

# **EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE 03/07/2022**

## **SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT PORTFOLIO HOLDER**

### **1.1 Introduction**

- 1.1.1 My first priority as portfolio holder remains the efficient management of the borough's financial resources. Despite the challenging environment, Bromley remains well-placed thanks to hard decisions taken by this and prior administrations. However, great efforts will be required to return the Council to a sustainable financial profile on a long-term basis.

### **1.2 Finance**

- 1.2.1 Inflation remains the greatest challenge for management of the Council's finances. Although now past its peak, inflation is falling more slowly than initially forecast. This creates financial challenges for the Council, particularly for contracts that contain inflation indexing that reset based on CPI in January or February this year. As the Council's income, whether in the form of council tax or fees and charges is not indexed to inflation in the same way, the Council's structural deficit will continue to widen until inflation returns to its target level of 2%. The Bank of England does not expect this to happen until late 2024.
- 1.2.2 In March this year, the Executive voted to refinance the Council's existing housing schemes with funds borrowed from HM Treasury via PWLB. This decision was taken in the knowledge that it was the only way for the Council to deliver the target outcomes of the operational property review, including the delivery of social housing. The Council will only enter into borrowing when to do so will result in a financial benefit for the council taxpayer and it is essential to ensure a sustainable financial position for the Council. In the case of housing schemes, savings from nightly-paid accommodation will outweigh interest costs.
- 1.2.3 While the decision to borrow has been taken, the Council does not face pressure to do so in the short term. The Director of Finance and I have spoken regularly regarding the best time for the Council to enter into borrowing. Considering recent upward movements in interest rates, the intention is to use internal lending from reserves first. When we do borrow, we will make sure to use the most advantageous route possible e.g. concessionary rates for housing schemes.
- 1.2.4 Thanks to the Council's high level of reserves, we have benefitted from interest income higher than budgeted. This should continue, as currently expectations are that the Bank of England Base Rate will continue to increase to 5-6%.
- 1.2.5 At my request, officers produced a report earlier this year that gave an overview of the different methods residents use to pay council tax, and the relative costs of each. There is a clear incentive for the Council to increase the proportion of residents paying by direct debit, both to increase the certainty of collection and

to reduce collection costs. I am delighted that the year 2023/24 sees the launch of the Council's direct debit prize, open to residents that pay their council tax via direct debit. We hope that this will drive a meaningful increase in take-up.

- 1.2.6 Earlier this year the Council raised the Empty Homes Premium to the maximum permitted by law. As well as raising revenue for the Council, it is also likely to lead to a greater proportion of empty properties coming back into use, either through sale or rent.
- 1.2.7 Liberata continue to play a key role in the delivery of Council services within this portfolio. They have agreed to a rolled forward reduction of 0.6% following a real reduction in 2022/23 which benefits the Council in future years. Late in June, the Director of Finance and I met with representatives of the OSI Group, the ultimate owners of Liberata. We reiterated the important role they play in supporting the efficient running of the Council and our desire for the provision of the best possible service at the lowest possible cost for the taxpayer.

### 1.3 Property

- 1.3.1 Officers from the Property team and supporting functions continue to support delivery of the Operational Property Review. As part of these efforts, work is continuing at a high pace on the relocation of the Council to Churchill Court.
- 1.3.2 To ensure that the Council secures the best possible value for money from the move, I am working with officers to ensure that efforts to secure anchor tenants are successful and decisions regarding initial maintenance are taken to secure the best possible long-term outcome, even at a higher cost in the short-term.

### 1.4 Biggin Hill Airport

- 1.4.1 Following the Executive's decision to seek the negotiation of a revised NAP, I have been working with officers to advance the agenda scrutinised by this committee. The intention is for a further report to be brought forward in the autumn.
- 1.4.2 I have represented the Council in its capacity as freeholder at the Biggin Hill Airport Consultative Committee on several occasions. I have proposed amendments to its constitution that would allow more councillors from wards in the south of the borough that are affected by the airport's operations to become members.

Cllr Christopher Marlow

Portfolio Holder for Resources, Commissioning and Contract Management