1,757,270	0	4,500	354,460	9,027,720	0	Cr 15,611,290	Cr 7,560	0	5,020,780	0	Cr 259,000	286,880
	17,843,260	230,320	1,364,810	5,468,290	126,630,560	11,037,830	Cr 33,845,860	Cr 29,017,830	Cr 18,985,860	4,228,080	0	Cr 1,059,000	83,894,600

Service area	Capital Charges/Financing	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges	Total Net Budget
	£				£	£
Adult Social Care						
Assessment and Care Management	31,000	332,060	Cr 112,140	250,920	4,360,450	28,115,340
Carers	0	0	0	0	0	5,630
Direct Services	0	750	0	750	Cr 2,900	135,170
Learning Disabilities Services	125,000	140,560	0	265,560	Cr 2,799,600	45,519,800
Mental Health Services	45,000	23,630	Cr 28,730	39,900	Cr 1,535,970	6,918,370
Quality Assurance & Safeguarding	0	640	0	640	Cr 1,006,620	1,021,020
	201,000	497,640	Cr 140,870	557,770	Cr 984,640	81,715,330
Integrated Commissioning Service						
Better Care Fund	0	0	0	0	20,320	Cr 1,029,170
Improved Better Care Fund	0	0	0	0	0	0
Information & Early Intervention	0	0	0	0	Cr 0	164,500
Integrated Commissioning Service	0	790	0	790	4,164,020	6,515,320
	0	790	0	790	4,184,340	5,650,650
Public Health						
Public Health	0	300	0	300	289,080	576,260
	0	300	0	300	289,080	576,260
	201,000	498,730	Cr 140,870	558,860	3,488,780	87,942,240

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIODRAFT REVENUE BUDGET 2023/24 - SUMMARY

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Street Scene & Green Spaces				
1,082,000	Arboriculture Management	756,580	42,690	13,580	812,850
(164,000)	Business Support and Markets	(64,070)	(3,850)	50,000	(17,920)
200,000	Senior Management	1,133,490	70,420	0	1,203,910
1,417,000	Performance Management and Business Support	439,420	26,360	0	465,780
6,039,000	Parks and Green Space	5,992,650	375,150	533,720	6,901,520
5,789,000	Neighbourhood Services	6,223,570	373,410	106,610	6,703,590
18,582,000	Waste Services	19,653,330	1,237,740	119,590	21,010,660
32,945,000		34,134,970	2,121,920	823,500	37,080,390
	Traffic, Parking & Highways				
6,072,000	Highways (Including London Permit Scheme)	8,812,990	565,630	(55,000)	9,323,620
0	Highways Planning	0	0	0	0
(6,967,000)	Parking	(9,462,250)	298,810	(34,000)	(9,197,440)
248,000	Traffic & Road Safety	133,220	4,180	(64,000)	73,400
(647,000)		(516,040)	868,620	(153,000)	199,580
	Transport Operations and Depot Management				
504,000	Transport Operations and Depot Management	594,310	35,620	0	629,930
504,000		594,310	35,620	0	629,930
32,802,000	TOTAL CONTROLLABLE	34,213,240	3,026,160	670,500	37,909,900
2,630,000	TOTAL NON CONTROLLABLE	6,769,120	94,600	(120,630)	6,743,090
2,449,000	TOTAL EXCLUDED RECHARGES	2,336,260	0	0	2,336,260
37,881,000	PORTFOLIO TOTAL	43,318,620	3,120,760	549,870	46,989,250

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2023/24

Ref	VARIATION IN 2023/24		ORIGINAL BUDGET	
	£'000	£'000	2022/23	£'000
1	2022/23 BUDGET			
				43,319
2	Increased Costs			3,121
	Full Year Effect of Allocation of Central Contingency			
3	Contract Inflation Uplifts across ECS			1,084
4	Cr	41		
5	Cr	23	Cr	64
	Real Changes			
6	Absorption of inflation increases for statutory NRSWRA income			42
7			Cr	335
7		47		
8	Increase in refuse/recycling collection to reflect additional units			
8		48		
9	Increase in refuse/recycling disposal to residual waste to reflect additional units			
9		20		18,897
9			115	
10	Income on sale of recyclates not inflated in contract			37
10				18,897
11			Cr	77
11	Street lighting - LED programme			1,283
12			Cr	266
12	Loss of pavement licensing income			50
	<i>Growth</i>			
13	Parks Infrastructure Fund			400
				5,993
	<i>Mitigation</i>			
14			Cr	946
14	Review of car parking income			14,552
15			Cr	3,017
15	Reduction in income target from moving traffic contraventions			1,500
16			Cr	800
16	Waste volumes reduction			10,071
	<i>Transformation Programme Savings</i>			
17	Cr	300		
17	Allocation of transformation savings met by parking charges uplift			
18	Cr	82	Cr	382
18	Allocation of transformation savings to non parking budgets across ECS			14,552
19	Cr	193		
19	in contravention - Parking			
20	Cr	4		
20	Tesla Charge Points in Civic Centre MSCP Parking			
21	Cr	1	Cr	198
21	DVLA clamping untaxed vehicles - finders fee Parking			2,727
22			Cr	90
22	Full Year effect of Moving Traffic Contraventions - Parking			3,017
23			Cr	122
23	Variations in Recharges			6,769
28	2023/24 DRAFT BUDGET			46,989

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO

Notes on Budget Variations in 2023/24

Ref Comments

2 Increased costs (Dr £3,121k)

Inflation has been allocated to budgets for 2023/24. A rate of 6% has been applied to pay and non-pay budgets.

Full Year Effect of Allocation of Central Contingency

3 Contract inflation uplifts within Street Scene, Parks and Waste Services (Dr £1084k)

The actual inflation indexation for Waste Services, Street Environment and Grounds Maintenance contracts exceeded that assumed when the 2022/23 budgets for those services were approved, and a draw down of additional budget of £1,084k to cover these increased costs was agreed from Central Contingency during the year. The total amount was split across the services: £810k Waste Services; £167k Street Environment; £107k Grounds Maintenance.

4 National Insurance - cut in employer contribution rate (Cr £41k)

The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.

5 Agency contract savings (Cr £23k)

The full year effect of agency worker savings expected as a result of the most recent contract award

Real Changes

Other Real Changes

6 Absorption of Inflation Increases for NRSWA Income (Dr £42k)

Estimates are prepared on the basis that inflation is added to both income and expenditure. As income under the New Roads & Street Works Act (NRSWA) are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.

7,8,9 Increase in refuse/recycling collection to reflect additional units (Dr £115k)

The refuse and recycling collection contract is based on the number of residential premises rather than bins or volumes collected. The additional costs reflect the anticipated increase in new properties in 2023/24.

10 Income on sale of recyclates not inflated in contract (Dr £37k)

Inflation applied to sale of recyclates which is not inflated via contract (relates to market indices)

11 Street lighting - LED programme (Cr £77k)

In July 2021, Executive agreed to roll out phase 3 of this programme funded from the Invest to Save reserve to replace all remaining street lights with low energy LED lamps. Although revenue budget savings for this phase estimated at £183k will not start to accrue until 2025/26, savings are now being generated from phase 2 of the programme which were partly completed during 2021/22.

12 Loss of pavement licensing income (Dr £50k)

Street trading income remains affected by the continuation of temporary measures originally introduced during the Covid pandemic, therefore the temporary growth in budget has been extended into 2023 with a view to being made permanent.

Growth

13 Park Infrastructure Fund (£400k)

It was agreed that the Park Infrastructure Fund has an additional £400k allocated in 2023-2024

Mitigation

14 Review or Car Parking Income (Cr £946k)

Removal of one-off contingency funded mitigation for reduced parking income levels post pandemic equating in an increase in income of £500k in 23/24 and further £500k the following year.

A further £446k increase in income target following a review of parking charges across the borough as stated in Paper approved at November ECS PDS. The paper outlined various initiatives to increase parking charges and change parking meters to online payments to increase revenue and reduce income loss and reputational damage.

15 Reduction of Income Target for Moving Contraventions (Dr £1,500k)

Since the introduction of enforcement of moving traffic contraventions in October 2021, the actual number of tickets issued has been significantly lower than anticipated. Officers believe that this has been the result of a lower volume of traffic compared to the pre-Covid survey numbers, as well as potential issues with the efficacy of the new cameras. This issue was investigated by officers and have since engaged with the contractor resulting in some improvement in camera performance. The reported Shortfall is £1.5m

16 Waste volumes reduction (Cr £800k)

Reversal of growth awarded in 22/23 budget setting to cover for the cost of increased waste collections due to changing habits of our residents following the pandemic. This trend has since reversed with collections returning to pre pandemic levels hence the removal of the growth award from 22/23.

Transformation Programme Savings

17,18 Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24. The net figure for ECS is a Cr £382k

19,20,21 Various Parking Savings (net Cr £198k)

1

There area number of estimated savings that can be achieved in Parking. They are due to an Increase in the number of of CEOs on the Apcoa contract by an additional 6. This will help to to enforce against a larger number of vehicles that contravene, estimated savings Cr £193k. The TESLA charge points in the Civic Centre MSCP Parking can generate £4k/year in savings, the DVLA clamping of untaxed vehicles £1k/ year in savings and the enforcement of Moving Traffic Contraventions, £90k/year in savings.

22 Full Year Effect of MTFS Transformation Saving (Cr £90k)

This is the full year effect of last years MTFS transformation saving for moving traffic conventions in parking, the impact of this has been mitigated by growth awarded above.

