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<b>Decision Maker:</b>	<b>RENEWAL, RECREATION AND HOUSING POLICY DEVELOPMENT AND SCRUTINY COMMITTEE</b>
<b>Date:</b>	<b>Wednesday 31 January 2024</b>
<b>Decision Type:</b>	Non-Urgent                      Non-Executive                      Non-Key
<b>Title:</b>	<b>RENEWAL, RECREATION AND HOUSING PORTFOLIO DRAFT BUDGET 2024/25</b>
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<b>Chief Officer:</b>	Director of Finance
<b>Ward:</b>	All Wards

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1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2024/25 Budget which incorporates future cost pressures, planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 17<sup>th</sup> January 2024. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
- 1.2. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2024/25 Council Tax levels.
- 1.3. There are still outstanding issues and areas of uncertainty remaining, including, for example grant conditions, which could impact on the final revenue budget. Any significant changes will be reported at the meeting and further updates will be included in the 2024/25 Council Tax report to the next meeting of the Executive.

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2. **RECOMMENDATIONS**

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

- i) **Consider the update on the financial forecast for 2024/25 to 2027/28;**
- ii) **Consider the initial draft 2024/25 budget as a basis for setting the 2024/25 budget; and**
- iii) **Provide comments on the initial draft 2024/25 budget for the February meeting of the Council's Executive.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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## Corporate Policy

1. Policy Status: Existing Policy
  2. MBEB Priority: Managing our resources well, regeneration
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## Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Renewal, Recreation and Housing portfolio budgets
  4. Total current budget for this head: £23.4m (draft 2024/25 budget)
  5. Source of funding: Draft revenue budget for 2024/25
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## Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2024/25 Financial Control Budget to be published in March 2024
  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 Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
  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 2024/25 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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## Ward Councillor Views

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

### **3. COMMENTARY**

#### **3.1. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES**

- 3.1.1. The Draft 2024/25 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 3.1.2. The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next four years and includes the outcome of the Provisional Local Government Finance Settlement 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27, at the earliest).
- 3.1.3. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty had previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The Covid situation had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt rises from 84.9% of Gross Domestic Product (GDP) in 2022/23 and is expected to continue to increase and peak at 93.2% in 2026/27 and fall to 92.8% by 2028/29, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally. GDP is expected to be 0.6% in 2023/24 rising to 2% in 2026/27 and 1.9% in 2027/28. These economic factors could impact on the funding available for local government. The Provisional Local Government Finance Settlement 2024/25 provides a one-year settlement only which leaves considerable uncertainties over future years. The Institute for Fiscal Studies (IFS) forecast that the latest plans (Autumn Statement) provides real term cuts for unprotected budgets (mainly local government) of 3.4% for period 2024/25 to 2028/29 – additional funding of £20bn would be required to avoid cuts by 2028/29.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 to 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 and 2024/25, the Council has received a more generous settlement which includes additional funding for social care, including the repurpose of Adult Social Care Reform monies and the new Adult Social Care Grant. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. The risk of austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. Even if funding levels are maintained, the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.
- 3.1.5. The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential

Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.

- 3.1.6. Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London, giving us £123 per head of population compared with the average in London of £330 – the highest is £556. Despite this, Bromley has retained the fourth lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Using 2024/25 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £53.7m. If the council tax was the average of the four other low grant funded boroughs, our income would increase by £31.9m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents. Despite being a low-cost authority, Bromley has achieved general savings of over £130m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

## **3.2. SUMMARY OF FINANCIAL FORECAST**

- 3.2.1. Details of the financial forecast are provided in the Draft 2024/25 Budget and Update on the Council's Financial Strategy 2024/25 to 2027/28 report to the Executive on 17<sup>th</sup> January 2024.
- 3.2.2. Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £38.7m per annum by 2027/28. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2025/26 partly due to net service growth/cost pressures. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the Council can afford and the need for significant mitigation or alternative transformation options.

