

Decision Maker: PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING

Date: For Pre-Decision Scrutiny by Renewal, Recreation and Housing PDS Committee on 6 September 2023

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2023/24

Contact Officers: John Johnstone, Head of Finance (Adults, Health & Housing)
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Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

- 1.1 This report provides the first revenue budget monitoring position for 2023/24 for the Renewal, Recreation and Housing Portfolio based on expenditure and activity levels for the first quarter of the financial year.
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2. RECOMMENDATION(S)

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

- 2.1 Note the projected net overspend of £2,479k on controllable expenditure based on information as at July 2023.

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

- 2.2 Agree the release of amounts carried forward from 2022/23 as set out in section 3.5.

Impact on Vulnerable Adults and Children

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

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: RR&H Portfolio Budgets
 4. Total current budget for this head: £15.9m
 5. Source of funding: Existing revenue budget 2023/24
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Personnel

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

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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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 sets out the results of the quarterly revenue budget monitoring exercise for the 2023/24 financial year for the Renewal, Recreation and Housing Portfolio.
- 3.2 The position for quarter one for the Portfolio is showing a £2.5m overspend position based on financial information available at that time.
- 3.3 The projected outturn is detailed in Appendix 1A, which shows the forecast spend for each division within the Portfolio compared to the latest approved budget.
- 3.4 Appendix 1B provides further detail and commentary on each of the projected variations within each service.

3.5 **AGREEMENT TO RELEASE AMOUNTS CARRIED FORWARD FROM 2022/23 BY THE PORTFOLIO HOLDER**

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 Homes for Ukraine grant £2,000,000

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.

3.5.5 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.

3.5.6 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.

3.5.7 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.

4 POLICY IMPLICATIONS

- 4.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents and to meet this we will need to maintain a relentless focus on efficiency, outcomes of services and prudent management of our finances..
- 4.2 The “2023/24 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.
- 4.3 Chief Officers and Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

5 FINANCIAL IMPLICATIONS

- 5.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B.
- 5.2 Overall, a £2.5m overspend position is projected based on the information available in the first quarter of the 2023/24 financial year.

Non-Applicable Headings:	Social Care, Legal, Personnel, Property & Procurement Implications
Background Documents: (Access via Contact Officer)	2023/24 budget monitoring files within RR&H Finance section

Renewal, Recreation & Housing Budget Monitoring Summary

2022/23 Actuals £'000	Division Service Areas	2023/24 Original Budget £'000	2023/24 Latest Approved £'000	2023/24 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	PLACE DEPARTMENT							
	Planning							
27	Building Control	70	70	266	196	1	0	0
Cr 63	Land Charges	Cr 117	Cr 117	Cr 47	70	2	0	0
1,823	Planning	986	1,106	1,391	285	3	0	0
1,787		939	1,059	1,610	551		0	0
	Culture & Regeneration							
1,384	Culture	1,120	1,120	1,120	0		0	0
5,570	Libraries	5,174	5,365	5,365	0		0	0
87	Town Centre Management	44	44	44	0		0	0
7,041		6,338	6,529	6,529	0		0	0
	Operational Housing							
1,276	Housing Strategy, Advice and Enabling	1,522	1,522	1,522	0		0	0
Cr 1,502	Housing Benefits	Cr 1,586	Cr 1,586	Cr 1,586	0		0	0
Cr 54	Housing Improvement	Cr 20	Cr 20	Cr 20	0		0	0
7,046	Allocations and Accommodation	5,613	5,613	7,789	2,176	4	0	3,347
921	Supporting People	1,134	1,134	986	Cr 148	5	0	Cr 148
1,095	Housing Options and Support	1,671	1,671	1,571	Cr 100	6	0	0
8,782		8,334	8,334	10,262	1,928		0	3,199
17,610	Total Controllable	15,611	15,922	18,401	2,479		0	3,199
Cr 412	TOTAL NON CONTROLLABLE	Cr 541	Cr 541	Cr 541	0		0	0
5,691	TOTAL EXCLUDED RECHARGES	5,583	5,583	5,583	0		0	0
22,889	TOTAL RR & H PORTFOLIO TOTAL	20,653	20,964	23,443	2,479		0	3,199