23 Variations in Insurance Cr £121k

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Movement between Reserves	Total Controllable £
RT3100 Street Scene & Green Spaces													
RT3110 Arboriculture Management	281,430		7,500	573,580							0	Cr 49,660	812,850
RT3111 Business Support and Markets	299,170	43,980	770	170,220					Cr 532,060	0	0		Cr 17,920
RT3112-Senior Management	1,236,050		3,670	4,190						Cr 40,000	0		1,203,910
RT3113-Performance Management and Business Su	432,510		730	32,540						0	0		465,780
RT3115-Parks and Green Space	142,760	4,895,810	5,410	56,450	2,342,900			Cr 59,180	Cr 222,630	Cr 260,000	0		6,901,520
RT3116-Neighbourhood Services	417,160	12,800	24,160	113,440	6,151,000				Cr 14,970	0	0		6,703,590
RT3117-Waste Services	254,740	37,660	17,960	10,995,920	18,220,160				Cr 7,611,180	Cr 56,600	0	Cr 848,000	21,010,660
	3,063,820	4,990,250	60,200	11,946,340	26,714,060	0	0	Cr 59,180	Cr 8,380,840	Cr 356,600	0	Cr 897,660	37,080,390
RT3200-Traffic, Parking & Highways													
RT3210-Highways (Including London Permit Scheme	1,587,430	1,283,190	32,600	7,601,370					Cr 1,131,480	Cr 47,890	Cr 1,600		9,323,620
RT3211-Highways Planning										0			0
RT3212-Parking	862,140	1,260,630	2,400	508,970	2,821,780			Cr 149,990	Cr 14,587,440	91,140		Cr 7,070	Cr 9,197,440
RT3213-Traffic & Road Safety	1,602,860		15,380	49,040					Cr 342,490	Cr 1,251,390			Cr 73,400
	4,052,430	2,543,820	50,380	8,159,380	2,821,780	0	0	Cr 149,990	Cr 16,061,410	Cr 1,208,140	Cr 1,600	Cr 7,070	199,580
Transport Operations and Depot Management													
Transport Operations and Depot Management	320,720	329,360	23,930	35,760	0	0	0	Cr 79,840	0	0	0	0	629,930
	320,720	329,360	23,930	35,760	0	0	0	Cr 79,840	0	0	0	0	629,930
	7,436,970	7,863,430	134,510	20,141,480	29,535,840	0	0	Cr 289,010	Cr 24,442,250	Cr 1,564,740	Cr 1,600	Cr 904,730	37,909,900

Service area	Capital Charges/ Financing £	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges £	Total Net Budget £
RT3100 Street Scene & Green Spaces						
RT3110 Arboriculture Management	0	387,360		387,360	-466,850	733,360
RT3111 Business Support and Markets	0	270		270	-39,430	-57,080
RT3112-Senior Management	0	320		320	-860,750	343,480
RT3113-Performance Management and Business Su	0	140		140	-178,140	287,780
RT3115-Parks and Green Space	290,000	828,400	-326,980	791,420	-409,200	7,283,740
RT3116-Neighbourhood Services	39,000	9,390		48,390	491,490	7,243,470
RT3117-Waste Services	20,000	90		20,090	1,212,860	22,243,610
	349,000	1,225,970	-326,980	1,247,990	-250,020	38,078,360
RT3200-Traffic, Parking & Highways						
RT3210-Highways (Including London Permit Scheme	4,379,000	560,210	-21,580	4,917,630	2,272,020	16,513,270
RT3211-Highways Planning	10,000	0		10,000	0	10,000
RT3212-Parking	421,000	45,800	-54,610	412,190	682,830	-8,102,420
RT3213-Traffic & Road Safety	0	650		650	330,360	404,410
	4,810,000	606,660	-76,190	5,340,470	3,285,210	8,825,260
RT3300-Transport Operations and Depot Management						
RT3310-Transport Operations and Depot Managemer	33,000	134,270	-12,640	154,630	-698,930	85,630
	33,000	134,270	-12,640	154,630	-698,930	85,630
	5,192,000	1,966,900	-415,810	6,743,090	2,336,260	46,989,250

PPE PORTFOLIO

DRAFT REVENUE BUDGET 2023/24 - SUMMARY

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Public Protection and Enforcement				
371,000	Community Safety	426,340	46,380	57,660	530,380
548,000	Mortuary & Coroners Service	603,230	36,190	300,000	939,420
1,466,000	Public Protection	1,468,970	138,170	(50,000)	1,557,140
2,385,000					
	Emergency Pnanning				
161,000	Emergency Planning	146,220	8,770	0	154,990
2,546,000	TOTAL CONTROLLABLE	2,644,760	229,510	307,660	3,181,930
617,000	TOTAL NON CONTROLLABLE	6,130	370	5,320	11,820
836,000	TOTAL EXCLUDED RECHARGES	811,110	0	4,990	816,100
3,999,000	PORTFOLIO TOTAL	3,462,000	229,880	317,970	4,009,850

PPE Portfolio

SUMMARY OF BUDGET VARIATIONS 2023/24

Ref	VARIATION IN 2023/24		ORIGINAL
	£'000	£'000	BUDGET 2022/23 £'000
1 2022/23 BUDGET		3,462	
2 Increased Costs		230	
Full Year Effect of Allocation of Central Contingency			
3 National Insurance - cut in employer contribution rate	Cr	19	
4 Agency contract savings	<u>Cr</u>	<u>8</u> Cr	27
Movements Between Portfolios/Departments			
5 VAWG Team from Children's Services		64	0
Real Changes			
6 IDOX Software Licensing		Cr 20	118
<i>Growth</i>			
7 Mortuary and Coroners Service		300	603
<i>Transformation Programme Savings</i>			
8 Share of Transformation Savings for PPE		Cr 4	Cr 5
9 Variations in Recharges		5	7
10 2023/24 DRAFT BUDGET		<u>4,010</u>	

PPE

Notes on Budget Variations in 2023/24

Ref Comments

2 Increased Costs (Dr 230k)

Inflation has been allocated to budgets for 2023/24. A rate of 6% has been applied to pay and non-pay budgets.

Full Year Effect of Allocation of Central Contingency

3 National Insurance - cut in employer contribution rate (Cr £19k)

The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.

4 Agency contract savings (Cr £8k)

The full year effect of agency worker savings expected as a result of the most recent contract award

Movements Between Portfolios/Departments

5 VAWG Team from Children's Services - (Dr £64k)

The Violence Against Women and Girls team has moved from Children's Services to Public Protection and Enforcement (Community Safety) where the MOPAC grant is also coded, increase to PPE of £64k

Real Changes

Other

6 IDOX Software Licensing £20k increase in budget due to new contract

Growth

7 The Mortuary and Coroners Service has received a total growth of £300k due to known pressures in the area this is a joint contract Croydon Council.

Transformation Programme Changes

8 Fees and charges review- £Cr 4k

Share of transformation saving of £600k for PPE, this has been added as an increase to fees and charges income.

9 Variations in Insurance (Dr £5k)

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges £	Below Cost of Services on CIES	Capital Charges/Financing	Movement between Reserves	Total Controllable £
RT5000-Public Protection and Enforcement														
RT5100-Emergency Planning	141,830		4,850	8,310	0					0			0	154,990
RT5210-Community Safety	544,270		5,360	274,750	103,270		Cr 367,140		0	Cr 30,130			0	530,380
RT5211-Mortuary & Coroners Serv	0		0	0	939,420				0	0			0	939,420
RT5212-Public Protection	2,115,860	43,490	32,130	161,590	504,250				Cr 440,390	Cr 859,790			0	1,557,140
	2,801,960	43,490	42,340	444,650	1,546,940	0	Cr 367,140	0	Cr 440,390	Cr 889,920	0	0	0	3,181,930
	2,801,960	43,490	42,340	444,650	1,546,940	0	Cr 367,140	0	Cr 440,390	Cr 889,920	0	0	0	3,181,930

Service area	Capital Charges/Financing £	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges £	Total Net Budget £
RT5000-Public Protection and Enforcement						
RT5100-Emergency Planning	0	30	0	30	74,810	229,830
RT5210-Community Safety	0	340	0	340	818,630	1,349,350
RT5211-Mortuary & Coroners Serv	0	0	0	0	82,060	1,021,480
RT5212-Public Protection	0	11,450	0	11,450	Cr 159,400	1,409,190
	0	11,820	0	11,820	816,100	4,009,850
	0	11,820	0	11,820	816,100	4,009,850

RENEWAL, RECREATION AND HOUSING PORTFOLIO**DRAFT REVENUE BUDGET 2023/24 - SUMMARY**

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
327,159	Culture and Regeneration	882,115	54,890	122,000	1,059,005
4,649,290	Culture	4,873,205	292,380	8,000	5,173,585
22,905	Libraries and Museums	80,430	4,830	2,000	87,260
4,999,354	Town Centre Management and Business Support	5,835,750	352,100	132,000	6,319,850
	Planning				
97,135	Building Control	89,650	52,720	Cr 9,000	133,370
Cr 127,984	Local Land Charges	Cr 125,910	10,870	Cr 3,000	Cr 118,040
1,707,852	Planning	1,493,580	82,630	Cr 688,000	888,210
1,677,003		1,457,320	146,220	Cr 700,000	903,540
	Operational Housing				
1,314,283	Housing Strategy, Advice and Enabling	1,459,900	87,000	28,930	1,575,830
Cr 1,089,278	Housing Benefits	Cr 1,539,120	Cr 46,630	0	Cr 1,585,750
Cr 174,529	Housing Improvement	Cr 29,860	Cr 1,960	Cr 2,700	Cr 34,520
6,405,859	Allocations and Accommodation	4,295,150	450,760	308,970	5,054,880
876,594	Supporting People	1,070,050	64,200	0	1,134,250
1,487,832	Housing Options and Support	2,005,850	122,080	Cr 12,230	2,115,700
8,820,761		7,261,970	675,450	322,970	8,260,390
15,497,118	TOTAL CONTROLLABLE	14,555,040	1,173,770	Cr 245,030	15,483,780
2,122,260	TOTAL NON CONTROLLABLE	Cr 883,210	Cr 27,780	370,040	Cr 540,950
5,723,688	TOTAL EXCLUDED RECHARGES	5,574,450	0	0	5,574,450
23,343,066	PORTFOLIO TOTAL	19,246,280	1,145,990	125,010	20,517,280

