

Decision Maker: PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING

Date: For Pre-Decision Scrutiny by the Renewal, Recreation and Housing PDS Committee on 15 June 2023

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN REPORT 2022/23

Contact Officers: John Johnstone, Head of Finance (Adults, Health & Housing)
Tel: 020 8461 7006 E-mail: John.Johnstone@bromley.gov.uk
Murad Khan, Head of Finance (Environment & Corporate Services)
Tel: 020 8313 4015 E-mail: Murad.Khan@bromley.gov.uk

Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

- 1.1 This report provides details of the final outturn position for 2022/23 for the Renewal, Recreation and Housing Portfolio.
-

2. **RECOMMENDATION(S)**

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

- i) Note the net overspend of £1.52m on controllable expenditure at the end of 2022/23 and consider any issues arising from it.

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

- i) Endorse the 2022/23 final outturn position for the Renewal, Recreation and Housing Portfolio.

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: RR&H Portfolio Budgets
 4. Total current budget for this head: £17.8m
 5. Source of funding: Existing revenue budget 2022/23
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Applicable: Portfolio Holder decision.
-

Procurement

1. Summary of Procurement Implications: Not Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2022/23 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all the Council's customers (including council taxpayers) and users of the services.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report provides the provisional outturn position for the Renewal, Recreation and Housing Portfolio for 2022/23, which is broken-down in detail in Appendix 1, along with explanatory notes.
- 3.2 The final outturn for the “controllable” element of the Renewal, Recreation and Housing budget in 2022/23 is a net overspend of £1.52m compared to the last reported figure of a net overspend of £805k which was based on activity at the end of December 2022.

Summary of Major Variations

- 3.3 The following table summarises the variations over the key areas:

	£'000
Building Control income	137
Planning & Land Charges	196
Supporting People contracts	Cr 123
Temporary Accommodation	1,958
Housing Support	Cr 628
Other variations	16
	<hr/> 1,524 <hr/>

Full Year Effect

- 3.4 The cost pressures identified above are projected to impact in 2022/23 by £821k. Further growth of £1,796k for Housing has been included in the budget for 2022/23; however, there is a total of £2,555k savings assumed from the mitigation and transformation work streams, through the provision of new affordable housing.

Carry Forward Requests

- 3.5 On the 29th of June, the Executive will be requested to approve several carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2023/24.
- 3.6 Appendix 2 provides a detailed breakdown of all the carry forward requests for Renewal, Recreation and Housing Portfolio. The carry forwards included in section 1 will have repayment implications if not approved, and those in section 2 relate to grants which will not have to be repaid if not agreed but will impact on service delivery in 2023/24. Future reports to the Portfolio Holder will be required to approve their release from the 2023/24 Central Contingency.

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

- 4.1 £1,116k of growth was included in the housing budget for 2022/23 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £1,785k savings was also included to mitigate these pressures.
- 4.2 Whilst approaches remain high, the ongoing supply of acquired properties and prevention work has continued to slow the rate of growth in nightly paid accommodation placements. However, the number of approaches are starting to rise alongside increased pressure on nightly paid accommodation rates across London and the Southeast. This has resulted in a £1,958k overspend on temporary accommodation, with a £1,193k overspend on housing overall. As has been reported, work is ongoing to increase the supply of affordable housing to continue to mitigate and reduce the current pressures relating to temporary accommodation particularly in

relation to the increased ability to secure leased accommodation within temporary accommodation subsidy rates however this is becoming increasingly challenging due to the current inflation rises in relation to accommodation costs.

