

Decision Maker: **Executive**

Date: **7th February 2024**

Decision Type: Non-Urgent Executive Key

TITLE: 2024/25 Council Tax

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Director: Director of Finance

Ward: Borough wide

REASON FOR REPORT

- 1.1 A key part of the financial strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to revenue spending. This was reported to previous meeting of Executive. Details of the capital programme are reported elsewhere on this agenda.
- 1.2 The Provisional Local Government Finance Settlement 2024/25 only covers 2024/25, with no indication of future years funding. The settlement includes continuation of the ASC precept, increase in new homes bonus, increase of repurposed social care funding (children's and adults) and market sustainability improvement fund (adult social care). However, there were significant reductions in the Services Grant.
- 1.3 There remains uncertainty around the level of Government funding for 2025/26 and beyond, particularly as the Government will need to address the significant increase in public debt due to the pandemic. The longer-term Spending Review together with the awaited Fair Funding Review and Devolution of Business Rates (or any revised funding proposals) is not expected until 2026/27 but could be delayed even further.
- 1.4 This report identifies the final issues affecting the 2024/25 revenue budget and seeks recommendations to the Council on the level of the Bromley element of the 2024/25 Council Tax and Adult Social Care precept. Confirmation of the final GLA precept will be reported to the Council meeting on 26th February 2024. The report also seeks final approval of the 'schools budget'. The approach reflected in this report is for the Council to not only achieve a legal and financially balanced budget in 2024/25 but to have measures in place to deal with the medium-term financial position (2025/26 to 2027/28).
- 1.5 Following the Government reductions in funding since austerity measures began there have been some recent improvements in funding. However, the burden of financing increasing service demands falls primarily on the level of council tax and share of business rate income. The financial forecast assumes that the level of core grant funding will remain unchanged, in real terms, from 2025/26.

2. RECOMMENDATIONS

2.1 The Executive is requested to recommend to Council that it:

- (a) Approves the overall Dedicated Schools Budget (DSG) of £116.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment;
- (b) Approves the draft revenue budgets (as in Appendix 2) for 2024/25;
- (c) Agrees that Chief Officers identify alternative savings/mitigation within their departmental budgets where it is not possible to realise any savings/mitigation reported to the previous meeting of the Executive held on 17th January 2024;
- (d) Approves a general contingency sum of £9,772k (see section 6);
- (e) Approves the following provisions for levies for inclusion in the budget for 2024/25;

	£'000
London Pension Fund Authority*	460
London Boroughs Grant Committee	248
Environment Agency (Flood defence etc.) *	310
Lee Valley Regional Park *	324
Total	1,342

* Provisional estimate at this stage

- (f) Notes the latest position on the GLA precept, which will be finalised in the overall Council Tax figure to be reported to full Council (See section 12);
- (g) Considers the “Bromley element” of the Council Tax for 2024/25 to be recommended to the Council, including a general increase and the Adult Social Care Precept, having regard to possible ‘referendum’ issues (see section 16);
- (h) Approves the approach to reserves outlined by the Director of Finance (see Appendix 4);
- (i) Notes that any decision on final council tax levels will also require additional “technical” recommendations, to meet statutory requirements, which will be completed once the final outcome of levies are known at the full Council meeting (see 16.8);
- (j) Consider the Section 25 commentary (Local Government Act 2003), reflected in section 18 of the report, in making recommendations to full council.
- (k) Agrees that the Director of Finance be authorised to report any further changes directly to Council on 26th February 2024.

Impact on Vulnerable Adults and Children

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

Policy Status: Existing Policy
MBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 1
 3. Budget head/performance centre: Council wide
 4. Total budget for this head: £200m Draft 2024/25 Budget (excluding GLA precept)
 5. Source of funding: See Appendix 2 for overall funding of Council's budget
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Personnel

1. Number of staff (current and additional): total employees – 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 – N/A
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Legal

1. 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 2003 and the Accounts and Audit Regulations 2015.
 2. Call-in is applicable
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Procurement

1. Summary of Procurement Implications: None arising directly from this report
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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2023/24 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.

Ward Councillors Views

1. Have ward councillors been asked for comments? N/A
2. Summary of Ward Councillor comments: Council wide

3. PREVIOUS REPORTING TO MEMBERS

3.1 The 'Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28' was reported to the Executive on 17th January 2024. Key matters reflected in the report included:

(Please note appendices and sections shown below refer to the report to the meeting of the Executive on 17th January 2024)

- (a) Approach to Budgeting, Financial Context and Economic Situation which can Impact on Funding the Council's Budget (Section 3 and Appendix 1);
- (b) Provisional Local Government Finance Settlement 2024/25 (Section 6.2 and Appendix 2);
- (c) Government Funding, Comparative Net Expenditure and Council Tax Levels (Appendix 3);
- (d) Latest Financial Forecast (Section 5 and Appendices 5-6);
- (e) Changes since the 2023/24 Budget that impact on the Financial Forecast (Section 6);
- (f) Next phase of Transformation Savings (See Section 6.8);
- (g) Detailed Draft 2024/25 Budget (Section 7 and Appendix 7);
- (h) Impact of Operational Property Review/Property Disposals and Addressing Funding of the Capital Programme (Section 8);
- (i) Housing Provision, HRA and Rent Setting (Section 9);
- (j) The School's Budget (Section 10);
- (k) General and Earmarked Reserves – Drawdown of Reserves to meet the Budget Gap (Section 11);
- (l) Consultation (Section 15);
- (m) Position by Portfolio – Key Issues/Risks (Section 16 and Appendix 10).

All the above should be considered with this report as part of finalising the 2024/25 Budget and council tax levels.

4. 2024/25 DRAFT BUDGET AND CHANGES SINCE LAST MEETING OF THE EXECUTIVE

4.1 The last report to the Executive identified a balanced budget in 2024/25, assuming an illustrative increase in council tax/adult social care precept of 4.99%, and a 'budget gap' of £38.7m per annum by 2027/28. The main updates are shown below:

- (a) The final Local Government Financial Settlement 2024/25 is still awaited (expected mid-February 2023) and any updates will be provided at the meeting;
- (b) Additional homelessness prevention grant of an estimated £1m was included but the allocation to Bromley is still awaited. The Draft 2024/25 Budget assumed that the funding could be utilised towards cost/growth pressures for housing;
- (c) Public Health Grant for 2024/25 is yet to be announced;
- (d) The Government announced additional social care grant funding (children's and adults) on 24th January 2024, after the Provisional Settlement. In addition, there has been an increase in core Government funding. A provisional estimate of £2,480k and £170k respectively has been assumed at this stage. The combined impact is estimated additional funding of £2,650k although the actual allocation is awaited. Given the financial risks detailed in the previous report, this report assumes that an equivalent sum is reflected in the Council's 2024/25 Central Contingency Sum;

(e) Any final changes of the above will be reflected in an updated 2024/25 Central Contingency Sum.