RENEWAL, RECREATION AND HOUSING PORTFOLIO

SUMMARY OF BUDGET VARIATIONS 2023/24

Ref	VARIATION IN 2023/24		ORIGINAL BUDGET 2022/23
	£'000	£'000	£'000
1	2022/23 BUDGET		19,246
2	Increased Costs		1,146
	Full Year Effect of Allocation of Central Contingency		
3	Adj to NI budget following reversal of 2022-23 increase	Cr 73	
4	Agency workers contract savings	Cr 14	
5	Libraries contract inflation	<u>108</u>	21
			4,239
	Real Changes		
	<i>Savings identified for 2023/24 as part of the 2022/23 Budget process</i>		
6	Increase in bad debts	250	15,059
7	250 modular homes	267	15,059
8	CIL funding opportunities	<u>Cr 680</u>	Cr 163
			Cr 320
	<i>Other Real Changes</i>		
9	Absorption of inflation for statutory planning fees	70	Cr 1,471
10	Economic Development Staffing	109	407
11	Planning Enforcement staffing	80	447
12	Local London Membership	<u>50</u>	309
	<i>Growth</i>		
13	Temporary Accommodation growth	1,339	15,059
14	Meadowship Homes 2 revenue contribution	<u>250</u>	1,589
	<i>Mitigation</i>		
15	Housing development programme	Cr 314	
16	Housing acquisition programme	<u>Cr 1,431</u>	Cr 1,745
	<i>Transformation Programme Savings</i>		
17	Library Services Contract	Cr 100	4,239
18	Review of our of Planning and Building Control Fees and Charges:	Cr 100	Cr 1,471
19	Future of the Resource Centres/Community Outreach Service	Cr 25	207
20	Changes to Fees & Charges	<u>Cr 31</u>	Cr 256
21	Variations in Capital Charges		383
22	Variations in Insurances	Cr 13	
23	2023/24 DRAFT BUDGET	<u><u>20,517</u></u>	

RENEWAL, RECREATION AND HOUSING PORTFOLIO

Notes on Budget Variations in 2023/24

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Adj to NI budget following reversal of 2022-23 increase (Cr 73k)
The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.
- 4 Agency workers contract savings (Cr £14k)
The full year effect of agency worker savings expected as a result of the most recent contract award.
- 5 Libraries contract inflation (Dr £108k)
Full year effect of inflation allocation in 22/23 for the Libraries contract.

Real Changes

- Savings identified for 2023/24 as part of the 2022/23 Budget process*
- 6 Increase in bad debts (Dr £250k)
Expected savings included in the 2022/23 budget on the Housing Bad Debt Provision, from better credit control processes in the new Housing Rent Accounts system have been rephased as a result of increased arrears arising from inflation and increased utilities costs.
- 7 250 modular homes (Dr £267k)
Due to delays in the development of housing sites, some of the planned 2022/23 savings were partly rephased to 2023/24.
- 8 CIL funding opportunities (Cr £680k)
Income from the Borough Community Infrastructure Levy (BCIL) is expected to increase year on year following its formal adoption in June 2021 as more developments subject to the BCIL are commenced.

Other Real Changes

- 9 Absorption of inflation for statutory planning fees (Dr £70k)

Estimates are prepared on the basis that inflation is added to both income and expenditure. As planning fees are statutory, inflation has been absorbed as part of the budget setting process.
- 10 Economic Development Staffing (Dr £109k)
This is a regularisation of funding for an existing staff team that has historically been funded half from revenue and half from capital. The revenue staffing budget for the Economic Development team has been increased to cover 100% of the staffing costs as it became clear that it was no longer appropriate to charge these staff salaries to capital due to the nature of the work.
- 11 Planning Enforcement staffing (Dr £80k)

The planning enforcement team has been experiencing extremely high workloads over recent years and additional funding has been necessary for enforcement officers.
- 12 Local London Membership (Dr £50k)

The Council is piloting the benefits of being part of a subregional partnership and has joined Local London. The Council will be monitoring the benefits of being part of Local London prior to taking a decision on the longer term relationship. By being part of the sub-regional partnership the Council is able to access funding from UKSPF for example. Officers across the Council, from transport, to digital, to adult education, are engaged in the range of programmes to ensure opportunities to improve the borough's resources are taken.

Growth

13 Temporary Accommodation growth (Dr £1,339k)

The growth pressure on the temporary accommodation budgets is due to the increase in homelessness in the borough, with a projected increase of 20 households per month (before the mitigation savings identified at notes 15 and 16).

14 Meadowship Homes 2 revenue contribution (Dr £250k)

Due to increases in financing costs since the Meadowship Homes scheme was originally agreed, an ongoing revenue contribution of £250k was agreed by Executive in October 2022 to ensure the scheme's viability. This effectively reduces the savings from the scheme, which are shown at note 16.

Mitigation

15 Housing development programme (Cr £314k)

This is the estimated savings in the cost of placing homeless households in newly built homes on Bromley-owned sites compared with the current cost of placing them in nightly paid temporary accommodation.

16 Housing acquisition programme (Cr £1,431k)

Savings on temporary accommodation scheme budgets as a result of property acquisition schemes such as Meadowship Homes (1 and 2) joint venture with Orchard & Shipman and the Beehive scheme.

Transformation Programme Savings

17 Library Services Contract (Cr £100k)

Saving agreed through the Transformation Board.

18 Review of our of Planning and Building Control Fees and Charges (Cr £100k)

The planning pre-application fees and Building Control (BC) fees are reviewed from time to time and the uplift to BC fees in October 2022 and possible future uplifts to these fees is expected to generate additional income (dependant on application levels being sustained).

19 Future of the Resource Centres/Community Outreach Service (Cr £25k)

There is potential for the Council to benefit from an additional £25k of income if the resource centres are moved and collocated with other Council services and the existing Cotmandene Resource Centre building is commercially let. The Property team has estimated the value of the annual rental income at £25k. However no decision has yet been taken and research on potential locations for the resource centres to move to is underway. A public committee report has already been to RRRH PDS and another is scheduled for the Executive in February. The priority is finding the best locations for the Resource Centre service, and not the minor income potential. Therefore this income may not be achieved and if it is it may be far less than any capital injection required to make another site suitable for the service.

20 Changes to Fees & Charges (Cr £31k)

Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24.

21 Variations in Capital Charges (Dr £383k)

The variation in capital charges is due to a combination of the following:

(ii) Government grants – mainly due to variations in credits for capital grants receivable in respect of 2023/24 capital programme schemes.

(iii) Finance leases – budgets have been adjusted to reflect the costs of Council's finance leases, which must be treated as capital assets for accounting purposes.

These relate to the vehicles of the Council's waste fleet, and to some of the properties the Council uses for social housing.

These charges are required to be made to service revenue accounts, but an adjustment is made below the line to avoid a charge on Council Tax.

22 Variations in Insurance (Cr £13k)

Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

RENEWAL, RECREATION AND HOUSING PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Movement between Reserves	Total Controllable
	£	£	£	£	£	£	£						£
Culture and Regeneration													
Culture	1,110,382	68,150	6,550	194,740	61,860	0	Cr 34,115	0	Cr 97,520	Cr 141,495		Cr 109,547	1,059,005
Libraries and Museums	144,885	311,270	0	6,690	4,500,960	0	0	0	0	0		209,780	5,173,585
Town Centre Management and Business Support	46,270	21,530	1,020	23,070	40,620	0	0	Cr 40,620	Cr 4,630	0		0	87,260
	1,301,537	400,950	7,570	224,500	4,603,440	0	Cr 34,115	Cr 40,620	Cr 102,150	Cr 141,495		100,233	6,319,850
Planning													
Building Control	837,610	0	6,450	90,230	0	0	0	0	Cr 800,920	0		0	133,370
Local Land Charges	177,610	0	110	14,450	0	0	0	0	Cr 310,210	0		0	Cr 118,040
Planning	3,518,730	3,430	18,410	277,130	18,180	0	0	0	Cr 2,902,730	19,000		Cr 63,940	888,210
	4,533,950	3,430	24,970	381,810	18,180	0	0	0	Cr 4,013,860	19,000		Cr 63,940	903,540
Operational Housing													
Housing Strategy, Advice and Enabling	1,287,360	0	540	555,970	0	0	Cr 46,420	0	0	41,300		Cr 262,920	1,575,830
Housing Benefits	0	0	0	114,220	0	82,774,420	Cr 84,474,390	0	0	0		0	Cr 1,585,750
Housing Improvement	362,600	0	4,540	4,450	0	0	0	Cr 404,410	Cr 1,700	0		0	Cr 34,520
Allocations and Accommodation	1,169,910	547,990	3,860	349,950	23,169,810	0	Cr 3,318,940	Cr 68,490	Cr 16,785,700	94,260		Cr 107,770	5,054,880
Supporting People	0	0	0	0	1,134,250	0	0	0	0	0		0	1,134,250
Housing Options and Support	1,517,710	137,660	5,290	6,180	697,160	0	Cr 21,280	0	Cr 207,630	Cr 19,390		0	2,115,700
	4,337,580	685,650	14,230	1,030,770	25,001,220	82,774,420	Cr 87,861,030	Cr 472,900	Cr 16,995,030	116,170		Cr 370,690	8,260,390
	10,173,067	1,090,030	46,770	1,637,080	29,622,840	82,774,420	Cr 87,895,145	Cr 513,520	Cr 21,111,040	Cr 6,325		Cr 334,397	15,483,780