## **3.3. CHANGES SINCE THE 2023/24 BUDGET THAT IMPACT ON THE DRAFT 2024/25 BUDGET AND FINANCIAL FORECAST**

- 3.3.1. The 2023/24 Council Tax report reported to Executive in February 2023 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2024/25 includes increases in core funding to reflect inflation (CPI annual increase at Sept '23). The additional social care grant, which was originally planned as indicated by the Local Government Finance Settlement 2023/24, of £2.65m reflects the impact of the Council's ability to raise funding through the Adult Social Care precept – the more that can be raised the lower level of funding provided. Additional new homes bonus of £0.4m is available and the core spending power overall increase of 6.2% assumes council tax and ASC precept increase of 4.99%. The settlement includes a reduction in Services Grant from £1.5m to £0.2m (reduction of £1.3m) which is disappointing. Although the settlement broadly recognises the impact of inflation it does not reflect the scale of cost/growth pressures facing the Council for 2024/25. Uncertainty remains on the level of funding from 2025/26. The forecast assumes that the level of core grant funding will not reduce, in real terms, from 2025/26.

- 3.3.3. This is the sixth one-year settlement in a row for councils, despite requests for multi-year settlement to assist in financial planning and to aid the delivery of financial sustainability.
- 3.3.4. Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally at least 1% above the Consumer Price Index (CPI) level. The Draft 2024/25 Budget assumes overall price increases, including a cash limit, of 3.5% in 2024/25 reducing to 2.5% in 2025/26 and 2% per annum from 2026/27, which compares with the existing CPI of 3.9% (4.1% for RPIX). Although inflation is expected to reduce further some volatility remains. It is important to note that the rate of 3.5% in 2024/25 is consistent to an approach taken by many other local authorities but it creates a challenge during a period of cost pressures across services - the alternative is more savings to address the increased budget gap.
- 3.3.5. The Draft Renewal, Recreation and Housing Portfolio 2024/25 budget includes the full year effect of the Phase 3 Transformation Savings combined with new changes, totalling £776k in 2024/25. More details of the savings are provided within Appendix 1.
- 3.3.6. There remain significant cost/growth pressures impacting on Renewal, Recreation & Housing budgets as well as opportunities for the mitigation of costs which have been reflected in the draft 2024/25 Budget and financial forecast which are summarised below with more details in Appendix 1:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Growth/cost pressures	7,122	9,405	11,530	13,656
Mitigation	Cr 2,927	Cr 3,836	Cr 4,712	Cr 5,683
Net additional costs	4,195	5,569	6,818	7,973

- 3.3.7. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2025/26 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.
- 3.3.8. **DETAILED DRAFT 2024/25 BUDGET**
- 3.3.9. Detailed Draft 2024/25 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budget after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.
- 3.3.10. Appendix 1 sets out the draft 2024/25 budget as follows:
- A summary of the Draft 2024/25 Revenue Budget for the Portfolio showing actual 2022/23 expenditure, 2023/24 budget, 2024/25 budget and overall variations in planned spending between 2023/24 and 2024/25;
  - A summary of the main reasons for variations for the Portfolio in planned spending between 2023/24 and 2024/25 together with supporting notes;
  - A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

### 3.4. HOUSING PROVISION

- 3.4.1. The Council continues to face increased pressure from those presenting as homeless and, without a sufficient supply of accommodation, the Council faces no alternative but to utilise costly nightly rate accommodation. Despite all efforts to increase the supply of accommodation coming through housing association partners and private sector options this supply continues to be insufficient to meet the level of need. Demand is also forecast to increase following financial pressures on households and reductions in availability of private rented accommodation in the current market.
- 3.4.2. Whilst the focus on preventative measures has assisted in slowing the overall rate of growth in temporary accommodation (TA) use, options are extremely limited and increasing pressure is being seen from the increased reliance on nightly paid accommodation and those households faced with homelessness.
- 3.4.3. Projecting forward, this pressure looks set to continue meaning that without new affordable housing supply, numbers and the length of stay in TA will continue to rise and the proportion of placements into nightly paid accommodation. The housing transformation plan sets out the need for approximately 1,000 affordable units in addition to anticipated new supply to mitigate against the costs of temporary accommodation. Going into 2024/25, five schemes had been approved, and delivering around 109 affordable housing units at York Rise, Burnt Ash, Anerley, Bushell Way and West Wickham. On 20 September 2023, Executive approved the addition of a further two schemes to the capital programme, which are expected to provide a further 78 social housing units once complete. Further details of the capital investment and financing are set out in the table below:

	<b>Bromley North</b>	<b>Beckenham Car Park</b>
No. of social rent units	38	40
<b>Capital Costs</b>	<b>£'000</b>	<b>£'000</b>
Construction	25,500	15,200
<b>Total Capital Costs</b>	<b>25,500</b>	<b>15,200</b>
<b>Capital income</b>		
GLA grant	-7,980	-6,960
S106	-500	
Brownfield Land Release Fund	-740	
Private sale receipts	-12,284	
<b>Total Capital Income</b>	<b>-21,504</b>	<b>-6,960</b>
<b>Net capital financing requirement (CFR)</b>	<b>3,996</b>	<b>8,240</b>

- 3.4.4. In addition to the housing development schemes, approximately 327 units have been acquired through the housing acquisition schemes, with a further 182 planned through the Meadowship Homes phase 2 scheme. Combining all schemes this totals 691 new units requiring a further 309 units to meet the Housing Transformation target for the provision of 1000 units.
- 3.4.5. Executive approved on 20 September 2023 to allow detailed feasibility for a development at the current Bellegrove site, as well as further scoping for sites at Manorfields and Poverest.
- 3.4.6. *This paragraph has been removed.*
- 3.4.7. In light of the increasing pressure on TA and homelessness, officers are exploring the option to expand these schemes and are considering the potential for other 'self-financing'

development and acquisition schemes. Any such schemes will reduce future funding requirements to meet the target number of affordable homes detailed above.

### **3.5. HOUSING RENT SETTING**

- 3.5.1. As set out above, the Council is now a Social Landlord in respect of the homes that have been built on Council owned sites and must set the rent levels each year.
- 3.5.2. The rents for these properties are set at London Affordable Rents (LAR) which were introduced by the Greater London Authority (GLA) for the 2016-21 funding period. This is a benchmark rent, set by the GLA and based on the 2015/16 formula rent caps inflated by CPI +1%. There is a different LAR set for each bedroom size. The GLA published a LAR for each year up to 2022/23, and from 2023/24 onwards these rents will be increased in line with social housing rents.
- 3.5.3. In addition, the Council owns own a small number of properties which were previously used as tied accommodation for caretakers. As these units become vacant or the employment ceases, the rents are set as social rents (formula rents) with 1999 valuations.
- 3.5.4. In line with the Rent Standard (2020), social housing rents can be increased by CPI +1.0% until this cap is reviewed by central government in 2025, using the preceding September CPI level. This would have meant an increase of up to 11.1% for 2023/24, however the Government announced that for 2023/24 only a rent ceiling of a 7% increase would apply. For 2024/25, it is expected that an increase of 7.7% will apply (based on September 2023 CPI), which will set weekly London Affordable Rents in line with the table below:

	2023/24	2024/25
1 bed	£180.12	£193.99
2 bed	£190.71	£205.39
3 bed	£201.30	£216.80

- 3.5.5. Temporary Accommodation rent levels will remain the same at 90% of the relevant 2011 London Housing Allowance levels.
- 3.5.6. It is proposed that the rent levels for London Affordable Rents and social (formula) rents are increased by 7.7%.

### **3.6. HRA AND RESPECTIVE FUTURE BUDGET PLANNING**

- 3.6.1. In July 2020 Council approved the setting up of a Housing Revenue Account (HRA) for the provision of affordable housing. Although there is no longer a requirement to submit an HRA business plan to the government, it is not only good practice for authorities to prepare HRA business plans but under the self-financing requirement for HRAs there is a need for the HRA to have a detailed business plan for service and financial planning, and to sustain the assets and ensure that debts can be serviced.
- 3.6.2. The Council currently has an exemption from the Secretary of State to hold up to 199 properties in the General Fund rather than in the HRA. As the five sites approved prior to 2023/24 will provide 109 properties, and the new Bromley North and Beckenham car park schemes will provide a further 78 properties, bringing the total up to 187, it is not intended at this time that they will be transferred to the HRA due to the additional administrative burden. However, officers have started work on a draft 30-year HRA business plan in readiness. Future reports will be presented for the consideration of business cases for individual sites and the adoption of the HRA business plan.