5. LATEST FINANCIAL FORECAST

5.1 A summary of the latest budget projections is shown in Appendices 1 and 2 and are summarised in the table below:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Variations Compared with 2023/24 Budget				
Changes in Government Core Funding	-2.3	-3.6	-4.6	-5.7
Cost Pressures				
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)	10.7	17.5	23.4	28.7
Total Additional Costs	10.7	17.5	23.4	28.7
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions	-1.3	-0.8	-0.5	-0.5
Income/Savings				
Interest on Balances	-2.2	1.5	3.1	4.1
Additional Social Care Grant (included in Provisional Local Government Settlement 2024/25)	-2.7	-2.7	-2.7	-2.7
Additional Social Care Grant (announced after Provisional Local Government Settlement 2024/25)	-2.5	-2.5	-2.5	-2.5
Release general provision in contingency for significant uncertainty/variables	-3.5	-3.5	-3.5	-3.5
Transformation Savings reported to Executive February 2023	-0.7	-1.5	-1.6	-1.6
Transformation Programme	-4.2	-4.6	-5.0	-5.4
Fall out of non-recurring Building Infrastructure Fund	-2.0	-2.0	-2.0	-2.0
CIL Funding Opportunities	-1.0	-1.5	-1.5	-1.5
Total Income/Savings	-18.8	-16.8	-15.7	-15.1
Other Changes				
Real Changes and other Variations	0.1	0.0	0.8	0.2
Total Other Changes	0.1	0.0	0.8	0.2
Council Tax				
Collection Fund Surplus 2021/22 fall out	5.4	5.4	5.4	5.4
Collection Fund Surplus 2022/23	-2.5	0.0	0.0	0.0
Future years Collection Fund Surplus (estimated)	0.0	-2.5	-1.5	-1.0
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	-3.4	0.0	0.0	0.0
Total Council Tax	-0.5	2.9	3.9	4.4
Growth/Cost Pressures including Mitigation				
- Education	2.1	3.1	4.2	5.4
- Children's Social Care	6.9	7.5	8.1	8.7
- Adults Social Care	4.6	9.3	11.1	12.9
- Housing	4.1	5.5	6.7	7.9
- Environment	-0.3	-0.4	-0.4	1.6
- Public Protection and Enforcement	0.1	0.1	0.1	0.1
- Resources	-0.1	-0.1	-0.1	-0.1
Variation in freedom pass costs to reflect impact of post Covid usage	1.9	3.8	5.1	5.1
Running Costs of Direct Line site (net after income)	3.1	0.4	0.1	-0.5
Total Growth/Cost Pressures	22.3	29.2	35.0	41.1
Sub-total	10.2	28.3	42.4	53.3
Increase in ASC Precept and Council Tax (assume 4.99% in 2023/24 and 2.99% per annum thereafter)	-9.4	-15.4	-21.5	-27.8
Estimated increase in Council Tax Base	-1.4	-1.6	-1.8	-2.0
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures	2.1	3.7	3.7	3.7
Utilisation of Homes for Ukraine funding to support related cost pressures in future years	-2.9	0.0	0.0	0.0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)	-0.9	-0.9	9.1	9.1
Net fall out of Government funding towards additional council tax support costs (held in reserve)	2.3	2.3	2.3	2.3
Remaining "Budget Gap"	0.0	16.6	34.2	38.7

- 5.2 The above table highlights that it has been possible to achieve a potential balanced budget for next year through increasing council tax/ adult social care precept by an illustrative 4.99%, utilising the Covid and collection fund reserves, the impact of transformation savings and other changes. This has been delivered despite the significant cost/growth pressures and high inflation. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections for 2025/26 estimate a 'budget gap' of £16.6m rising to £38.7m per annum from 2027/28. These projections exclude the impact of the annual DSG deficit (impact reported to previous meeting of Executive). Each 1% council tax/adult social care precept increase generates on-going annual income of £1.9m. Ongoing increases of 2.99% per annum from 2025/26 have been assumed in the financial forecast.
- 5.3 These variations are subject to any final decision on Council Tax levels. Appendix 2 derives an illustrative 'Bromley element' Council Tax of £1,478.31 (4.99% increase in council tax or adult social care precept) and Appendix 3 includes the Draft 2024/25 Central Contingency Sum. Appendix 2 is based on draft portfolio budgets, the draft contingency provision, and the latest assumptions for levies. This sum excludes the GLA precept.
- 5.4 Appendix 1 highlights that the Council, on a roll forward basis, has a 'structural deficit' as the on-going budget has increasing costs relating to inflation and service pressures. These changes are not being fully funded by a corresponding growth in income. The above projection includes savings previously agreed to reduce the 'budget gap'.
- 5.5 Without any action to address the 'budget gap' in future years, reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable. It is essential to continue with prudent financial management and ensuring the Council 'spends within its means' in considering not just next year's budget but the impact on future years. The projections from 2025/26 have to be treated with some caution, particularly with the uncertainty on future government funding.
- 5.6 In considering action required to address the medium term 'budget gap', the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Significant savings of over £130m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council taxpayers. With the Government having placed severe reductions in the level of grant support and any subsequent increases not matching cost/growth pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.
- 5.7 Further changes will be required, prior to the report to full Council on 26th February 2024 for the finalisation of the Council Tax, to reflect latest available information on grants, levies and the final GLA precept.
- 5.8 The above variations assume that there will not be Government funding reductions over the next four years, further growth pressures are contained, and planned mitigation/savings are delivered.
- 5.9 In the financial forecast, after allowing for inflation, council tax income and other changes, there is a significant unfunded budget gap from 2025/26. 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 must

consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

6. DRAFT 2024/25 CENTRAL CONTINGENCY SUM

- 6.1 Details of the 2024/25 Draft Contingency Sum of £9,772k have been included in Appendix 3. This sum includes a provision for risk/uncertainty of £4,650k. There remains a need to consider a significant provision in the central contingency sum to allow for unforeseen costs, prevent drawing from reserves to fund overspends, to reflect the impact of new burdens introduced after the budget was set, to cover the impact of savings and mitigation of growth not realised and, as in the past, enable funding of key initiatives including invest to save.
- 6.2 It is important to recognise that this sum also includes various significant costs not allocated to Portfolio budgets at this stage. Therefore, there may be further changes to the Central Contingency to reflect allocations to individual Portfolio Budgets which will be reflected in the 2024/25 Financial Control Budget. This will ensure that budget holders will have all their individual budgets updated early in the financial year. Such changes will not impact on the Council's overall 2024/25 Budget.
- 6.3 There is a separate provision of £2m relating to the revenue impact of financing the capital programme.