- 4.3 A substantial part of Planning Services' work attracts a fee income for the Council, for example the planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough. There is a risk of income variation beyond the Council's immediate control; however, trends are regularly monitored in order that appropriate action can be taken. Action has successfully been taken to negate the risk of Government Designation for Special Measures due to Planning performance for the current year. However, this is based on the actions identified being implemented to reduce the risk of Government Designation in future years.
- 4.4 There is a risk of substantial planning appeal costs being awarded against the Council by the Planning Inspectorate if the Council is found to have acted unreasonably. For major appeals, which can arise unpredictably, there is often a need for specialist external consultant's advice which creates additional costs.
- 4.5 The key risks in the Renewal, Recreation and Housing Portfolio continue to be:
- i) Increased homelessness and the associated costs particularly relating to the increased demand for placements across London
 - ii) Increased rent arrears arising from inflation and increased costs of utilities and so forth
 - iii) Reduced vacant housing association properties coming forward for letting
 - iv) Increased maintenance and repairs costs in relation to the travellers site required to maintain health and safety standards
 - v) Fluctuations in planning applications and need to ensure application processing is sufficiently resourced
 - vi) Increases being seen in construction and maintenance costs
- 4.6 Finally, the ongoing impacts of the Covid-19 pandemic on budgets are now becoming apparent. Significant losses in income, from commercial rents, are expected as town centres have been severely affected during lockdown restrictions. The impact of increased utility and maintenance costs is also impacting on tenants of commercial properties and their ability to maintain rental payments.

5. POLICY IMPLICATIONS

- 5.1 To meet the ambitions for residents, the Council must use available resources deploy its workforce wisely. This is reflected in the "Making Bromley Even Better" ambition of Service Efficiency - 'To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.'
- 5.2 The "2021/22 Council Tax" report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 5.3 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

6. FINANCIAL IMPLICATIONS

- 6.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B.

- 6.2 Overall the provisional outturn position for 2022/23 is an overspend of £1.52m.
- 6.3 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1A. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service.
- 6.4 As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources, Commissioning and Contracts Management Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance.

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

Renewal, Recreation & Housing Budget Monitoring Summary

2021/22 Actuals £'000	Division Service Areas	2022/23 Original Budget £'000	2022/23 Latest Approved £'000	2022/23 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	PLACE DEPARTMENT							
	Planning							
99	Building Control	90	90	227	137	1	213	0
Cr 128	Land Charges	Cr 126	Cr 126	Cr 63	63	2	64	0
1,707	Planning	1,493	1,690	1,823	133	3	100	0
1,678		1,457	1,654	1,987	333		377	0
	Culture & Regeneration							
908	Culture	883	1,259	1,384	125		15	0
4,649	Libraries	4,873	5,672	5,570	Cr 102		0	0
23	Town Centre Management	80	112	87	Cr 25		0	0
5,580		5,836	7,043	7,041	Cr 2	4	15	0
	Operational Housing							
1,314	Housing Strategy, Advice and Enabling	1,460	1,304	1,276	Cr 28	5	51	0
Cr 1,089	Housing Benefits	Cr 1,539	Cr 1,539	Cr 1,502	37	6	0	0
Cr 175	Housing Improvement	Cr 30	Cr 31	Cr 54	Cr 23	7	Cr 43	0
6,406	Allocations and Accommodation	4,295	5,088	7,046	1,958	8	893	288
877	Supporting People	1,070	1,044	921	Cr 123	9	Cr 102	Cr 94
1,488	Housing Options and Support	2,006	1,723	1,095	Cr 628	10	Cr 386	0
8,821		7,262	7,589	8,782	1,193		413	194
16,079	Total Controllable	14,555	16,286	17,810	1,524		805	194
2,141	TOTAL NON CONTROLLABLE	Cr 883	Cr 881	Cr 881	0		0	0
5,555	TOTAL EXCLUDED RECHARGES	5,574	2,454	2,454	0		0	0
23,775	TOTAL RR & H PORTFOLIO TOTAL	19,246	17,859	19,383	1,524		805	194