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges	Total Net Budget
	£				£	£
Culture and Regeneration						
Culture	1,844,000	221,540	Cr 960,640	1,104,900	138,400	2,302,305
Libraries	356,000	152,510	0	508,510	59,390	5,741,485
Town Centre Management & Business Support	0	10	0	10	254,210	341,480
	2,200,000	374,060	Cr 960,640	1,613,420	452,000	8,385,270
Planning						
Building Control	0	190	0	190	193,510	327,070
Local Land Charges	0	70	0	70	181,640	63,670
Planning	0	1,330	0	1,330	850,890	1,740,430
	0	1,590	0	1,590	1,226,040	2,131,170
Operational Housing						
Housing Strategy, Advice and Enabling	0	330	0	330	1,528,120	3,104,280
Housing Benefits	0	0	0	0	1,779,440	193,690
Housing Improvement	Cr 2,339,000	2,920	0	Cr 2,336,080	265,870	Cr 2,104,730
Allocations and Accommodation	102,000	10,460	66,800	179,260	34,910	5,269,050
Supporting People	0	0	0	0	0	1,134,250
Housing Options and Support	0	530	0	530	288,070	2,404,300
	Cr 2,237,000	14,240	66,800	Cr 2,155,960	3,896,410	10,000,840
	Cr 37,000	389,890	Cr 893,840	Cr 540,950	5,574,450	20,517,280

RCCM PORTFOLIO**DRAFT REVENUE BUDGET 2023/24 - SUMMARY**

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Financial Services				
718,234	Audit	830,870	61,770	160,000	1,052,640
248,604	Director of Finance and Other	250,630	15,140	0	265,770
2,088,783	Exchequer - Payments & Income	2,163,390	129,810	0	2,293,200
5,352,995	Exchequer - Revenue & Benefits	6,109,500	387,510	0	6,497,010
477,275	Financial Accounting	656,900	50,950	0	707,850
1,678,349	Management Accounting & Systems	1,759,900	107,050	42,000	1,908,950
10,564,240		11,771,190	752,230	202,000	12,725,420
	Corporate Services				
167,931	Mayoral	172,610	10,360	0	182,970
1,338,617	Democratic Services	1,513,650	90,810	0	1,604,460
407,062	Electoral	1,078,860	64,730	Cr 634,000	509,590
5,817,571	Information Systems and Telephony	6,017,390	373,850	779,000	7,170,240
2,917,293	Legal Services	2,208,610	138,280	129,000	2,475,890
183,707	Management and Other (Corporate Services)	219,860	13,190	0	233,050
569,287	Procurement and Data Management	545,240	35,290	0	580,530
11,401,468		11,756,220	726,510	274,000	12,756,730
	Contact Centre, Registrars and Human Resources				
225,579	Comms	305,040	18,300	0	323,340
1,133,594	Contact Centre	1,172,230	75,300	0	1,247,530
1,899,187	HR	2,210,130	119,470	0	2,329,600
Cr 139,303	Registration of Birth Death and Marriage	Cr 119,890	Cr 7,220	Cr 9,000	Cr 136,110
3,119,057		3,567,510	205,850	(9,000)	3,764,360
	Chief Executive				
796,654	Management and Other (C.Exec)	902,860	54,170	200,000	1,157,030
796,654		902,860	54,170	200,000	1,157,030
	PEOPLE DEPT				
	Strategy and Corporate Projects				
229	Commissioning	231,990	13,120	(13,420)	231,690
317	Learning & Development	146,970	8,720	(1,410)	154,280
2,126	Strategy, Performance and Engagement	1,831,400	112,470	(88,920)	1,854,950
2,672		2,210,360	134,310	(103,750)	2,240,920
	PEOPLE DEPT				
	Total Facilities Management				
1,949,068	Facilities & Support	1,625,870	100,680	2,624,000	4,350,550
279,401	Investment and Non-Operational Property	311,350	18,080	493,860	823,290
364,318	Strategic & Operational Property	962,320	57,730	Cr 1,000,000	20,050
1,510,366	TFM Client Monitoring Team	1,694,150	111,120	111,000	1,916,270
4,103,153		4,593,690	287,610	2,228,860	7,110,160
	CENTRAL ITEMS				
1,179,126	CDC & Non Distributed Costs	1,283,960	77,040	0	1,361,000
9,474,561	Concessionary Fares	5,971,850	358,310	990,000	7,320,160
	Contribution to Insurance Fund			500,000	500,000
Cr 4,387,105	Interest on General Fund Balances	Cr 2,841,100	22,410	Cr 7,000,000	Cr 9,818,690
6,266,582		4,414,710	457,760	Cr 5,510,000	(637,530)
31,351,347	TOTAL CONTROLLABLE	39,216,540	2,618,440	Cr 2,717,890	39,117,090
1,059,000	TOTAL NON CONTROLLABLE	Cr 3,877,570	Cr 450,140	5,705,730	1,378,020
Cr 24,718,238	TOTAL EXCLUDED RECHARGES	Cr 24,004,360	0	0	Cr 24,004,360
7,692,109	PORTFOLIO TOTAL	11,334,610	2,168,300	2,987,840	16,490,750

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO**SUMMARY OF BUDGET VARIATIONS 2023/24**

Ref	VARIATION IN 2023/24		ORIGINAL
	£'000	£'000	BUDGET 2022/23 £'000
1	2022/23 BUDGET		11,335
2	Increased Costs		2,168
	Full Year Effect of Allocation of Central Contingency		
3	National Insurance - cut in employer contribution rate	Cr 100	
4	Agency contract savings	Cr 33	
5	Energy contract inflation	2,624	
	<i>Other real changes</i>		
7	Interest on balances	Cr 7,000	Cr 3,214
8	Building Maintenance	Cr 1,000	4,942
9	SARS	80	339
10	Transformation of Property Services	138	1,709
11	Fall out of cost of local elections in 2022/23	Cr 634	Cr 634
12	Cost of legal services	Cr 138	2,205
13	ISD - Microsoft Licence	66	975
14	External Audit Fees	160	257
	<i>Growth</i>		
15	Freedom passes	990	5,964
16	Impact of IT systems moving to 'cloud' (Oracle plus report to Exec Nov 22)	500	0
17	Contribution to insurance fund	500	0
18	Additional IT staffing - report to Executive	613	
19	Savings in future project costs contained within dept budgets	<u>Cr 380</u>	233 913
20	Increase in counsel costs supporting services	300	309
21	Income from investment properties	1,056	
22	Investment properties - maintenance sinking fund to prevent income reduc	<u>500</u>	1,556 Cr 9,276
	<i>Mitigation</i>		
23	Liquid Logic reduction in fees in comparison with Care first	Cr 89	106
	<i>Transformation Programme Savings</i>		
24	Fees and charges review	Cr 9	Cr 914
25	Variations in Capital Charges	4,658	3,285
26	Variations in Insurances	Cr 14	197
27	2023/24 DRAFT BUDGET	<u>16,491</u>	

RESOURCES, COMMISSIONING & CONTRACTS MANAGEMENT PORTFOLIO**Notes on Budget Variations in 2023/24****Ref Comments****2 Increased costs (Dr £2,034k)**

Inflation has been allocated to budgets for 2023/24. A rate of 6% has been applied to pay and non-pay budgets.

Full Year Effect of Allocation of Central Contingency**3 National Insurance - cut in employer contribution rate (Cr £98k)**

The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.

4 Agency contract savings (Cr £20k)

The full year effect of agency worker savings expected as a result of the most recent contract award

5 Energy contract inflation (Dr £2,624k)

To recognise cost pressures arising from the current state of the energy market.

Movements Between Portfolios/Departments**6 Transfer from CEF to Chief Executives (Dr £200k)**

Movement of temporary funding allocated to CEF in 2022/23 back to Chief Executives Department for 2023/24.

Real Changes*Other Real Changes***7 Interest on Balances (Cr £7,000k)**

Income from external interest generated through Treasury Management is expected to increase significantly owing to a succession of increases in the Bank of England base rate, leading to the availability of much improved counter-party rates for fixed interest investments of one and two year duration.

8 Building Maintenance (Cr £1,000k)

This is the fall-out of a temporary increase in the Building Maintenance budget funded from earmarked reserves in 2022/23.

9 SARS (Dr £80k)

Additional staffing budget to support Subject Access Requests.

10 Transformation of Property Services (Dr £138k)

Budget realignment to reflect current mode of service delivery and property transformation programme.

11 Fall out of cost of local elections in 2022/23 (Cr £634k)

Fall out of the one-off budget allocation for the Local Election in 2022.

12 Cost of legal services (Cr £138k)

The fall out of temporary additional resource agreed by The Leader following report to ERC PDS on 18 November 2020.

13 ISD - Microsoft Licence (Dr £66k)

Increased budget provision to reflect current licencing costs.

14 External Audit Fees (Dr £160k)

PSAA Ltd, the audit fees setting body, has stated that external audit fees will rise across the local government sector. In recognition of this, further budgetary provision has been agreed.