7. GENERAL AND EARMARKED RESERVES

- 7.1 Appendix 4 of this report highlights the Council's approach to utilising reserves and the significant value in retaining reserves. The level of reserves needs to be adequate to ensure the longer-term stewardship of the Council's finances remain effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning remains absolutely key in recognition of the ongoing 'structural' budget deficit facing the Council. Inflation, new burdens, growth/cost pressures and previous reductions in Government funding has created the 'structural' budget deficit. Reserves are one off monies and do generate income and should only be used where no other savings/efficiencies can be identified or to plug the gap (short term) for the phasing of savings.
- 7.2 The Council will have retained previous year's collection fund surpluses as well as a financial management and risk reserve (both included within earmarked reserves) which can support any planned transition in delivering significant savings to meet the budget gap. However, any medium or longer-term utilisation of one-off resources and reserves to support the revenue budget are unsustainable and place the council at greater financial risk in the future.
- 7.3 Given the uncertainty over the future of local government funding and the need to set aside resources to provide flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further, the collection fund surplus in previous years has, in some cases, been set aside within earmarked reserves. Given the scale of financial challenges continuing to face the Council in the medium term the financial forecast assumes part utilisation of the collection fund surplus reserve to support the revenue budget and reduce the estimated budget gap. This contribution equates to £10m per annum in 2024/25 and 2025/26.
- 7.4 The Government had provided significant funding towards Covid related costs up to 2021/22 including elements of unringfenced funding. Details of Covid funding and

associated costs were included in the 'Provisional Final Accounts 2021/22' report to Executive on 29th June 2022. Any monies remaining have been retained in the Council's earmarked reserve to support ongoing Covid related costs. As no further funding has been provided by Government for the longer term, a sum of £13m was retained in the Council's earmarked reserve to support future costs. A sum of £5.8m was utilised in 2022/23 and £4.6m in 2023/24 to support the revenue budget and the balance remaining of £2.6m being used for 2024/25.

7.5 The approach identified in Section 7.3 and 7.4 above recognises specific use of earmarked reserves funding to support the revenue budget on a transitional basis.

7.6 The Council had estimated general reserves remaining of £18.6m as at 31/3/24 (see 13.1). A full breakdown of earmarked reserves is detailed in Appendix 4.

8. 2023/24 BUDGET MONITORING

8.1 The 2023/24 financial monitoring position reported to the Executive on 29th November 2023 showed an overall net overspend of £12.6m within portfolio budgets, a £6.7m credit variation on contingency, additional income of £3m for interest on balances, utilisation of Homes for Ukraine one off funding (credit variation of £2m) and other changes of £0.5m – net reduction in general fund balances of £1.4m. Details were reported in 'Budget Monitoring 2023/24' report to that meeting. This represents the impact of the first six months of the financial year and the full year impact of 2022/23 outturn. Details of the key cost pressures including children's social care, housing, adult social care, special needs transport and Dedicated School Grant deficits were included in that report and the full year impact has been reflected in the Draft 2024/25 Budget. There remains the risk that further cost pressures could arise during 2024/25 with associated full year impact which have not been reflected in this report.

9. THE SCHOOLS BUDGET

9.1 Details of the Schools Budget and the changes were included in the previous report to Executive.

9.2 Members are requested to approve the overall Dedicated Schools Budget (DSG) of £116.5m which matches the estimated level of Dedicated Schools Grant (DSG), after academy recoupment.

9.3 There is an estimated DSG deficit at the end of the 2023/24 financial year of £16,149k.

9.4 Although additional grant been given by DfE, demand continues to outstrip funding. Bromley was one of the last authorities in London to fall into a deficit position regarding its DSG. The overspends are in the main in the high needs block area and are related to the cost of placements in all types of education settings.

9.5 The unsustainability of the SEN system is a national issue and there are high expectations being set for the DfE's SEND Review. Nevertheless, officers are seeking to further reduce costs, within the tight constraints of the legal framework. Officers are working with DfE and are in discussion with them regarding recovery plans and actions that can be taken to reduce the deficit position.

9.6 Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report on the robustness of the budget calculations and adequacy of reserves. The 151 Officer within that commentary is now required to consider the Councils DSG deficit position, despite the statutory override being in place.

- 9.7 The statutory override effectively means that any DSG deficits are not included in the Councils main revenue budgets. However, funding will ultimately need to be identified.
- 9.8 In effect the Council has to still set aside resources to meet the DSG deficit and where no ongoing funding is identified such funding will need to come from the Councils reserves – effectively creating a ‘negative reserve’. On that basis the latest estimate for 2024/25 indicates a deficit of £5,631k which has to ultimately be funded from the Councils reserves unless further Government funding is made available.
- 9.9 Although DSG is effectively ring fenced the ongoing increase through funding by reserves (general and earmarked) creates a financially unsustainable position in the medium to longer term.
- 9.10 The External Auditor as part of the annual accounts, are required to comment on the Councils Value for money arrangements and will be required to consider any DSG deficit and the impact on the Councils finances.
- 9.11 In terms of presentation of the estimated DSG deficit of £16,149k up to 31/3/2024, there will need to be adequate funding from the Councils reserves unless alternative savings can be found. The use of reserves have been assumed in this report, although the specific reserves to use have not been identified at this stage.
- 9.12 Given the continuation of the scale of the DSG deficit, the Director of Education will be reviewing the DSG recovery plan which will be reported to a future meeting.

10. LEVIES

- 10.1 Various levies must be charged to the General Fund and shown as part of Bromley’s expenditure on the Council Tax bill. The levy figures in Appendix 2 are based on the latest information but many are still provisional. Any changes will be reported at the meeting of the Council on 26th February 2024. The London Boroughs Grants Committee is required to apportion its levy on a population basis but the other levying bodies must use the Council Tax base.

11 COLLECTION FUND

- 11.1 It is a statutory requirement to maintain a Collection Fund at arm’s length from the remainder of the Council’s accounts.
- 11.2 For the purpose of Collection Fund accounting, the treatment of council tax and business rate surpluses and deficits is determined in the same way. Before the beginning of each financial year, billing authorities calculate their council tax requirement (including precepts) and their business rate income, and such payments are fixed and paid over the year towards the revenue budget. Any surplus or deficit on the collection fund as a result of income from council tax/ratepayers being more or less than originally estimated, are shared between the Council and the GLA (and in the case of business rates with central government). Any surplus/deficit generated is paid over the course of the second year (e.g. surplus for 2022/23 paid over 2024/25).
- 11.3 The council tax collection fund had a non-recurring council tax surplus of £3.2m reflected in the 2022/23 Provisional Final Accounts report to the Executive on 5th July 2023. A sum of £2.5m will be allocated to the Council, with the £0.7m going to the Greater London Authority. The financial forecast assumes that the surplus will be used towards reducing the Council’s budget gap in 2024/25.
- 11.4 Any estimated surplus for the current year (2023/24) can be factored in the following year’s budget which has been applied for Draft 2024/25 Budget – a sum of £3.4m has been applied.

11.5 The financial forecast assumes further surplus would be generated allocating an estimated £2.5m in 2025/26, £1.5m in 2026/27 and £1m in 2027/28.

12. THE GREATER LONDON AUTHORITY PRECEPT

12.1 The GLA's 2024/25 Draft Budget has been issued for consultation and the Mayor of London announced a proposed increase of 8.6% in the existing GLA precept levels for 2024/25 (there was a previous year increase of 9.7%). The final GLA precept for 2024/25 is expected to be announced after the Assembly has considered the Mayor's draft consolidated budget on 22nd February 2024.

