

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

16 January 2024

ITEM 8: 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. Bromley remains well-placed thanks to hard decisions taken by this and prior administrations. However, significant changes to the Council's funding sources and expenditures will be required to ensure that the Council can continue to agree balanced budgets, particularly towards the end of the decade.

1.2 Finance

1.2.1 Although inflation remains higher than the Bank of England's 2% target, recent data releases show that it has fallen significantly from the recent peak of over 10%. The discrepancy between the impact of inflation on the Council's income and expenditure has adversely affected our financial position, so this is welcome. However, on its own, a return to 2% inflation will not be sufficient to return the Council's budgets to balance in the long term without structural changes to income and/or expenditure.

1.2.2 I have focused on the mismatch between the impact of inflation on the Council's expenditure and income. While the former was indexed to inflation, often contractually, many of the Council's revenue sources did not include such provisions. To address this, officers have delivered a cross-departmental review of fees and charges levied by the Council over which we have pricing discretion. Many had not been changed since before 2019, resulting in significant falls in real terms. This has now been addressed, helping to secure a real increase of £632k for the revenue budget. It should be noted that this does not affect any of the Council's fees and charges defined by statute.

1.2.3 While the decision to borrow to fund housing schemes has already been taken, the Council has yet to do so. The decision to use reserves and internal borrowing first has avoided the need for us to enter into long-term borrowing at the peak of the interest rate cycle, which will provide significant savings in the long term. It is hoped that should long-term rates continue to fall, the financial viability of schemes similar to Meadowship phases 1 and 2 will recover, providing more options for the Council to meet housing needs in the most cost-efficient manner. We continue to review the most appropriate funding sources for other aspects of the capital programme.

1.2.4 Thanks to the peak in short-term interest rates, the finance department has been able to secure deposits for 1 and 2 years at very attractive rates. Although falls in the Bank of England base rate mean that this effect is temporary, it provides welcome short-term relief to the revenue budget.

- 1.2.5 Efforts to increase the proportion of residents paying Council Tax by direct debit are bearing fruit, with the proportion rising from 71.2% in March 2023 to 73.6% in November 2023, partially driven by the launch of the Council's direct debit prize. The first winner will be announced once the final direct debit payment is taken for the current financial year.
- 1.2.6 Following the raising of the Empty Homes Premium to the maximum permitted by law earlier this year, the Council is now evaluating the introduction of a Council Tax premium of up to 100% on furnished homes not used as a sole or main residence, sometimes referred to as second homes. Councils were granted this power under the Levelling Up and Regeneration Act 2023. 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. A report on this is expected to be brought to Executive by March 2024.
- 1.2.7 Liberata continue to play a key role in the delivery of Council services within this portfolio. The Director of Finance and I will be visiting Liberata's key sites that provide services to Bromley residents in Barrow and Burnley in February. We will use this visit to thank the staff for the work they do and also impress upon Liberata's senior management the importance of the services provided for Bromley residents.

1.3 Property

- 1.3.1 Officers from the Property team and supporting functions continue to support delivery of the Operational Property Review. The most important component is the relocation of the Council to Churchill Court, which is expected to deliver long-run savings in excess of £1m per year.

1.4 Biggin Hill Airport

- 1.4.1 I continue to represent the Council in its capacity as freeholder at the Biggin Hill Airport Consultative Committee, accompanied by the Airport Monitoring Officer who also represents the Council on SANARB. Unfortunately, my proposed amendments to the committee's constitution that would have allowed more councillors from wards in the south of the borough that are affected by the airport's operations to become members has been rejected. The chairman of the committee was supportive in principle, but at a late stage in the process, the airport management introduced their own revised draft constitution which omitted these changes. This latter version was adopted by the committee.

Cllr Christopher Marlow

Portfolio Holder for Resources, Commissioning and Contract Management