APPENDIX 1B

Reconciliation of Latest Approved Budget	£'000
Original budget 2022/23	19,246
Carry Forward Requests approved from 2021/22	
Rough Sleepers Initiative Grant expenditure	228
Rough Sleepers Initiative Grant income	Cr 228
Homelessness Reduction Grant	89
Homelessness Reduction Grant	Cr 89
New Burdens Funding Grant expenditure	124
New Burdens Funding Grant income	Cr 124
Local Plan Implementation	120
New Homes Bonus - Regeneration	73
Central Contingency Adjustments	
Accommodation for Ex-Offenders expenditure	70
Accommodation for Ex-Offenders income	Cr 70
Rough Sleepers Initiative Grant expenditure	455
Rough Sleepers Initiative Grant income	Cr 455
Norman Park grant	151
Libraries contract inflation	54
Resources to address Planning minor applications backlog	90
Funding of Economic Development posts	109
Local London membership subscription	50
Libraries refresh	515
Provision for agency workers contract savings	Cr 14
Homes for Ukraine expenditure	821
Homes for Ukraine grant	Cr 821
Homes for Ukraine expenditure	7,182
Homes for Ukraine grant	Cr 7,182
Homeless Prevention Initiatives expenditure	883
Homeless Prevention Initiatives grant	Cr 883
Domestic Abuse Act - new burdens 2021/22 cf	48
Domestic Abuse Act - new burdens 2021/22 cf	Cr 48
Domestic Abuse Act - new burdens 2022/23	33
Domestic Abuse Act - new burdens 2022/23	Cr 33
Other	
Local Plan Review funded from Growth Fund	
- expenditure	600
- income	Cr 600
R&M Planned Maintenance adjustment	20
Insurance	Cr 18
Excluded Recharges	Cr 3,120
Adj to NI budget following reversal of 2022-23 increase in November	Cr 31
Merit Awards allocation from contingency	55
Energy cost pressure allocation from contingency (Libraries)	230
Energy cost pressure allocation from contingency	329
Latest Approved Budget for 2022/23	17,859

REASONS FOR VARIATIONS

1. Building Control Dr £137k

For the chargeable service, there has been an income deficit of £85k for 2022/23. A review of fees and charges was conducted in Q2 to ensure the service complies with Building Account Regulations, which requires that the service operates on a full cost recovery basis (i.e., does not make a surplus or is subsidised on an ongoing basis).

Revised charges were implemented on 1 October, which is helping to increase income and has reduced the shortfall by £185k compared to the Q2 forecast. There was a £44k overspend on the salaries budget, due to use of agency staff to cover vacancies, and a £8k underspend on supplies and services. In accordance with the Regulations, any surplus or deficit in year is charged to or funded from the Building Control Charging Account earmarked reserve, and there is now a total deficit balance of £159k to recover from income in future years.

2. Land Charges Dr £63k

There has been a £63k shortfall of land charges income compared to budget, due to reduced activity over the course of the year.

3. Planning Dr £133k

There has been a £206k shortfall of planning fee income compared to budget, as receipts over the course of the 2022/23 financial year have been significantly lower than last year. There are, however, underspends on supplies and services, which reduces the net overspend to £133k.

4. Culture & Regeneration Dr £2k

There has been an overspend on project related salaries, offset by underspends elsewhere within the Culture and Regeneration Division, including a rebate of £48k for library business rates was received late in the year

5. Housing Strategy, Advice and Enabling Dr £28k

In 2022-23 there were underspends on the some of the contracts within the service and an overspend on salaries of £9k.

6. Housing Benefit Dr £37k

There is a small overall overspend on the Housing Benefit cost centre.

7. Housing Improvement Cr £23k

In year vacancies during a period of recruitment resulted in an underspend of £23k.

8. Allocations and Accommodation Dr £1,958k

There was a total overspend of £1,551k on the provision of Temporary Accommodation for 2022-23. At the end of the financial year, the number of households in Temporary Accommodation was 1,062, at an average cost of £7,650 per household per annum. Whilst the numbers of households in Temporary Accommodation have fallen from an April high of over 1,100, the numbers have not reduced at the rate hoped for with the progression of the transformation programme. Overall, TA numbers supported by LBB have risen as have the annual average costs which continues to impact on this budget. The 2022-23 outturn figure is after allowing for the Homeless Prevention Initiatives allocation in contingency and exceptional winter top up of the Homelessness Prevention Grant top totalling £883k which were draw down in the previous Budget Monitoring cycle.

These figures exclude other schemes like More Homes Bromley, Orchard & Shipman, ex-residential care homes, and the Bromley Private Sector Leasing Scheme. Once these schemes have been included there were 1,525 households in Temporary Accommodation on 31st March 2023.

Transformation savings totalling £1,286k were identified at the start of 2022-23 to provide a longer-term alternative to expensive nightly paid accommodation. Included in this initial figure Meadowship Homes (£1,043k) and (Burnt Ash Lane £91k) continue to progress and schemes at Bushell Way, Anerley Town Hall car park and Beehive are now complete. The Full Year Effect of these savings is estimated at around £2.2m.