13. UTILISATION OF GENERAL RESERVES AND COUNCIL'S CAPITAL PROGRAMME

13.1 The latest estimated general fund (revenue) balance at 31st March 2023, as shown in the 'Budget Monitoring 2023/24' report to Executive on 29th November 2023 is provided below:

	2023/24 Projected Outturn £'Million
General Fund Balance as at 1 st April 2023	20.0
Impact of net projected overspends reflected in the 2023/24 budget monitoring report	-0.8
Adjustment to Balances: Carry forwards (funded from underspends in 2022/23)	-0.6
Estimated General Fund Balance at 31 st March 2024 (end of year)	18.6

13.2 The 'Capital Strategy 2024/25 to 2027/28 & Q3 Capital Programme Monitoring', elsewhere on this agenda, considers the latest position on funding the capital programme. As reported to the previous meeting of Executive, there is no longer the flexibility to fund new schemes within existing overall resources or new capital receipts. Therefore the future use of significant reserves to fund the capital programme would not be financially sustainable and lead to an acceleration of exhaustion of the Councils reserves, whilst borrowing does delay the associated impact. There remains the need to continuously review the capital programme and disposals to contain costs and maximise receipts and consider borrowing where possible to provide a more sustainable financial position.

13.3 Since the capital programme was approved in January 2023, further capital bids/costs, to be funded from within the Council's capital programme, in the region of £5.5m had been identified. There is a further request elsewhere on this agenda for an additional £1m relating to Public Switch Telephone network, making a total of £6.5m. Any additional costs (or net financial impact) of the above, as well as any reduction in estimated proceeds from sales compared to existing capital programme is likely to add to the impact of the 'budget gap' whether through use of reserves (not recommended and reduces investment income) or the cost of borrowing. An ongoing review of the capital programme schemes and 'value engineering' will be required to reflect this. To add to the challenges we face, the existing capital programme excludes the following from the financial forecast projections:

- Potential cost of the move of the central library facilities;
- Any additional provision for the Churchill Theatre (£5m in existing

programme);

- Provisional cost for schemes included in capital programme which may, when fully assessed, result in higher costs or could be reduction in capital receipts not reflected in updated financial forecast ;
- Impact of any further new housing schemes or changes in capital programme include new schemes not identified at this stage – unless equivalent new capital receipts are identified the net costs are not factored in forecast.

13.4 Alongside the introduction of the prudential code for capital spending, the Director of Finance is required to report to the council on the appropriateness of the level of reserves held by the council and the sustainability of any use of reserves to support the revenue budget. The detailed advice is contained in Appendix 4.

14. CONSULTATION

14.1 Executive, at its meeting on 17th January 2024, requested that the 'Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28' report proposals are considered by individual PDS Committees. PDS Committee comments relating to the report will be circulated separately. Such consideration will enable the Executive to take into account those views as part of agreeing its final recommendations to the Council meeting on 26th February 2024 where the 2024/25 Budget and Council Tax will be agreed.

14.2 Giving residents an opportunity to comment about their priorities for council services in the context of the council tax setting process is an important part of the Council's strategic approach. The Council's ongoing call for 'Fairer Funding' is very much part of this. Outlining the context of the serious financial challenge faced by the Council started last year, which included the article in the Council's Our Bromley magazine. In common with previous years, engagement and consultation about the Council's priorities, as part of the budget setting process was undertaken and the outcome (Appendix 5) will be circulated separately to this report. The approach allows residents to raise their specific priorities, what is important to them, or make a more general comment and therefore shared with Executive to help support the decision making process.

14.3 The use of DSG was considered by the Schools Forum on the 18th January 2024. At the time of writing this report, this is subject to the formal agreement of the Children, Education, and Families Portfolio Holder at her meeting on 1st February 2024.

14.4 Consultation papers have been sent to Bromley Business Focus, Federation of Small Businesses (Sevenoaks & Bromley Branch) and the 20 largest business ratepayers in the borough. At the time of writing this report no responses have been received.

14.5 Other examples of consultation will include consultation on specific budget proposals.

15 POSITION BY PORTFOLIO – KEY ISSUES/RISKS

15.1 There remain risks in meeting the 'budget gap' arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, the ongoing higher inflation and the impact of Government policy changes. Action will need to be taken to contain, where possible, these cost pressures, managing the implementation of savings or seeking alternative savings where required. The Council's Corporate Risk Register shows that 'Failure to deliver a sustainable financial strategy which meets Making Bromley Even Better priorities and failure of individual departments to meet budget' is the highest risk the Council is facing.

15.2 Details of the potential risks which will be faced in future years, as part of finalising the 2024/25

Budget, were reported to the previous meeting of the Executive. The level of balances held and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

16. COUNCIL TAX LEVEL 2024/25

- 16.1 The Council's tax base, reflected in the Draft 2024/25 Budget, is 135,300 'Band D' equivalent properties. The current overall Council Tax (Band D equivalent) includes the "Bromley element" relating to the cost of the council's services and various levies of £1,408.05 in 2023/24 and a further sum of £434.14 for the GLA precept (providing a total Band D equivalent Council Tax of £1,842.19).
- 16.2 For 2024/25, every £1m change in income or expenditure causes a 0.53% variation in the 'Bromley element' of the Council Tax. Each 1% council tax increase generates ongoing annual income of £1.9m.
- 16.3 The Government has enabled the Council in 2024/25 to continue to have a council tax precept of up to 2% per annum to specifically fund adult social care. Councils are able to levy the precept on top of the existing freedom to raise council tax by up to 2.99% without holding a referendum. As part of the Localism Act, any council tax increase (including ASC precept) of 5% or above in 2024/25 will trigger an automatic referendum of all registered electors in the borough. If the registered electors do not, by a majority, support the increase, then the Council would be required to meet the cost of the rebilling of approximately £100k. The one-off cost of a referendum is estimated to be £700k.
- 16.4 The Council's ability to raise income through an increase in the council tax and the adult social care precept is reflected in the overall level of Government funding received by the Council.
- 16.5 The Draft 2024/25 Budget assumes a Bromley element of a 4.99% council tax increase, including the Adult Social Care Precept, and combined with an increase in the GLA Precept of 8.6% (see Section 12) there would be an overall combined council tax increase of around 5.8%. This would equate to an overall Council Tax (Band D equivalent) of £1,949.71 consisting of the Bromley element of £1,478.31 and GLA precept of £471.40.
- 16.6 The table below identifies the changes required to the Draft 2024/25 Budget to achieve different levels of increases in the Bromley element of the council tax. An increase of 4.99%, has been assumed in the 2024/25 Draft Budget at this stage.

Increases in Council Tax Levels

Bromley Element % Increase in 2024/25 including Adult Social Care Precept	Additional Income 2024/25 £'m
Freeze	NIL
1.0	1.9
2.0	3.8
3.0	5.7
4.0	7.6
4.99*	9.4
6.0#	11.4

*Assumed in draft 2024/25 Budget. # Would be subject to a council tax referendum

- 16.7 Any decision on council tax levels will need to be based on a medium-term view and therefore not only consider the financial impact on 2024/25 but also the longer-term impact over the four-year forecast period.
- 16.8 The Council Tax Referendum Principles are expected to be confirmed as part of the final Local Government Finance Settlement 2024/25. Any final recommendations on council tax levels will need to take into account any changes to statutory requirements.
- 16.9 Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having a below average cost per head of population in outer London. Further details were reported to the previous meeting of the Executive.
- 16.10 Members are asked to consider the impact of the latest draft budget on the level of Council Tax for 2024/25, having regard to all the above factors including the Director of Finance comments in Section 18 and Appendix 4.