- 3.6.3. By appropriating the land from the General Fund into the HRA, the market value of the land is charged to the HRA. Although this is not an actual capital receipt, it does mean that the General Fund can incur more capital expenditure without needing to borrow through an adjustment to the Capital Financing Requirement. Further details of the impact on capital financing will be covered in the HRA 30-year business plan and annual treasury management strategy reports.

### **3.7. REVIEW OF FEES AND CHARGES**

- 3.7.1. As part of the Transformation Programme, to help partly offset the impact of the financial challenges facing the Council, a comprehensive review of fees and charges was undertaken. The aim was to identify opportunities for cost savings by implementing increased charges, surpassing the annual inflationary adjustments. The review observed that most services conduct regular price evaluation, accommodating inflation adjustments wherever feasible. Chief Officers will continue to review fees and charges for 2025/26 and beyond to identify opportunities to reduce the future years 'budget gap'.

### **3.8. IDENTIFYING FURTHER SAVINGS/MITIGATION**

- 3.8.1. The scale of savings required in future years are unlikely to be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended consequence' of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2024/25 Budget represents the fifth year of savings from the Transformation Programme.

### **3.9. POSITION BY DEPARTMENT – OTHER KEY ISSUES/RISKS**

#### **Housing**

- 3.9.1. Significant increases in inflation, energy and prices and fuel costs are placing increased pressure on individuals and households' finances and ability to cover housing costs. Whilst work to prevent homelessness has been a key focus to stem the increase in the number of homeless households needing to be placed in temporary accommodation, options are limited, particularly in light of the freeze in local housing allowance levels over recent years and increasing gap between LHA and market rents. As a result, the Council is starting to see a further increase in the number of individuals and households approaching for housing support and requiring temporary accommodation.
- 3.9.2. Over recent months the Council has seen many landlords withdrawing from the market due to rising costs. This, coupled with increased demand for placements across London, has seen a reduction in the availability of accommodation able to be secured and significant increases in costs for accommodation which can be found. As such the Council is facing increased pressures through the number of placements required and increased placement costs.
- 3.9.3. Inflation and energy costs have also impacted on the level of tenants falling into rent arrears.
- 3.9.4. The Council has also seen a reduced number of lettings from housing association partners as the level of churn in the stock has decreased with more limited options for move-on of existing tenants.
- 3.9.5. Housing partners continue to report increased maintenance and repair costs due to inflation and this is also reflected within the Council's management contracts for temporary



accommodation and the cost in relation to the travellers site for repairs and maintenance required to maintain health and safety standards.

### **Planning Services**

- 3.9.6. A substantial part of Planning Services' work attracts income for the Council, mainly from planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough and there is a risk of income variation beyond the Council's immediate control. This was further complicated and exacerbated by the impact of Covid-19 which saw reductions in income from planning fees, building control and land charges. The Portfolio's draft budget for 2024/25 assumes any impacts from Covid will not remain beyond the current financial year however the broader economic situation has resulted in a drop of planning application submissions by approximately 10% nationwide. While trends are regularly monitored in order that appropriate action can be taken, there remains the risk that ongoing national and local economic factors could adversely affect these budgets in 2024/25 and beyond.
- 3.9.7. Nationally set Planning application fees were increased by 25% for non-major and 35% for major planning applications in December 2023 and this increase will help offset the reduction in applications being received.
- 3.9.8. There is a risk that Section 106 developer contributions are not spent in accordance with the legal agreements, for example in the right location or timescale. Regular monitoring is undertaken and reported periodically and is aligned with the requirements of the Community Infrastructure Levy Regulations 2010 to produce an annual Infrastructure Funding Statement.