Growth

- 15** Freedom Passes (Dr £990k)
An increase in the budget for concessionary fares to match the indicative settlement figure agreed at London Councils' Transport and Environment Committee on 8 December 2022.
- 16** Impact of IT systems moving to 'cloud' (Dr £500k)
On 30 November 2022, Executive approved an increase in the IT Services revenue budget of £400k to ensure Microsoft Cloud (Azure), Disaster Recovery and Cyber Security functions required are procured and available for the Council. In addition to this, £100k is being allocated towards Oracle Fusion costs.
- 17** Contribution to Insurance Fund (Dr £500k)
An additional £500k is to be contributed to the Insurance Fund in 23/24, which operates as a smoothing mechanism against potential large claims and has a target balance of £4m. This is in response to recent significant impacts on the Fund's balance.
- 18** Additional IT staffing (Dr £613k)
Approved by Executive on 6 October 2022
- 19** Savings in future project costs contained within dept budgets (Cr £380k)
Recharge of invest to save posts agreed by Executive on 6 October 2022 to relevant projects.
- 20** Increase in counsel costs supporting services (Dr £300k)
Post pandemic, the increase in referrals to social services has led to an increase in instructions to legal services to commence proceedings which will increase demand for resources and increase spend on counsel. The increase in complex adults' social care cases and in the increase in Deprivation of Liberty Safeguard (DOLS) applications has also increased demand on legal resources and corresponding increase in spend on counsel.
- 21** Income from Investment Properties (Dr £1,056k)
This is to offset loss of income from vacancy on Bromley High Street, and a reduction in the inflation allocated across the portfolio income budgets.
- 22** Investment properties - maintenance sinking fund to prevent income reductions (Dr £500k)
The creation of a sinking fund, created from the rental income, to allow for continued investment into our investment property assets to mitigate risks to future income generation potential.
- Mitigation*
- 23** Liquid Logic reduction in fees in comparison with Care first (Cr £89k)
Following the change from Care First to LiquidLogic there is a saving with the reduction in the contract costs
Transformation Programme Savings
- 24** Fees and charges review (Cr £9k)
Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24.
- 25** Variations in Capital Charges (Dr £4,658k)
This variation relates to Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for 2023/24.
- 26** Variations in Insurance (Cr £10k)
Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

Resources, Commissioning and Contracts Management
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimburse ments and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Capital Charges/ Financing	Movement between Reserves	Total Controllable
	£	£	£	£	£	£	£			£				£
Financial Services														
Audit	517,690	0	450	450,900	289,390	0	0	Cr 7,530	0	Cr 198,260	0	0	0	1,052,640
Director of Finance and Other	229,510	0	1,730	39,640	0	0	0	Cr 3,510	0	0	1,600	0	0	265,770
Exchequer - Payments & Income	279,610	0	540	31,300	2,102,230	0	0	0	Cr 120,480	0	0	0	0	2,293,200
Exchequer - Revenue & Benefits	441,460	0	2,090	975,100	6,176,140	221,580	Cr 486,340	0	Cr 833,020	0	0	0	0	6,497,010
Financial Accounting	654,640	0	210	311,700	74,960	0	0	Cr 84,800	Cr 56,460	Cr 222,400	0	0	30,000	707,850
Management Accounting & Systems	1,749,040	0	2,110	140,270	100,270	0	0	0	Cr 740	Cr 82,000	0	0	0	1,908,950
	3,871,950	0	7,130	1,948,910	8,742,990	221,580	Cr 486,340	Cr 95,840	Cr 1,010,700	Cr 502,660	Cr 1,600	0	30,000	12,725,420
Corporate Services														
Mayoral	104,900	0	25,410	52,660	0	0	0	0	0	0	0	0	0	182,970
Democratic Services	374,270	0	0	1,230,190	0	0	0	0	0	0	0	0	0	1,604,460
Electoral	345,830	0	540	169,020	0	0	0	0	Cr 5,800	0	0	0	0	509,590
Information Systems and Telephony	1,663,180	0	110	1,148,740	4,879,620	0	0	0	0	Cr 593,070	0	0	71,660	7,170,240
Legal Services	2,195,840	0	1,530	671,470	0	0	Cr 17,720	Cr 75,080	Cr 216,410	0	0	Cr 83,740	0	2,475,890
Management and Other (Corporate Services)	231,360	0	640	1,050	0	0	0	0	0	0	0	0	0	233,050
Procurement and Data Management	605,440	0	920	15,420	1,690	0	0	0	Cr 42,940	0	0	0	0	580,530
	5,520,820	0	29,150	3,288,550	4,881,310	0	0	Cr 17,720	Cr 80,880	Cr 852,420	0	0	Cr 12,080	12,756,730
Contact Centre, Registrars and Human Resources														
Comms	320,890	0	160	2,290	0	0	0	0	0	0	0	0	0	323,340
Contact Centre	178,230	0	0	150,580	1,001,730	0	0	0	0	Cr 83,010	0	0	0	1,247,530
HR	2,164,220	0	520	176,680	250,740	0	0	0	Cr 262,560	0	0	0	0	2,329,600
Registration of Birth Death and Marriage	582,860	0	260	36,240	0	0	0	Cr 81,550	Cr 673,920	0	0	0	0	136,110
	3,246,200	0	940	365,790	1,252,470	0	0	Cr 81,550	Cr 936,480	Cr 83,010	0	0	0	3,764,360
Chief Executive														
Management and Other (C.Exec)	631,200	0	880	524,950	0	0	0	0	0	0	0	0	0	1,157,030
	631,200	0	880	524,950	0	0	0	0	0	0	0	0	0	1,157,030
Strategy and Corporate Projects														
Commissioning	229,350	0	0	2,340	0	0	0	0	0	0	0	0	0	231,690
Learning & Development	228,390	11,450	0	19,100	0	0	Cr 69,590	Cr 33,070	0	0	0	0	0	154,280
Strategy, Performance and Engagement	1,758,260	0	110	203,490	65,180	0	0	0	Cr 129,000	Cr 43,090	0	0	0	1,854,950
	2,214,000	11,450	110	224,930	65,180	0	Cr 69,590	Cr 33,070	Cr 129,000	Cr 43,090	0	0	0	2,240,920
Total Facilities Management														
Facilities & Support	40,340	4,099,560	0	300,590	19,800	0	0	0	Cr 57,160	Cr 52,580	0	0	0	4,350,550
Investment and Non-Operational Property	10,000	188,610	0	621,670	210	0	0	0	0	0	0	0	2,800	823,290
Strategic & Operational Property	0	193,090	0	0	0	0	0	Cr 233,130	Cr 6,140	0	0	0	66,230	20,050
TFM Client Monitoring Team	1,627,570	0	650	466,710	6,340	0	0	0	Cr 185,000	0	0	0	0	1,916,270
	1,677,910	4,481,260	650	1,388,970	26,350	0	0	Cr 233,130	Cr 63,300	Cr 237,580	0	0	69,030	7,110,160
Central Items														
CDC & Non Distributed Costs	1,361,000	0	0	0	0	0	0	0	0	0	0	0	0	1,361,000
Concessionary Fares	0	0	0	8,380	0	7,311,780	0	0	0	0	0	0	0	7,320,160
Contribution to Insurance Fund	0	0	0	0	0	0	0	0	0	0	0	0	500,000	500,000
Interest on General Fund Balances	0	0	0	216,870	0	0	0	0	0	0	10,119,630	0	84,070	Cr 9,818,690
	1,361,000	0	0	225,250	0	7,311,780	0	0	0	0	10,119,630	0	584,070	Cr 637,530
Total	18,523,080	4,492,710	38,860	7,967,350	14,968,300	7,533,360	Cr 555,930	Cr 461,310	Cr 2,220,360	Cr 1,718,760	Cr 10,121,230	0	671,020	39,117,090

Resources, Commissioning and Contracts
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE

General

Service area	Capital Charges/ Financing	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges	Total Net Budget
					£	£
Financial Services						
Audit	0	440	0	440	Cr 744,470	308,610
Director of Finance and Other	0	20	0	20	Cr 252,010	13,780
Exchequer - Payments & Income	0	60	0	60	Cr 1,421,340	874,920
Exchequer - Revenue & Benefits	0	190	0	190	Cr 3,653,380	2,843,820
Financial Accounting	0	140	0	140	Cr 633,530	74,460
Management Accounting & Systems	0	550	0	550	Cr 1,712,610	196,890
	0	1,400	0	1,400	Cr 8,417,340	4,309,480
Corporate Services						
Mayoral	0	30	0	30	Cr 86,830	96,170
Democratic Services	0	480	0	480	Cr 977,880	627,060
Electoral	0	190	0	190	Cr 694,160	1,203,940
Information Systems and Telephony	300,000	490	0	300,490	Cr 7,653,490	Cr 182,760
Legal Services	0	610	0	610	Cr 2,185,500	291,000
Management and Other (Corporate Services)	0	30	0	30	Cr 167,370	65,710
Procurement and Data Management	0	300	0	300	Cr 542,640	38,190
	300,000	2,130	0	302,130	Cr 10,919,550	2,139,310
Contact Centre, Registrars and Human Resources						
Comms	0	160	0	160	Cr 203,120	120,380
Contact Centre	143,000	30	0	143,030	Cr 1,169,920	220,640
HR	0	1,250	0	1,250	Cr 1,618,630	712,220
Registration of Birth Death and Marriage	0	310	0	310	Cr 327,600	191,800
	143,000	1,750	0	144,750	Cr 2,664,070	1,245,040
Chief Executive						
Management and Other (C.Exec)	0	260	0	260	Cr 801,950	355,340
	0	260	0	260	Cr 801,950	355,340
Strategy and Corporate Projects						
Commissioning	0	120	0	120	Cr 293,030	Cr 61,220
Learning & Development	0	140	0	140	Cr 147,790	6,630
Strategy Performance and Engagement	0	580	0	580	Cr 1,834,860	20,670
	0	840	0	840	Cr 2,275,680	Cr 33,920
Total Facilities Management						
Facilities & Support	7,727,000	1,500,040	Cr 4,130	9,222,910	Cr 3,047,970	10,525,490
Investment and Non-Operational Property	Cr 7,812,880	207,480	Cr 845,710	Cr 8,451,110	Cr 1,431,450	Cr 6,196,370
Strategic & Operational Property	0	78,560	0	78,560	Cr 1,057,990	Cr 959,380
TFM Client Monitoring Team	0	78,170	0	78,170	Cr 1,633,490	360,950
	Cr 85,880	1,864,250	Cr 849,840	928,530	Cr 4,308,000	3,730,690
Central Items						
CDC & Non Distributed Costs	0	0	0	0	5,382,230	6,743,230
Concessionary Fares	0	0	0	0	0	7,320,160
Contribution to Insurance Fund	0	0	0	0	0	500,000
Interest on General Fund Balances	110	0	0	110	0	Cr 9,818,580
	110	0	0	110	5,382,230	4,744,810
Total	357,230	1,870,630	Cr 849,840	1,378,020	Cr 24,004,360	16,490,750