17. FUNDING SETTLEMENT

- 17.1 Details of the Council's Provisional Local Government Finance Settlement 2024/25 were reported to the previous meeting of the Executive. The Council's response is provided in Appendix 6. The Council will continue to engage local MPs and Government ministers to secure a better funding deal for the Council and its residents. The further changes announced on 24th January 2024 are also reflected in this report {See section 4.1 (d)}
- 17.2 Although the Local Government settlement for 2024/25 represents an ongoing improvement in funding from Government (compared with period 2009/10 to 2019/20) it does not represent a medium-term settlement.

18. MEDIUM TERM FINANCIAL PLANNING INCLUDING SECTION 25 COMMENTARY

- 18.1 Section 25 of the Local Government Act 2003 requires the Council's Section 151 Officer to report on the robustness of the budget calculations and the adequacy of reserves as part of the budget and council tax setting decision.
- 18.2 For financial planning purposes (illustrative), the financial forecast assumes a council tax increase of 4.99% per annum for 2023/24 and 2024/25 reducing to 2.99% from 2025/26 towards meeting inflationary costs and provide funding towards increasing growth/cost pressures as well as new burdens. As part of the Local Government Finance Settlement 2024/25, the Government's reported 'Spending Power' of local government assumes that Councils will raise alternative funding, to partly determine grant calculations, from council tax increases and utilisation of the Adult Social Care precept.
- 18.3 Appendix 4 identifies the need for the Council to retain adequate level of reserves to assist in remaining financially sustainable. The reserves remain adequate in considering the 2024/25 Budget. The Council also has a Central Contingency sum to cover risk/uncertainty in the future (£4.65m) included in the base budget (see Section 6.1). The respective budget proposals and planned 2024/25 budget for the year have all been agreed by individual Directors.
- 18.4 Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' financial settlements since 2020/21. However, this has not been sufficient to meet the full impact of inflation, demographic and other cost pressures which has resulted in the need to provide ongoing savings as part of each budget cycle. Savings of over £130m per

annum have been delivered (if mitigation savings are included which offset growth pressures the savings are even higher). The state of local government finances was reported in the previous report to Executive (see Appendix 8 of previous report to Executive).

- 18.5 The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer-term solutions. Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a balanced budget. Bromley's history of strong robust financial management, whilst deliver quality services has allowed the Council to be effectively debt free until the need to fund housing costs through borrowing and the Council had retained a healthy level of reserves to deal with uncertainty with a one year financial settlement as well as many risks and challenges (see Appendix 4).
- 18.6 However, the situation has changed significantly not just across many local authorities with reports of Section 114s and Capitalisation Directions (permission to borrow or sell assets to fund revenue deficits which is not sustainable) but is impacting on Bromley facing significant 'budget gaps' for the future with reduced flexibility by having a low cost base and already realising the benefits of many innovative initiatives that helped keep costs low.
- 18.7 The significant challenges now faced by the Council for the medium and longer term include, for example:
- A revenue 'budget gap' of £16.6m in 2025/26 rising to £38.7m per annum from 2027/28;
 - Significant overspends in 2023/24 which if repeated with further overspends in future years could significantly worsen the Council's financial position;
 - Reliance on revenue reserves to support the revenue budget in 2024/25 and 2025/26 which is not sustainable (see Section 11.1 of previous report to Executive). Appendix 4 highlights key factors to determine the sustainable level of one-off reserves that should be retained and the significant value of retaining such reserves;
 - Diminishing resources available to fund the future capital programme, with high historical availability of capital receipts no longer being available following the major asset disposal programme as a result of the Operational Property Review (see Section 8 of previous report to Executive);
 - Dedicated Schools Grant deficit in the region of £5m per annum creating a potential 'negative reserve' of £38m by 2027/28 which is not sustainable (see Section 11 of previous report to Executive);
 - A one year Government financial settlement creates uncertainty around future Government funding available with a remaining risk of reductions in funding in real terms for future years;
 - The 2024/25 Budget and financial forecast includes significant cost pressures which are effectively 'unfunded' from 2025/26 with the 2024/25 Budget and 2025/26 to 2027/28 forecast assuming net cost/growth pressures of £50.6m offset by mitigation of £33.2m (net increase of £17.4m) in 2024/25 which increases to £94.9m and £58.4m respectively (net increase of £36.5m) in 2027/28 – future government funding is not expected to meet future year cost pressures and new burdens which will continue over

the next four years and these costs cannot be matched by council tax alone. In addition, without delivery of the mitigation savings (£58.4m per annum by 2027/28) the 'budget gap' would increase even further;

- Although it was hoped that the Government's 'Fair Funding Review' would provide a fairer (and higher) level of funding for the Council it could also bring new responsibilities for the Council and associated risks. The changes will not be implemented until at least 2026/27 and possibly will be delayed even further.

18.8 To address the significant challenges ahead the Council will need to:

- Progress with the next phase of Transforming Bromley 2024-2028 to address the 'budget gap' (see Section 6.8 of previous report to Executive);
- Review funding of the capital programme as capital receipts have reduced and alternative funding options, including borrowing, needs to be considered to ensure that the Council can retain a reasonable level of reserves for reasons detailed in Appendix 4 of this report;
- Reduce dependency on using reserves to support the revenue budget and take action to avoid a situation where, without significant savings being delivered through the Transformation Programme 2024-2028, reserves would effectively be fully exhausted within three years (see Section 6.8 of previous report to Executive);
- Take action to reduce the ongoing DSG deficit (see Section 6.8 of previous report to Executive) by reviewing the DSG Deficit Recovery Plan and considering options to address the deficit;
- Recognise the significant contribution council tax makes to fund the revenue budget - Council Tax (and ASC precept to support social care) represents a key source of income for the Council, which the Government recognise by including an assumed increase in council tax of 5% in their Core Spending Power calculations. Agreeing a council tax/adult social care precept below the maximum referendum level does result in potential foregone income, particularly when facing a budget gap in the medium and longer term, and such decisions for each subsequent year would not be sustainable on an ongoing basis;
- Further review of significant growth and cost pressures identified in Section 18.6 and look at further options available to reduce such cost/growth pressures (these costs are not financially sustainable);
- Chief Officers take action to address any future in year overspends, recognising that there could be a full year impact which could increase the 'budget gap' further;
- Chief Officers identify mitigating action to address any future in year cost pressures/new burdens and mitigate against inflation cost pressures to remain within their 'cash envelope'.

18.9 Work will also continue to lobby Government for a fairer funding deal for Bromley. However, the Council cannot rely on future significant increases in funding being available, when there is no evidence to suggest this will happen, at this stage.

18.10 The Budget Strategy has to be set within the context of continuing cost pressures while Government funding remains broadly at 'standstill' levels from 2025/26, except to meet new burdens – transformation savings will be required to offset such cost pressures to ensure a balanced budget. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further.

18.11 Without containment of growth/cost pressures or delivery of the combined mitigation and transformation savings of £65.3m per annum by 2027/28, the budget gap would in future years

increase – this clearly must be monitored closely with corrective action taken to avoid any significant increase in the budget gap. Although the 2024/25 Central Contingency Sum and balances (one-off monies) provide a short term ‘buffer’, the sum remaining has been significantly reduced. It is therefore essential to take action to deliver a sustainable ongoing financial resilience – the Council has a statutory duty to have a balanced budget.