### **Borough CIL**

- 3.9.9. The Council introduced a local Community Infrastructure Levy (CIL) which came into effect in June 2021, with income raised from developers undertaking new building projects. Proceeds from CIL are allocated in accordance with the Council's Infrastructure Development Plan statement. As the liability to pay CIL is only triggered on commencement of development, income generated is affected by the wider economic situation.
- 3.9.10. As the level and scope of future development is subject to local and regional economic and other factors, the actual level of future income each year will not necessarily be consistent with initial forecasts and inevitably will fluctuate from year to year.

### **Regeneration**

- 3.9.11. Regeneration can be a key component in rebuilding the economic base of a community and providing an infrastructure that will sustain it into the future. A Regeneration Strategy has been adopted to ensure that moving forward the Council's capital funding is used for maximum positive impact for the benefit of residents and local businesses across the borough. This includes maximising funding opportunities through securing S106 and CIL monies, creating opportunities for income generation, and leverage in of grant funding.
- 3.9.12. As a long-term ambition, the Strategy will inevitably involve significant capital investment over a number of years, and therefore there will be the risks to the Council that are associated with large capital projects, including the stability of the construction industry, inflation, cost overruns, unforeseen delays, and the long-term security of funding resources, potentially including financing costs. Where schemes are reliant on capital receipts and private housing sales, then there would also be the volatility of the property market impact on land and property prices that could affect schemes' viability and affordability. A key component of progressing regeneration as well as mitigating risk to the Council, will be to support inward investment from developers, which will enhance opportunities, particularly in town centres as

we support them to change and adapt over the next few years. Building new homes for Bromley residents is a key focus for regeneration, and identifying opportunities to do this, jointly with developers is likely to advance schemes.

### **Transformation (also relates to RCCM Portfolio)**

3.9.13. The primary objective of the transformation work is to deliver and fully integrate a corporate landlord model for the strategic, effective and efficient management of the Council's estate and assets. The corporate landlord model of management will enable the Council to use its estate to deliver corporate objectives and strategic priorities, including those identified in the following:

- Housing Strategy
- Regeneration Strategy
- Local Plan
- Transforming Bromley Programme
- Corporate Plan
- Revenue budget and capital investment strategies

3.9.14. In order to make the most of the corporate landlord model, the Council will identify and deliver its optimal operational estate in order to:

- Bring services to customers through the channels and in the places that they want.
- Facilitate improved service delivery and unlock service transformation potential through fit for purpose buildings.
- Modernise the working environment for the benefit of customers, staff, elected members and our partners.
- Implement a long-term commitment to agile working practices, reflecting the lessons learned from the response to the impact of coronavirus.
- Consolidate and optimise the council's operational estate to reduce revenue costs and release surplus land for disposal, generating capital receipts.
- Use the process of identifying the optimal operational estate to support the recovery of the local economy and meeting the council's housing targets.

3.9.15. The implementation of the corporate landlord model will enable cohesive management of the Council's estate by bringing together the property team and other key functions together with Council's Service users. This will allow the Council's to consider how it can best manage and operate its estate moving forward to generate further savings and consider disposals where appropriate.

## **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

4.1 The Draft 2024/25 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

## **5. POLICY IMPLICATIONS**

- 5.1 The Draft 2024/25 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Financial implications are contained within the overall body of the report.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2024/25 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

## **8. LEGAL IMPLICATIONS**

- 8.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.
- 8.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 8.3 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. The Council has a number of statutory duties which it must fulfil by law. Although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties, however, it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the Council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 8.4 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts

together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.

8.5 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.

8.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2024/25 Council Tax report to be reported to the February meeting of the Executive.

<b>Non-Applicable Sections:</b>	Procurement Implications
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring 2023/24, Executive, 29 <sup>th</sup> November 2023 Budget Monitoring 2023/24, Executive, 29 <sup>th</sup> November 2023  Provisional Final Accounts 2022/23, Executive, 5 <sup>th</sup> July 2023 2023/24 Council Tax, Executive 8th February 2023