RISK AREAS WITHIN CHILDREN, EDUCATION AND FAMILIES PORTFOLIO FOR 2023/24 ONWARDS

Overall Demand Pressures

Although the impact of Covid on the practical aspects of delivering services to young people have now largely receded we continue to experience a range of challenges in terms of safeguarding for our most vulnerable children these are as follows.

- Continued pressures on the number of children needing to come into care due to issues of either their own emotional health or their parenting being adversely impacted by the mental health problems of their parents.
- We continue to experience pressures in identifying some specialist placements for complex needs children where their home situation is unable to be sustained due to the complexity or severity of their needs and these placements costs are at the high end.
- We are also experiencing additional pressure in relation to the cost of residential placements. The past year has seen the significant rise in the cost of all placements, but this is most pronounced in specialist residential accommodation. We have seen a 15-17% rise in costs in the past year. This is driven by both the increases in inflation and the cost of living, but is also driven by the market position of increased demand and a fixed number of specialist beds in the system.

Over the past year we have also experienced significant pressures in relation to the recruitment and retention of staff. This has led to an increased reliance on agency staffing. The cost-of-living pressures particularly in the London area are driving staff out of London. This is compounded by many out of London LA's offering increased wages.

Children's Social Care

Volume in referrals and workload

The Bromley Children Project has continued to be flexible and extend further its reach to support families who are on the cusp of universal and targeted support. The service has continued to be innovative in supporting families through a myriad of online opportunities and face to face through the cost-of-living pressures.

We continue with the challenge to reach out to the older age group in being able to support them before they enter statutory social care including work on disproportionality and how we can support our BAME community.

As previously highlighted, the number and complexity of referrals have increased. Many of the referrals are linked to emotional and mental health concerns.

Recruitment of permanent staff

As highlighted earlier, this continues to be a significant challenge. Currently 81% of staff are permanent. Whilst this remains higher than many other London authorities, it is below the figure we have budgeted for, and hence presents a continuing pressure on the staffing budget. Recent exit feedback from staff that have left indicate that the cost of living and working in London is proving to be factor in decisions to leave. This is particularly the case for many of our younger staff. We also know that some Authorities outside of London and across the south-east are also offering higher salaries or "golden hello" deals.

These challenges are most pronounced in our MASH, RAS and Safeguarding services.

We have a full contingent of permanent staff in our Looked After Children and Care Leaving service, fostering, SGO and CWD. It is the safeguarding front line services are the most challenging and this is line with other London Local Authorities.

We continue to seek to promote from within and encourage career progression as a major element of our staff retention approach. We are also in the process of recruiting to 20 staff from South Africa and Zimbabwe.

Keeping our caseload promise

Because of the continued rise in demand it has been difficult to maintain our caseload promise at the anticipated levels. Our caseload promise is between 12–15 children and this continues to be challenging with the high number of cases coming through the front door. In order to mitigate this we have secured funding for additional numbers of Social Workers in the MASH, RAS and Safeguarding services. Although the recruitment market remains challenging for all of the reasons outlined above, we are exploring a number of avenues (such as overseas recruitment) as well as regularly reviewing caseloads to move cases to closure/transfer as another way of reducing workloads.

Caseloads continued to be monitored closely at a weekly meeting with the DCS and Assistant Director. These meeting focus how cases can be reviewed, moved and closed to ensure all SW's retain safe levels of cases.

Placements of children in care

The DCS and Assistant Director of Children Social Care monitors all requests for children to be accommodated. Agreement on any reception into care NOW sits with the DCS.

. All children in care are regularly reviewed through the Placement Panel which continues to take place every Friday. We continue to seek and obtain financial contribution from our ICB partners and ensure that the financial split is proportionate. We review our ICB contribution yearly to ensure that ICB financially plan and contribute going forward. We have just completed this exercise and now have a provisional agreement for 2.35 million, plus an additional 500k.

Post Covid, the increasing complexity of young people coming into care is testing the suitability of placements and again we have recently been in a position where two young people reached the secure threshold and no placements were available, leaving the LA with not only the risk to bear but finding a high dependency of support workers causing the cost to be above that of a secure placement. – this current cost of such placements is around 10 – 12K per week

Bromley continues to be part of the Commissioning Alliance, along with 11 other boroughs. We are currently looking at how membership of this organisation might provide further efficiencies in our commissioning. Currently the stability of our placements is very good despite the challenging circumstances.

Our 4 step down foster carers have now been caring for 5 young people who were high profile, complex and in residential. This resource has ensured good outcomes for young people as well as significant financial savings.

We also have a cohort of foster carers who take children in an emergency during the night or at weekends (sometimes from custody), which is when children are often placed with external providers, sometimes miles away and high cost. We have now recruited a 5 foster carers to this cohort.

Our Staying Together team has continued to work across the service areas preventing children 11-18 entering care and to date this has been very successful. They have worked with 180 children and only 6 of those came into care. They are currently supporting some young people within the YOS preventing those young people not only becoming looked after but preventing them entering the judicial system. This approach has been so successful that we are currently looking to strengthen this team so that we can prevent a wider cohort of children from needing to enter care.

Unaccompanied Asylum-Seeking Children

We are now part of the mandatory National Placement System, and because of the record numbers of refugees coming into the country, this has meant that our overall numbers have increased. We are currently supporting 83 young people (79 last year) 9 under the age of 18 and the rest as care leavers. These young people continue to be vulnerable with trauma's that require specific and skilled work and with C19 has had a more profound impact and effect on their mental health.

Education

Over the past year the Adult Education service has seen a significant increase in the numbers of learner wanting to access its services and has bounced back strongly from Covid-19. In particular we have seen a number of Ukrainian refugee residents taking up English and maths courses.

Our overall population continues to increase with a particularly increase in the school age population (this was 61,343 in 2018, was 62,108 in March 2021.) Over the period since 2010 this equates to a 9.62% increase. These increases are creating pressure for universal services such as school admissions and school attendance where services are dealing with more children within the same resources. The pressure on funding for alternative provision has been mitigated by the move to a fiveyear commissioning approach, following the Review of Alternative Provision. Nevertheless, the numbers of pupils with complex behaviours that challenge continues to increase, placing a pressure on services. We aim to mitigate this with increased focus on earlier intervention and outreach. Secondary permanent exclusions have reduced significantly, however this will need to be monitored closely.

SEN/D (Special Educational Needs and Disability) pressure

The greatest pressure is in the area of SEN/D with an overspend in the DSG (Dedicated Schools Grant) High Needs Block arising from exponential increase in the need for specialist placements. These pressures are in line with other Boroughs across London and England. Between 2016 and 2022, the number of children with special educational needs requiring an EHCP (Education, Health and Care Plan) has increased by 33%, significantly higher than the overall increase in the school age population. In November there were 3,539 Bromley resident children with an EHCP. This is an increase of 216 children in the past 12 months.

In 2017, there were 422 requests for statutory assessment, the which increased to 823 by the end of 2019/20.

- During 2022, the education service has taken a number of actions to seek to manage down these demands. These have included SEND Transport Route optimisation review, to reduce costs and routes and make more effective use of resources
- Expand the Travel Training scheme to ensure more young people travel on public transport
- Review the eligibility for SEND Transport
- Review the eligibility for EHCP assessments.
- Commission 16 additional Special school places within the Borough to reduce reliance on out of borough travel arrangements.

In addition to these measures we continue to use existing resources more effectively to support placements in mainstream schools, as far as possible. Action taken includes:

- Free school bid approved for a new special school for children with ASD (Autistic Spectrum Disorder) to enable Bromley to place more children locally in Bromley schools so reducing spend in more costly places in the non-maintained and independent sector. This new school is likely to open in 2024
- Service Level Agreements developed for all Additionally Resourced Provision in mainstream schools to ensure that places are used efficiently.
- SEND Training Collaborative has developed comprehensive training offer for schools and providers, supported by the SEN Advisory teams to strengthen support for children in mainstream schools.

The Education MTFS (Medium Term Financial Strategy) mitigations are predicated on placing more children and young people within mainstream and local specialist provision and over time reducing the number of out of Borough and independent placements. This carries significant risks because provision for children is determined by their presenting needs according to the legal tests set out within the SEND Code of Practice and there is a shortfall of local specialist provision, which the free school will help to address, but not until at least September 2023. With sustained exponential increases in demand for EHCPs and increasing numbers of cases being overturned by SEND Tribunals, this will remain a challenge across the MTFS period.