18.12 CIPFA have provided advice to local authorities on the financial stress warning signs:

- Running down reserves – a rapid decline of reserves;
- A failure to plan and deliver savings in service provision to ensure a council lives within its resources;
- Shortening medium-term financial planning horizons – perhaps from four to three years to two years or even one year – this would indicate lack of strategic thinking and unwillingness to confront tough decisions;
- Greater ‘still to be found’ gaps in saving plans – identifying savings for the next financial year only and not beyond;
- Growing tendency for departments to have unplanned overspends and/or carrying forward undelivered savings in the following year.

18.13 The Council still remains “better placed” than many other authorities due to having planned low borrowing levels (allocated for housing), retaining adequate level of reserves and with provisions remaining (although significantly reduced) in the Council’s revenue budget for unforeseen costs and risks. The Council has maintained four-year financial planning despite the future funding uncertainty. It is however essential to act now (rather than later) to address the significant financial challenges faced by the Council taking the necessary action identified in Section 18.8 above. The Council needs to continue to ‘live within its means’. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens and mitigate against inflation cost pressures to remain within their ‘cash envelope’.

18.14 Commentary on the level of reserves and robustness of the 2024/25 Budget are provided in Appendix 4.

18.15 Stewardship and delivering sustainable finances are increasingly important whilst cost pressures and the Government’s fiscal squeeze continues. The strategy needs to remain flexible and the Council’s reserves resilient to respond to the impact of volatile external events and the structural budget deficit.

19. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

19.1 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.

20. TRANSFORMATION/POLICY IMPLICATIONS

20.1 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’. This report needs to be considered with previous report to Executive titled ‘Draft 2024/25 Budget and Update on Council’s Financial Strategy 2025/26 to 2027/28’ which referred to the next phase of Transformation.

21. PERSONNEL IMPLICATIONS

- 21.1 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.

22. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

- 22.1 The budget proposals reflect the cost implications and budget required to meet the Carbon Reduction and Social Value plans of the Council which will have been reported separately to Council committees.

23. CUSTOMER IMPACT

- 23.1 This report reflects the budgetary implications of all the services provided by the Council as well as obligations/duties to support residents, users and businesses in the borough.

24. LEGAL IMPLICATIONS

- 24.1 The Council is required to fix its Council Tax by 11th March in any year. 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.
- 24.2 Schedule 72 to the Localism Act 2011 inserted a new section 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.
- 24.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 24.4 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.

24.5 In fulfilling our equalities duty, and in particular the specific equalities duty, regard has been had to the impact of budget proposals and savings options on those with ‘protected characteristics’ including the potential for cumulative impact on some groups from separate work streams arising from this budget. As part of the budget setting process where appropriate impact assessments have been performed at service level where service managers and frontline staff will be involved in implementing the changes and fully understand the customer base and likely impact on them. Where any proposals are found to have a disproportionate impact on a particular group, the Council will consider what actions can be taken to avoid or mitigate the impact.

24.6 In some instances detailed analysis will be undertaken after the budget has been set but before a policy arising from the budget is implemented. In these instances, the council will comply with its legal obligations including those relating to equalities and consultation and if a proposal is deemed to be unsustainable after such detailed work or where a disproportionate impact on a protected group is identified consideration will be given to any necessary mitigation, rephrasing or substitution of the proposed service changes.

<p>Background documents</p>	<p>2023/24 Council Tax, Executive, 8th February 2023 Provisional Final Accounts 2022/23, Executive, 5th July 2023 The ‘Insurance Fund – Annual Report 2022/23’, E,R&C PDS, 27th November 2023 Capital Programme Monitoring 2023/24, Executive, 29th November 2023 Budget Monitoring 2023/24, Executive, 29th November 2023 Draft 2024/25 Budget and Update on Council’s Financial Strategy 2025/26 to 2027/28. Executive, 17th January 2024 Treasury Management – Annual Investment Strategy 2024/25 and Quarter 3 Performance 2023/24, Executive, Resources and Contracts PDS Committee and Council, 5th February 2024 and 26th February 2024 Capital Strategy 2024/25 to 2027/28 & Q3 Capital programme Monitoring, Executive 7th February 2024</p>
<p>Financial Considerations</p>	<p>Covered within overall report</p>

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Bromley's Budget Requirement in 2023/24 (before funding from Formula Grant)	237,732	237,732	237,732	237,732	237,732
Formula Grant and Business Rate Share	-48,556	-48,574	-48,574	-48,574	-48,574
Impact of Provisional Local Government Finance Settlement (mainly inflation allowance)		-3,218	-4,486	-5,525	-6,586
	189,176	185,940	184,672	183,633	182,572
Other Changes in Core Government Funding					
New Homes Bonus		-400	-400	-400	-400
Reduction in Services Grant		1,311	1,311	1,311	1,311
		911	911	911	911
Cost pressures					
Increased costs (3.5% in 2024/25, 2.5% in 2025/26 and 2% per annum thereafter)		10,657	17,478	23,394	28,711
		10,657	17,478	23,394	28,711
Net revenue Impact of Funding the Capital Programme and reduction in investment income, compared with 2023/24 Budget assumptions		-1,283	-783	-483	-483
Income/Savings					
Interest on Balances (additional income (-), reduction in income (+) compared with 2023/24 budget)		-2,200	1,500	3,100	4,100
Additional Social Care Grant (included in Provisional Local Government Settlement 2024/25)		-2,650	-2,650	-2,650	-2,650
Additional Social Care Grant (announced after Provisional Local Government Settlement 2024/25)		-2,480	-2,480	-2,480	-2,480
Release general provision in contingency for significant uncertainty/variables		-3,522	-3,522	-3,522	-3,522
Transformation Savings reported to Executive February 2023		-698	-1,489	-1,554	-1,554
Transformation Programme		-4,172	-4,650	-4,998	-5,373
Fall out of non-recurring Building Infrastructure Fund		-2,000	-2,000	-2,000	-2,000
CIL Funding Opportunities		-1,000	-1,500	-1,500	-1,500
		-18,722	-16,791	-15,604	-14,979
Other changes					
Real Changes and Other Variations		71	10	814	199
		71	10	814	199
Council Tax					
Collection Fund Surplus 2021/22 fall out		5,400	5,400	5,400	5,400
Collection Fund Surplus 2022/23 (estimated)		-2,500	0	0	0
Future years Collection Fund Surplus (estimated)		0	-2,500	-1,500	-1,000
Use of estimated 2023/24 Collection Fund Surplus (b/fwd)		-3,400	0	0	0
		-500	2,900	3,900	4,400
Growth/Cost Pressures including Mitigation					
- Education		2,130	3,065	4,245	5,427
- Children's Social Care		6,870	7,470	8,070	8,670
- Adults Social Care		4,584	9,286	11,113	12,940
- Housing		4,103	5,476	6,726	7,881
- Environment		-336	-420	-420	1,580
- Public Protection and Enforcement		92	92	92	92
- Resources		-77	-77	-77	-77
Variation in freedom pass costs to reflect impact of post Covid usage		1,889	3,842	5,119	5,119
Running Costs of Direct Line site (net after income)		3,076	421	99	-491
Total growth/cost pressures		22,331	29,155	34,967	41,141
Sub Total		199,405	217,552	231,532	242,472
2023/24 Council Tax Income	-189,176	-189,176	-189,176	-189,176	-189,176
Increase in ASC Precept and Council Tax (assume 4.99% in 2024/25 and 2.99% per annum thereafter)		-9,440	-15,378	-21,495	-27,794
Estimated increase in Council Tax Base		-1,400	-1,600	-1,800	-2,000
Budget Gap before use of one off collection fund surplus and other reserves		-611	11,398	19,061	23,503
Use of earmarked reserves					
Fall out of use of Covid earmarked reserve towards funding Covid cost pressures		2,100	3,748	3,748	3,748
Utilisation of Homes for Ukraine funding to support related cost pressures in future years		-2,900	0	0	0
Contribution from collection fund earmarked reserves (-)/Fall out of contribution (+)		-889	-889	9,111	9,111
Net fall out of Government funding towards additional council tax support costs (held in reserve)		2,300	2,300	2,300	2,300
		611	5,159	15,159	15,159
Revised Budget Gap		0	16,557	34,220	38,662

