

**Decision Maker:** PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING

**Date:** For Pre-Decision Scrutiny by Renewal, Recreation and Housing PDS Committee on 15 November 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

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1. Reason for report

- 1.1 This report provides the revenue budget monitoring position for 2023/24 for the Renewal, Recreation and Housing Portfolio based on expenditure and activity levels as at September 2023.
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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 £2,881k on controllable expenditure based on information as at September 2023.

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

- 2.2 Note the projected net overspend of £2,881k on controllable expenditure based on information as at September 2023.

## 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 two for the Portfolio is showing a £2.9m 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.

### **4 COMMENTS FROM THE DIRECTOR OF HOUSING, PLANNING & REGENERATION**

- 4.1 £1,589k of growth was included in the housing budget for 2023/24 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £1,745k 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 temporary accommodation. However, the number of approaches is starting to rise with an increase of 210 new approaches during the first half of 2023/24 compared to the same period in the preceding year. The supply of temporary accommodation is under increased pressure meaning that the majority of new placements can only be secured through the nightly paid market. There is increased pressure on nightly paid accommodation rates across London and the South East which have risen steeply during the past 12 months. This results in a £2,557k overspend on temporary accommodation, with a £2,359k 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.
- 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) Increases being seen in construction and maintenance costs.

## 5 POLICY IMPLICATIONS

- 5.1 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..
- 5.2 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.
- 5.3 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.

## 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, a £2.9m overspend position is projected based on the information available in the first quarter of the 2023/24 financial year.

<b>Non-Applicable Headings:</b>	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 &amp; 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
	<b>PLACE DEPARTMENT</b>							
	<b>Planning</b>							
27	Building Control	70	70	313	243	1	196	0
Cr 63	Land Charges	Cr 117	Cr 117	Cr 47	70	2	70	0
1,823	Planning	986	1,106	1,315	209	3	285	0
<b>1,787</b>		<b>939</b>	<b>1,059</b>	<b>1,581</b>	<b>522</b>		<b>551</b>	<b>0</b>
	<b>Culture &amp; Regeneration</b>							
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
<b>7,041</b>		<b>6,338</b>	<b>6,529</b>	<b>6,529</b>	<b>0</b>		<b>0</b>	<b>0</b>
	<b>Operational Housing</b>							
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	8,170	2,557	4	2,176	4,766
921	Supporting People	1,134	1,134	986	Cr 148	5	Cr 148	Cr 148
1,095	Housing Options and Support	1,671	1,671	1,621	Cr 50	6	Cr 100	0
<b>8,782</b>		<b>8,334</b>	<b>8,334</b>	<b>10,693</b>	<b>2,359</b>		<b>1,928</b>	<b>4,618</b>
<b>17,610</b>	<b>Total Controllable</b>	<b>15,611</b>	<b>15,922</b>	<b>18,803</b>	<b>2,881</b>		<b>2,479</b>	<b>4,618</b>
Cr 412	<b>TOTAL NON CONTROLLABLE</b>	Cr 541	Cr 541	Cr 541	0		0	0
5,691	<b>TOTAL EXCLUDED RECHARGES</b>	5,583	5,583	5,583	0		0	0
<b>22,889</b>	<b>TOTAL RR &amp; H PORTFOLIO TOTAL</b>	<b>20,653</b>	<b>20,964</b>	<b>23,845</b>	<b>2,881</b>		<b>2,479</b>	<b>4,618</b>

<b>Reconciliation of Latest Approved Budget</b>	<b>£'000</b>
<b>Original budget 2023/24</b>	<b>20,653</b>
<b>Carry Forward Requests approved from 2022/23</b>	
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
<b>Central Contingency Adjustments</b>	
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
2023-24 Rough Sleepers Initiative Grant expenditure confirmed total allocation	214
2023-24 Rough Sleepers Initiative Grant income confirmed total allocation	Cr 214
Homelessness Prevention Grant - 2023-24 additional allocation	361
Homelessness Prevention Grant - 2023-24 additional allocation	Cr 361
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
<b>Other</b>	
<b>Latest Approved Budget for 2023/24</b>	<b><u>20,964</u></b>

**REASONS FOR VARIATIONS**

With higher interest rates and the cost of living affecting the economy, there is pressure on income budgets across the Property and Planning Divisions.

**1. Building Control Dr £243k**

Building Control fees were increased in 2022/23 in order to realign the budgeted income target with a more realistic outcome, but in 2023/24 an agreed saving increased the income budget target by £79k overall. Based on the activity in the past 6 months we anticipate that income will fall short of the budgeted amount by £243k. As the forecast is based on 6 months of actual income received and 6 months estimated if the activity improves the forecast will be adjust for Q3. .

**2. Land Charges Dr £70k**

Similar to Building Control, we anticipate a variation overspend of around £70k which remains the same as Q1, and historically this has been the case over the past a few years, but assuming the activity improves in the remaining 6 months and if the introduction of a fees review is completed within this financial year and implemented this will reduce the variation.

**3. Planning Dr £209k**

**Planning Pre-Apps & Planning 'Significant' Major Apps** We are currently forecasting a shortfall of income for Q2 of £209k; this is an improvement on Q1 by £76k and based on the current levels of activity. It should be noted that the Government's planning application fees draft regulations consultation may increase future fee levels by 30%, however, any increase in fees is not currently expected to come into force until April 2024.

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

**4. Allocations and Accommodation Dr £2,557k**

There is currently a forecast overspend of £2,795k 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 1,161 (was 1,125 in Q1). It is currently expected that this will increase to 1,281 by the end of the financial year, at a current average cost of £8,857 per household per annum (£8,268 in Q1).

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 1,547 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.

	<b>£'000</b>
<b>Summary of overall variations within Allocations and Accommodation:</b>	
Temporary Accommodation	2,795
Transformation Savings	Cr 193
PSL Incentive Payments and Rent Deposit Scheme and Furniture Storage	Cr 45
<b>Total variation for Allocations and Accommodation</b>	<u>2,557</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 £50k**

A £50k underspend is currently forecast in Housing Options and Support on salary costs. There has been a successful round of recruitment recently, but there are still some 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.