RISK AREAS WITHIN ADULT CARE AND HEALTH PORTFOLIO FOR 2023/24 ONWARDS

The budget proposals represent a realistic position for Adult Social Care which build on the success of the previous transformation programme. The new proposals seek to address further areas of potential efficiencies and to address some inequalities in current service delivery. Work on developing these has been carried out with providers of services, both statutory and voluntary and those represented by them.

The impact of covid on the Adult Social Care system remains a pressure, with a continuation of people being discharged from hospital with higher levels of acuity, requiring more care at higher cost. The impact of health paying for discharges to clear hospital beds, at higher cost, has remained a pressure and will become a risk if this funding ceases. Another remaining pressure is with those young people moving through transition into adulthood as the new Moving into Adulthood service is yet to start delivering efficiencies.

A further risk lies with the governments delay of some of the Adult Social Care reforms. Work with the provider sector has raised genuine expectations of the Council moving towards the Fair Cost of Care, but it remains unclear if the government will now make any allocation towards this. The pressure created by the Care Cap, the ability of private funders to access care at the Councils agreed rate, and the changes to financial assessment, have been delayed for two years, at the moment, which does remove a significant pressure, but by no means all.

Adult Social Care is committed to moving forward with the increased use of digital technology to make best use of available staff capacity, whilst enabling service users to remain independent. The Directorate continue to prepare for the new Assurance Process with the Care Quality Commission, who will consider as part of the assurance process if appropriate resource is available to meet statutory requirements. As the Director of Adult Social Care, I am content that the available budget for the next financial year is appropriate to do this, within the current governmental requirements, but any additional burdens introduced within the year will require additional funding.

Public Health

Covid-19 pandemic has brought increased health protection responsibilities for Public Health teams at local level. The main areas of growth are outbreak management, clinical response service and support.

In relation to other Public Health services, throughout the pandemic there has been a significant growth not only in demand (as seen in the local drug and alcohol service) but also a rise in complex cases with significant safeguarding issues. The recent experience is not new, but the pandemic has heightened the pressure and brought forth the challenge on service delivery during the pandemic.

The recurring cost pressure of annual NHS pay award uplift, which now include not only Agenda for Change but also pay awards for medical staff, remains for both the 0-19 Programme and Sexual Health Service.

For Sexual Health Service, other cost pressures arisen from more expensive cost of provisions and new clinical pathways, are now incorporated into the new London Integrated Sexual Health Tariffs and their impact will be felt in 2023/24. Potentially, this will also affect the block contract set for the new integrated sexual health service which will go live on 1 April 2023. Work is underway to consider if the provider, King's College Hospital, would be able to absorb these additional pressures with perhaps an adjustment to the activity baseline. However, due to the nature of open access, if patients do not get their service locally, they can still access services out of borough and their costs will have to be met by the Council.

Additionally, the online testing service continues to grow, partly due to online testing are now open to users who are low risk but symptomatic during the pandemic as well as the inclusion of online testing as part of the PrEP treatment pathway in London. This position has been further exacerbated by the recent outbreak of monkey pox infection, leading to an increase of 16% in online testing service in the last two quarters of 2022/23.

The cost of the online service while compensated by the less costly clinic attendances, has well exceeded the original budget. This is an area of significant growth which will require close monitoring.

The previous concerns over the contraception waiting list is now under control and as the clinics are gradually returning to normal operation, it is expected the wait will be back to the agreed level of two weeks for an appointment in the new year.

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2023/24 ONWARDS

Waste Services

Increasing property numbers Growth in the number of properties incurs additional expenditure, as extra collections are required, and additional waste is generated. An increase in relevant property numbers, subsequent to a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs.

While the draft budget has made allowance for the expected growth in property numbers in 2022/23, growth in excess of that assumed would result in further additional costs. While officers will seek to manage within overall waste budgets, the ongoing impact will need to be continued to be kept under review.

Waste Tonnages

The quantity of municipal waste collected in Bromley in recent years had been relatively stable with comparatively minor fluctuations.

However, waste tonnages have been affected by changes to consumerism/ societal behaviour due to the global pandemic. Changes include:

- More people being based at home and therefore generating more waste from their home e.g., from cooking at home, working at home

- More online deliveries and associated packaging, with less shops being open during pandemic lockdowns
- The transition to reusable items slowing down as single use viewed as cleaner and it has become more difficult to access refillable stations or packaging free shops
- Businesses and households conducting household clear outs during the pandemic lockdowns.

During the last quarter of 2022/23 waste tonnage returned to pre COVID 2019 levels and this trend is expected to continue into 2023/24.

The average cost of waste disposal for 2021/22 has remained at around £107 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £166k per annum.

National waste policies, embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste.

Green Garden Waste

Customer numbers continue to increase resulting in additional projected income of £549k. However, this is offset by projected increased collection and disposal costs of £668k. Purchase and delivery costs of green garden waste bins to new customers are projected to exceed budget by £201k. Replacement bins are only required every 3 to 4 years and therefore requirements should be contained within budget in future years when it is expected customer numbers will plateau.

Recycling Income

Recycling prices remain relatively depressed with no significant recovery expected. This has an impact on recycling income, since recycle income rates are updated to reflect market indices every 6 months.

Winter Service

The budgets for this service have been realigned to reflect average patterns of spend for precautionary salting, primarily for frost or ice, in recent years. There has been relatively little actual snow clearance over that time, except during the winter of 2017/18 which saw prolonged sub-zero temperatures. Therefore, there is a risk of incurring additional costs in the event of a severe weather event for which funding will need to be drawn down from Central Contingency.

TfL Funding

There remains uncertainty with regard to TFL funding and whilst it is anticipated to cover the costs of providing road safety and improvement schemes, this will be on the basis of a slimmed down programme compared to pre COVID levels. There also remains some uncertainty moving into 2023/24 that all staff costs will be met from the current grant allocation, although this position may change in early 2023.

Parking

Parking services were most severely affected during the initial Covid-19 lockdown restrictions in 2020, with a 95% reduction in parking use at one stage and a corresponding decrease in the level of enforcement. The income budget for 2021/22 was consequently reduced by £1.2m and while Page 101 there has been a good level of recovery in recent months, use of surface and multi-storey car parks in particular remain somewhat lower than budgeted. However, enforcement activity has now returned to pre-Covid levels and income from PCN's is now projected to overachieve.

The draft budget for 2023/24 assumes that the recovery in car parking usage in recent months

would be maintained into 2023/24 with a small increased income target of £0.2m. The review of Parking and the move to 'cashless' parking is likely to mitigate some of the reduction in income with further reviews due in 2023/24.

Moving Traffic Contravention income is remains down on projected levels due in part to lower traffic numbers brought about by COVID.

Other Income

Income from other fees and charges is also affected across all services to some degree with marked reductions in income from street traders' licences and this is likely to continue as consequence of the implementation of Governments Plan B into 2023/24

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as contract costs and price increases, as well as the longer-term impact of Covid-19, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the Department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

Carbon Emissions

The Council's commitment to a zero net carbon target by 2027 for direct emissions will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments. However, action taken as part of the Carbon Management Programme for direct emissions should lead to cost efficiencies for the Council in the longer term, and the Carbon Neutral Initiative Fund was established in 2020/21 to provide further investment for new schemes that generate a revenue saving.

However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require significant investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant investment from central government.

RISK AREAS PUBLIC PROTECTION & ENFORCEMENT PORTFOLIO FOR 2023/24 ONWARDS

Mortuary & Coroners Service

The provision of a sustainable mortuary service at an affordable cost in the long term is problematic due to variables in demand and a very limited market with little competition. Options are currently being explored with a view to securing longer term mortuary provision with the PRU which may provide an opportunity to stabilise costs going forward.

Any high-profile inquests or significant increase in volume of cases could increase the cost of the Coroner's service.

The Coroner is currently advocating the establishment of a second court with additional staff. However, we believe that currently there is no compelling argument to justify the need for a second court, be it temporary or permanent and that the service operated adequately before Covid.

There may also be an argument that given that Covid has unfortunately accelerated the deaths of many people in the latter years of their life, we may indeed see a decline in death rates and subsequent need for PM's and inquests which would allow the opportunity for the Coroners Service to work through the backlog of cases.

Covid-19 Impacts

There were significant unbudgeted costs of the Council's contribution to London-wide emergency mortuary provision in 2020/21. There has been a further impact on the Council's own services in 2021/22 due to the impact of an increased number of Covid-19 deaths on the costs of the Coroner's and mortuary services, together with a reduction in income from public protection services. The Portfolio's draft budget for 2023/24 assumes that there no ongoing impacts beyond the current financial year

Housing

Significant increases in inflation, energy and prices and fuel costs are placing increased pressure on individuals and households finances and ability to cover housing costs. Whilst work to prevent homelessness has been a key focus to stem the increase in the number of homeless households needing to be placed in temporary accommodation, options re limited, particularly in light of the freeze in local housing allowance levels and increasing gap between LHA and market rents. As a result the Council is starting to see a further increase in the number of individuals and households approaching for housing support and requiring temporary accommodation.

Over recent months the Council has seen many landlords withdrawing from the market due to rising costs. This, coupled with increased demand for placements across London, has seen a reduction in the availability of accommodation able to be secured and significant increases in costs for accommodation which can be found. As such the Council is facing increased pressures through the number of placements required and increased placement costs.

Inflation and energy costs have also impacted on the level of tenants falling into rent arrears.

The Council has also seen a reduced number of lettings from housing association partners as the level of churn in the stock has decreased with more limited options for move-on of existing tenants.

Housing partners continue to report increased maintenance and repair costs due to inflation and this is also reflected within the Council's management contracts for temporary accommodation and the cost in relation to the travellers site for repairs and maintenance required to maintain health and safety standards.