1) The above forecast assumes for illustrative purposes a 4.99% increase in ASC Precept/ Council Tax for 2024/25 and 2.99% increase to Council Tax for the following years

2) The above Forecast excludes the DSG deficit

SUMMARY OF DRAFT 2024/25 REVENUE BUDGET - PORTFOLIO

2023/24 Final Budget	Portfolio/Item	2024/25 Draft Budget £'000	2024/25 Band "D" Equivalent £
106,353	Education	129,309	955.72
Cr 98,674	Less costs funded through Dedicated Schools Grant *	Cr 116,453	-860.70
7,679	Sub total	12,856	95.01
47,574	Childrens Social Care	53,774	397.44
84,178	Adult Care and Health	90,841	671.40
38,033	Environment & Community Services Portfolio	40,631	300.30
3,228	Public Protection and Enforcement	3,357	24.81
15,611	Renewal, Recreation and Housing	16,866	124.66
46,649	Resources, Commissioning & Contracts Management	45,436	335.82
1,361	Non Distributed Costs & Corporate & Democratic Core	1,417	10.47
244,313	Total Controllable Budgets	265,178	1,959.92
8,666	Total Non Controllable Budgets	12,247	90.52
Cr 947	Total Excluded Recharges	Cr 937	-6.93
252,032	Portfolio Total	276,488	2,043.51
Cr 14,710	Reversal of Net Capital Charges	Cr 10,184	-75.27
Cr 9,841	Interest on General Fund Balances	Cr 12,041	-88.99
9	Contribution to Utilisation of New Homes Bonus for Housing		
20,031	Central Contingency Sum	9,772	72.22
	Contingency Provision for Revenue Impact of Capital Programme		
6,600	Financing and Loss of Investment Income from Disposals	2,000	14.78
	Levies		
448	- London Pensions Fund Authority *	460	3.40
246	- London Boroughs Grants Committee	248	1.83
266	- Environment Agency *	310	2.29
341	- Lee Valley Regional Park *	324	2.39
255,422	Sub Total	267,377	1,976.18
Cr 9	New Homes Bonus	Cr 409	-3.02
Cr 47,000	Business Rate Retention	Cr 50,227	-371.23
Cr 1,556	Services Grant	Cr 245	-1.81
Cr 5,400	Collection Fund Surplus (previous years)		
	Collection Fund Surplus (estimated 2022/23)	Cr 2,500	-18.48
Cr 9,111	Use of estimated 2023/24 Collection Fund Surplus (b/fwd)	Cr 3,400	-25.13
	Contribution from Collection Fund Surplus Earmarked Reserve	Cr 10,000	-73.91
Cr 2,300	Collection fund surplus for future years (council tax support)		
Cr 870	Use of Specific Earmarked reserve created during 2022-23 to fund additional social work post	Cr 580	-4.29
189,176	Bromley's Requirement (excluding GLA)	200,016	1,478.31

* The highlighted budgets above are still in draft with final allocations still awaited.

2024/25 CENTRAL CONTINGENCY SUM

General	£'000
Provision for Unallocated Inflation	1,886
General provision for risk/uncertainty	4,650
Direct Line Site	3,076
Planning appeals - changes in legislation	60
Property Valuation	100
	<u>9,772</u>
Contingency Provision for Revenue Impact of Capital Financing Programme	<u>2,000</u>
Total Contingency Provision	<u>11,772</u>

There may be further changes to the Central Contingency to reflect allocations to individual Portfolio budgets prior to publication of the Financial Control Budget.

LEVEL AND USE OF RESERVES AND ROBUSTNESS OF THE 2024/25 BUDGET

1. Background

With the introduction of the prudential approach to capital investment, Chief Financial Officers in local authorities are required to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. In considering the affordability of its capital plans, councils are required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. This requires clear and objective attention to the levels and application of the Council's balances and reserves. The level of balances and reserves needs to be adequate to ensure that the longer-term stewardship of the Council's finances remains effective and the Council maintains 'sustainable' finances in the medium term. Medium term planning becomes key in recognition of the ongoing "structural" budget deficit facing the Council.

2. General Reserves

2.1. Bromley has estimated general reserves of £18.6 million as at 31st March 2024 (as reported to Executive on 29th November 2023), as well as earmarked reserves (Section 3). Key to any financial strategy is the retention of sufficient reserves (including earmarked reserves) for the following reasons:

- (a) To provide some contingency reflecting the financial risks facing the Council (e.g. future implementation of Adult Social Care Reforms), the scale of mitigation/savings and associated impact, the need to manage effectively action to reduce the longer term 'budget gap' and recent government changes which include the transfer of risks from central to local government provides significant new risks for longer term planning purposes;
- (b) To provide alternative one-off funding to offset the impact of any overall large overspends facing the Council;
- (c) To provide adequate resources for spend to save initiatives which, following investment, can provide real longer term financial and service benefits;
- (d) To provide support in financing the capital programme, particularly to assist in funding key initiatives;
- (e) To provide financial support (income) to the revenue budget through interest earnings, which will reduce as balances are gradually reduced;
- (f) To utilise short term monies available from any 'front loading' of savings to assist in managing the key risks facing the Council and fund key initiatives preventing the further deterioration in the 'sustainability' of the Council's finances;
- (g) To provide investment to seek a long-term alternative to current income streams;
- (h) To provide funding (e.g. severance costs) to enable the release of longer term ongoing savings;
- (i) To set aside income available, that does not provide a permanent income stream, towards one off investment in the community for schemes that meet the Council's priorities;
- (j) To buy time to identify further savings needed whilst avoiding 'knee jerk' actions to deal with future budget deficits;
- (k) Need to retain significant reserves until there are detailed plans to address the significant budget gap over 4 years;
- (l) You cannot reinstate reserves through borrowing in the future to compensate – once reserves are used, they are gone;
- (m) The Council loses significant flexibility within the central contingency sum, with a

further reduction of £3.5m per annum from 2024/25 (reduced by £5.8m in 2023/24 with a cumulative total of £9.3m per annum since 2023/24);