Reconciliation of Latest Approved Budget	£'000
Original budget 2023/24	20,653
Carry Forward Requests approved from 2022/23	
Homelessness Reduction Grant	89
Homelessness Reduction Grant	Cr 89
Accommodation for ex-Offenders Expenditure	64
Accommodation for ex-Offenders Grant	Cr 64
Rough Sleepers Initiative Grant expenditure	43
Rough Sleepers Initiative Grant income	Cr 43
Homes for Ukraine Grant	2,200
Homes for Ukraine Grant	Cr 2,200
Defra Biodiversity Net Gain Grant	13
Defra Biodiversity Net Gain Grant	Cr 13
New Homes Bonus Funded LEP Programme	73
New Homes Bonus Funded LEP Programme	Cr 73
Local Plan Implementation	120
Central Contingency Adjustments	
2023-24 Accommodation for Ex-Offenders expenditure	74
2023-24 Accommodation for Ex-Offenders income	Cr 74
2023-24 Rough Sleepers Initiative Grant expenditure	214
2023-24 Rough Sleepers Initiative Grant income	Cr 214
Homelessness Prevention Grant - 2023-24 additional allocation	363
Homelessness Prevention Grant - 2023-24 additional allocation	Cr 363
HPG– 2023/2024 Homes For Ukraine Funding Top-Up	1,117
HPG– 2023/2024 Homes For Ukraine Funding Top-Up	Cr 1,117
Inflation - Libraries contract	191
Other	
Latest Approved Budget for 2023/24	<u>20,964</u>

REASONS FOR VARIATIONS

1. Building Control Dr £196k

The fees were increased in 2022/23 in order to realign the budget income target with a more realistic outcome but in 2023/24 we introduced a saving which increased the Income budget target by £79k overall. Based on the activity in the past 3 months we anticipate that you will fall short of your overall income budget target by £196k. As the forecast is based on 3 months of actual income received and 9 months estimated if the activity improves the forecast will be adjust in Q2 and so on .

It must be noted that the £79k increase of income target was a saving agreed by Sara which may not have factored in the historic cost pressure that building control has been exposed too. If this saving was not applied, then the building control income forecast would be much closer than what forecasted.

2. Land Charges Dr £70k

Like the above we anticipate a variation overspend of around £70k which historically this has been the case over the past a few years, but assuming the activity improves in the remaining 9 months and if the introduction of a fees review is completed within the current financial year and the implementation will reduce the variation.

It must be noted factoring the economic climax's we are going through with the increase in the budget income target by £4k, the difference in the shortfall of income in 2022/23 to what we are forecasting are very close.

3. Planning Dr £285k

The economical climax, high interest rate cost of living is affecting the whole property and Planning building control, Local land charges income target forecast.

Planning Pre-Apps & Planning 'Significant' Major Apps We are forecasting a shortfall of income in 2023/24 which as it stands currently at DR £285k, even though it looks alarming we need to factor in with that the planning application fees draft regulations consultation which have been published and it noted that the government has stated that the regulations will be enacted in the autumn after the recess. As this is usually happen from 1st October so we can envisage that the fees will go up by 30% as recommended which will hopefully make a dent in reducing the shortfall of income.

<https://www.legislation.gov.uk/ukdsi/2023/9780348250404>

4. Allocations and Accommodation Dr £2,176k

There is currently a forecast overspend of £2,369k in the Temporary Accommodation before projected savings from the continuation of the Transformation Programme. For this round of budget monitoring the number of Households in nightly paid Temporary Accommodation was 1,125. It is currently expected that this will increase to 1,302 by the end of the financial year, at a current average cost of £8,268 per household per annum.

These figures exclude other schemes like More Homes Bromley, Pinnacle (formerly Orchard & Shipman), ex-residential care homes, and the Bromley Private Sector Leasing Scheme. Once these have been included there are currently over 1,556 households in Temporary Accommodation.

Transformation Programme savings totalling £193k have been identified for 2023-24 with the following schemes planned to be completed to provide a longer term alternative to expensive nightly paid accommodation, Meadowship Homes Phase 2 £126k and York Rise £67k. Other earlier schemes in the programme have been completed and are contributing to the housing options available. The Full Year Effect of these savings is estimated at around £1.3m.

£'000

Summary of overall variations within Allocations and Accommodation:

Temporary Accommodation	2,369
Transformation Savings	Cr 193
Total variation for Allocations and Accommodation	<u>2,176</u>

5. Supporting People Cr £148k

A £148k underspend is currently forecast in the Supporting People mainly as a result of procurement exercises during 2021/22 and 2022/23 containing costs within inflation that had accumulated in the budget. The full retendering exercise has been completed and the current underspend will remain in this budget to cover potential future pressures.

6. Housing Options and Support Cr £100k

A £100k underspend is currently forecast in Housing Options and Support on salary costs. This relates to a number of difficult to fill vacancies in the service.

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 has to 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, no virements have been actioned.