Planning Services

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.

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.

Action is ongoing to reduce risk of Government Designation for Special Measures due to Planning performance.

RISK AREAS WITHIN RENEWAL & RECREATION HOUSING PORTFOLIO FOR 2023/24 ONWARDS

Regeneration

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.

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

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.

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)

Transforming strategic property

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
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- Transforming Bromley Programme
- Corporate Plan
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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.

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.

RISK AREAS WITHIN PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACTS MANAGEMENT FOR 2023/24 ONWARDS

Corporate Services

Legal

The legal team provides legal advice and guidance and conducts cases on behalf of the Council in the Magistrates Court, County Court and High Court. Whilst there are marginal increases in caseload across all areas, the main area of concern is around statutory childcare cases. The cases are usually complex due to the nature of the harm suffered by the children, the need for expert assessments (including consultant, paediatrician, psychiatrist and psychologist), the number of parties, the volume of evidence and the length of the final hearing. In line with national trends, the Council had seen an increase in the workloads in this area of work. Following the Ofsted inspection and the implementation of the Children's Service improvements, there has been a significant increase in workloads. Historically childcare proceedings had been fairly constant at around 48 cases per annum. Members recognised this increase in work and additional resources were approved by the Executive on 20th November 2020. However, the situation continues to be a budget pressure.

Post pandemic, the increase in referrals to social services is mentioned earlier in the report and this will inevitably lead to increase in instructions to legal services to commence proceedings which will increase demand for resources and increase spend on counsel. The increase in complex adults' social care cases and in the increase in Deprivation of Liberty Safeguard (DOLS) applications has also increased demand on legal resources and corresponding increase in spend on counsel. The service also deals with complex planning enforcement cases and planning enquiries which could also result in increased expenditure on counsel.

The legal team supports a range of other functions including property work, procurement and contracts. The in-house team is structured to deliver business as usual and some project work. However, the work is demand led which means that from time-to-time demand for work will exceed the resource available to deliver it. Failure to provide adequate resources (either through internal or external lawyers) will mean that there will be insufficient resource to deliver key Council services, income generation and savings priorities. The Council's ambitious property and regeneration approach will likely require additional legal resource and it has been agreed that this will be funded through the various schemes.

Procurement

The Procurement Bill is currently passing through Parliament and is expected to be introduced some time in 2023, with a six-month implementation period. The Bill introduces several new requirements, particularly around transparency (including a significant increase in formal Notices) and changes in process. This may lead to additional capacity and resource pressures but these cannot be determined as yet. In the short term (2023/2024) it is anticipated that any pressures can be contained within the existing procurement resources but this will need to be kept under review as the impact of the Bill becomes better understood.

IT

Work has commenced for the major retender exercise for the Council's IT services contract for which the initial temporary resources were agreed. The transition to new contract and provider will be in 2023/24. Whilst working on the procurement another major program to migrate on-prem Data Centre to Cloud to provide more resilience service and it is envisage to complete in 2023/24. Third major program in IT to provide connectivity and IT services in new accommodation has also begun. The time scale for this is predicated by the accommodation program.

The Digital Transformation Programme continues to be progressed.

Electoral Services

The UK Government is making major changes to the electoral system through the Elections Act 2022 - this will affect everyone running, standing and voting in elections. Initial measures being introduced include the introduction of Voter (photo) ID at polling stations (May 2023), and the requirement for the ERO to issue (via a new Government online service) free voter identification documents to eligible residents without valid photo ID (January 2023).

Secondary legislation is currently passing through Parliament containing the detail on how the new measures will work in practice.

New Burdens funding will be provided by the UK Government to cover the initial costs to implement the changes. However, the Service may require additional resources to ensure the safe and effective implementation of the changes, but this will be kept under review.

HR & Customer Services

The key risk area was Registrar's service which was significantly impacted by COVID-19; however, the service has fully recovered since the last report and there is sufficient flexibility within our casual staff bank to manage demand.

Exchequer Services

Housing Benefit Admin Subsidy (HBAS)

The DWP have provided the provisional allocation for housing benefit admin subsidy to be received for 2023/24. The methodology uses the latest available Housing Benefit (HB) and Universal Credit (UC) caseload volumes. UC caseload volumes with a housing element have been used to apportion the HBAS funding and UC savings reductions across the LAs. The actual allocation will be confirmed prior to the start of 2023/24. The level of admin subsidy to be received in respect of Council Tax Support has not yet been announced.

Benefit Changes

UC for new working-age claimants was introduced in July 2018; they now receive UC towards their housing costs rather than HB. The removal of temporary accommodation Housing Costs from Universal Credit has lessened the financial impact for Bromley Council.

Funding has yet to be advised for 2023/24. Movement of the current working-age HB claimants to UC is due to be completed by 2025 (delayed from 2023). The rental market is reacting to the introduction of UC, making landlords less likely to rent to benefit claimants and further inflating rents.

At the October 2021 Budget, the Government amended the taper rate for UC so that for every £1 a claimant earns the benefit reduces by 65p when on HB; however, if the claimant is on UC it reduces by 55p. This change makes it more beneficial to clients who are earning and on a low income to claim UC rather than remain on HB.

In the Autumn Statement the government advised that the plans to create a new housing element of Pension Credit, replacing pensioner Housing Benefit, have been pushed back from 2025 to 2028/29.

The impact of this will be significant to the Borough as the pensioner caseload is proportionally high. This also suggests that from 2028-29 the only residents in Bromley on HB will be those in temporary or supported/exempt accommodation.

The changes will make HB overpayments far more difficult to recover as currently the vast majority is recovered by means of claw-back from ongoing entitlement. Once claims transfer over to UC the opportunity for this form of recovery will be severely reduced.

From April 2016 working age claimants in receipt of Council Tax Support (CTS) have been required to pay a minimum of 25% towards their Council Tax liability. The minimum liability of 25% necessitates collecting Council Tax from some of our most vulnerable residents and courts are becoming more reticent to grant costs and thereby add to the individual's financial burden. From April 2023 the Benefit Cap will be raised by 10.1% in Bromley from £23,000pa to £25,323 for couples (with or without children) and £16,967pa for single claimants. For those placed outside of London the amounts will be £22,020pa and £14,753pa respectively. The ongoing welfare reform programme combined with an increase in rent levels means that a growing number of households are at risk of losing their homes through rent arrears. The problem is heightened by the shortage of small properties for those attempting to downsize.

Impact of COVID-19 and the cost-of-living crisis

Prior to Covid-19 the overall caseload had been consistently reducing due to the natural migration of working age Housing Benefit claimants to Universal Credit.

However, by March 2021, the number of working age households in receipt of Council Tax Support had increased by over 12% due to the impact of Covid-19. Since March 2022 the Council Tax support caseload has reduced by 1,262 claims and is now lower than pre-pandemic levels.

Revenue collection was adversely affected by the pandemic with the initial cessation of enforcement activity and the closure of the courts. Although collections have increased and are above the 2021/22 performance, they continue to be affected by the cost-of-living crisis. This poses an on-going risk.

Total Facilities Management

Operational Property

As part of the 'Transforming Property – Creation of a £30m Disposal Programme', report to Executive on 16 September 2020, work has been undertaken to identify works required to the Council's properties that will be retained by the Council and this assessment has confirmed that additional funding is required to supplement the existing building maintenance programme.

The Draft 2023/24 Budget includes additional provision of £2m to reflect initial funding for any key building works required. The full assessment setting out the essential capital repairs and maintenance required alongside proposals to dispose of the existing civic centre site and purchase new civic accommodation was reported to Executive in November 2022.

The current estimated value of these capital schemes is £116.87m, with update reports scheduled during 2023/4 to consider the more detailed business case and costings for each of these schemes. The November executive also considered a disposal update report setting out further disposals of properties which were deemed surplus to requirements or presented low yields on investment return. This provided an estimated disposal value of £87.3m to support the capital programme delivery.

Other Rental Income

Most of the Council's leased property has periodic rent increases, the frequency of which is set in the individual property lease, with most rent reviews done five yearly. Thus, annual rental increases across all properties cannot be achieved. Whilst some reviews are based on movements in RPI, most are to market level and there is a risk that increases in the properties where there are reviews will not match the assumed inflationary increase in income.

A large element of the Council's income is received from retail units and this class of asset has suffered significantly with little or zero growth.

The challenging economic environment at present not only impacts on the ability of the periodic rent reviews to offset against inflationary pressure, but as existing leases expire, re-letting properties at similar levels may be challenging in 2023/24.

Rental income has also been impacted by the generic national downturn in retail performance and by the impact of Covid 19. Some tenants have been unable to meet their rent obligations and have sought assistance from the Council. The extent to how these trends will continue into 2023/24 and beyond remains fluid.

Energy Tariff

Government policy is for the Climate Change Levy (a carbon tax on energy) to be adjusted each April, with a planned increase in the levy on gas and a reduction in that on electricity. Consequently, LBB's energy costs will need to continue to be closely monitored to track the financial impact, although it is expected that these changes will be largely offsetting.

The Council's current energy supply contract expired in October 2022. The Council was able to secure a gas supply on a 3-year predominantly fixed rate basis mitigating the risk of further significant increases in energy costs during this period. However, due to the volatility of the current market, the Council has not been able to secure a fixed rate medium to long term contract for the supply of electricity.

After tendering twice through the approved framework and in the absence of any bids, the Council has negotiated an extension of the existing contract until March 2023 and will be retendering in the new year. Given the recent and sustained significant increases in energy prices, it is anticipated that the Council will be faced with a substantial increase in energy costs from March 2023.

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