There was an overspend on salaries of £69k. This was due to the cost of funding two short term posts to meet the additional workload created by the new schemes. There are some vacancies within the service which partly offset this additional cost.

	£'000
Summary of overall variations within Allocations and Accommodation:	
Temporary Accommodation	1,551
Beehive Affordable Housing	257
Bad debt provision / write-offs	253
Salaries	69
PSL Incentive Payments, Rent Deposit Scheme and Furniture Storage	Cr 172
Total variation for Allocations and Accommodation	<u>1,958</u>

9. Supporting People Cr £123k

A £123k underspend on the Supporting People was a result of procurement exercises during 2021/22 and 2022/23 containing costs within inflation that had accumulated in the budget whilst the previous contracts had been fixed for a number of years. There has been a virement of £26k from this budget to the HOPE contract in the Housing Strategy, Advice and Enabling service area to fund in-year one off additional costs.

10. Housing Options and Support Cr £628k

During the financial year, there were a number of vacancies within the service with some posts being difficult to fill. Temporary posts were created to try and address this. The final underspend for the year was £191k.

As reported in budget monitoring, there was an underspend of £437k on the work carried out around Homelessness Prevention, which is been impacted on by the challenges in recruiting staff during the course of the financial year.

Waiver of Financial Regulations:

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer must obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Subcommittee bi-annually. Since the last report to the Executive, no waivers have been actioned.

Virements Approved to date under Director's Delegated Powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, one virement has been actioned. to implement contract upgrades for the HOPE contract. £26k has been vired from the underspend in Supporting People to the Housing Strategy and Enabling service area. This is one off virement for 2022-23 only.

RENEWAL, RECREATION AND HOUSING PORTFOLIO C/F REQUESTS**Grants with Explicit Right of Repayment****1. Defra Biodiversity Net Gain Grant £13,216**

The Department for Environment, Food and Rural Affairs (Defra) awarded the Council an allocation of £43,467 of Biodiversity net gain grant in 2022/23. The Council incurred eligible expenditure of £30,251 in this financial year, and Defra has permitted to the Council to claim the full 22/23 amount, on the basis that the unspent amount is ringfenced and the Council will provide evidence of spend in future.

2. New Homes Bonus Funded LEP Programme £72,521

Improvements to Penge High Street were one of four projects that the London LEP had agreed to fund from the New Homes Bonus top slice grant. These works were due to take place in previous years and £72,521 was carried forward from 2020/21. These improvements are now planned to be delivered until 2023/24, therefore the funding remained unspent in 2022/23. It is now requested to carry forward this funding to the current financial year and increase the Regeneration revenue budget accordingly to enable the final phase of the scheme to be completed.

3. Rough Sleepers Initiative £42,663

This funding has been carried forward to bolster the delivery of rough sleeping funded work in 2023/24, primarily to secure private sector accommodation to prevent or relieve homelessness. A Private Rented Procurement Officer has been recruited to lead on this area of work.

4. Homes for Ukraine grant £5,415,265

The Department for Levelling Up, Housing and Communities (DLUHC) launched the Homes for Ukraine scheme on the 14th of March 2022. The scheme allows people living in the UK to sponsor a Ukrainian national or family to come and live in the UK providing there is suitable accommodation available. The grant also covers any additional costs that the Authority may incur. Part of the funding was a one-off payment that can be carried forward into the new financial year to continue to support the Ukrainians living in Bromley.

Grants with no Explicit Right of Repayment**1. Homelessness Reduction Grant £89,000**

This money was set aside in 2018/19 to fund work preventing and relieving homelessness for young people and will be required to implement the initiatives identified through the work with the DLUHC specialist adviser. The work has not been completed and it is requested to carry it forward to 2023/24 when it is expected that the work will be completed.

2. Accommodation for ex-Offenders £63,669

A Private Rented Procurement and Sustainment is in post to lead on increased private sector accommodation for single people. This funding will be used to extend

the secondment opportunity, for a further year to assist the Housing Options Team to meet their duties in preventing and relieving homelessness, under the Homelessness Reduction Act 2017.

Other Carry Forward Requests

1. Local Plan Implementation £120,000

A carry-forward is requested to meet costs associated with the review of the Local Plan, which has slipped into 2023/24.