- (n) The financial challenges facing the Council reduce the ability/flexibility to top up reserves in future years (historically used collection fund surplus, new homes bonus and contingency to top up reserves).
 - (o) To assist the Council to achieve as much stability as possible for both longer term service delivery and planning the moving of resources to areas of agreed priority.
- 2.2 In order to assess the adequacy of unallocated general and earmarked reserves when setting the budget, account must be taken of the strategic, operational and financial risks facing the authority. This is an important aspect of Bromley's approach to risk management. An 'Annual Governance Statement' signed by the Chief Executive and the Leader of the Council covers, for example, the processes to fully underpin the Council's system of internal control.
- 2.3 Setting the level of reserves is just one of several related decisions in the formulation of the medium-term financial strategy and the budget for a particular year. Account needs to be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements.
- 2.4 To address the previously identified funding shortfall of the capital programme combined with the impact of the operational property review and considering potential capital receipts from disposals, the Capital Programme Review report to the November 2022 of the Executive resulted in agreement to refinancing housing costs through borrowing, thus releasing previously utilised earmarked reserves (which was set aside to enable internal borrowing), combined with the balance of funding of up to £10m from earmarked reserves. In addition, any future housing scheme subject to suitable business case, will be considered to be funded through borrowing. The previous housing related schemes provided significant savings on temporary accommodation costs and would have been considered to be funded through borrowing – the Council owned sites will form of any future Housing Revenue Account proposal, depending on the specific scheme. These funding changes will help retain a level of reserves to assist further in dealing with future financial challenges. There will be a need for an ongoing review of funding for any further significant increase in costs of the Council's capital programme.
- 2.5 If the existing general reserves are released now to fund continuing service initiatives and/or significantly reduce council tax then there would be a resultant 'opportunity cost' relating to the corresponding loss in interest earnings and depletion of reserves which is not recommended by the Director of Finance, particularly at this time of financial uncertainty. Funding for any increases in service levels would only be in the short term. If the reserves were used to just balance the budget, they would be fully spent in the next few years resulting in greater budget cuts in the future. Using this money to fund services is not a sustainable approach as these reserves are not budgets that are renewed every year. Similar to a savings account – once it is spent, it is gone. Retaining a significant level of reserves provides a major opportunity to fund any transformation/spend to save programmes in future years, as well as provide an ongoing source of significant revenue income to the Council. The Council continues to face significant financial risks in the future which is evident by existing growth/cost pressures which may continue to increase above the sums assumed in the budget.
- 2.6 Executive previously agreed that the following principles be applied to determining the use of reserves:
- (a) As a prudent working balance, the Director of Finance continues to recommend subsequently reviewed the minimum level of general reserves and recommended a

minimum sum of £20m to reflect the significant financial uncertainty facing the Council and the need to address the medium term 'budget gap' with higher amounts being retained for specific purposes;

- (b) Any support for the capital programme to be focused on areas that can generate business efficiencies and maintain and enhance the Council's core infrastructure. The programme should be driven by the Council's asset management plan, which in turn should be derived from the key priorities of the Council;
 - (c) Any support for the revenue budget will need to be modest and sustainable in the medium term and the impact of any withdrawal built into future financial plans;
 - (d) The Council has limited scope to utilise general fund reserves for capital spending in excess of the current capital programme and will need to continue to progress a programme of asset disposals.
- 2.7 Balancing the annual budget by drawing on general reserves is a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure, this needs to be explicitly considered including the sustainability of this measure over the lifetime of the medium-term financial plan.
- 2.8 An important issue to consider is planning the future use of reserves in the context of the authority's medium-term financial plan and not to focus exclusively on short-term considerations.

3 **Earmarked Reserves**

- 3.1 As part of developing a medium-term financial plan and preparing the annual budget, Members need to consider the appropriate use of reserves for specific purposes and the levels at which these should be set. Further details on the utilisation of earmarked reserves together with general reserves are provided in section 2.1. The current specific (earmarked) reserves and their estimated uses are shown below:

	Balance at 31/03/23	Projected movement 2023/24	Projected Balance at 31/03/24	Projected movement 2024/25	Projected Balance at 31/03/25	Projected movement 2025/26	Projected Balance at 31/03/26	Projected movement 2026/27	Projected Balance at 31/03/27
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Technology Fund	1,229	-402	827		827		827		827
Investment to Community	229		229		229		229		229
Planning Services Charging Account	-155		-155		-155		-155		-155
Government Grants	8,481		8,481	-353	8,128	-185	7,943	-152	7,791
Invest to Save	18,275	-71	18,204		18,204		18,204		18,204
One off Member Initiatives	654		654		654		654		654
Infrastructure Investment Fund	412	-240	172		172		172		172
Health & Social Care 'Promise Programme'	3,953		3,953	-2,500	1,453		1,453		1,453
Winter Pressures	2,010		2,010		2,010		2,010		2,010
Key Health & Social Care Initiatives	1,700		1,700		1,700		1,700		1,700
Integration of Health & Social Care Initiatives	1,614		1,614		1,614		1,614		1,614
Collection Fund Surplus Set Aside	37,155	-9,111	28,044	-10,000	18,044	-10,000	8,044		8,044
Healthy Bromley Fund	1,899	-338	1,561	-338	1,223	-517	706		706
Parallel Fund	3,097		3,097		3,097		3,097		3,097
Health & Social Care Integrated Commissioning Fund	3,030		3,030		3,030		3,030		3,030
Financial Planning & Risk Reserve	10,000		10,000		10,000		10,000		10,000
Bromley Welfare Fund	753	-160	593	-160	433	-160	273		273
Payment in Lieu Reserve for Temporary Accommodation	536	50	586	50	636	50	686		686
Business Rates Risk Reserve	4,200		4,200		4,200		4,200		4,200
Various Joint Schemes and Pump Priming Investments	5,091	-3,135	1,956		1,956		1,956		1,956
Transition Fund	2,559		2,559		2,559		2,559		2,559
Environmental Initiatives	425	-38	387	-75	312	-38	274		274
Professional Advice for Future Schemes	122		122		122		122		122
Utilisation of New Homes Bonus	4,829	-2,591	2,238		2,238		2,238		2,238
Future Pensions Risk on Outsourcing	1,729		1,729		1,729		1,729		1,729
West Wickham Leisure Centre & Library Redevelopment	623		623		623		623		623
Income Equalisation Reserve	9,030	1,000	10,030		10,030	-10,030	0		0
Transformation Fund	1,224		1,224		1,224		1,224		1,224
Investment Fund	6,146	-5,785	361		361		361		361
Growth Fund	21,061	-700	20,361	-1,000	19,361		19,361		19,361
Transformation Programme	250		250		250		250		250
Housing Investment Fund	20,894	-20,894	0		0		0		0
High Street & Parks Improvement Fund	71		71		71		71		71
Housing Invest to Save	3,409	-3,409	0		0		0		0
Health Facilities Fund	993		993	-993	0		0		0
Health & Social Care Transformation Fund	1,500		1,500		1,500		1,500		1,500
Housing feasibility and viability	36	-36	0		0		0		0
Carbon Neutral Initiatives Fund	875	-125	750	-125	625		625		625

	Balance at 31/03/23	Projected movement 2023/24	Projected Balance at 31/03/24	Projected movement 2024/25	Projected Balance at 31/03/25	Projected movement 2025/26	Projected Balance at 31/03/26	Projected movement 2026/27	Projected Balance at 31/03/27
EARMARKED BALANCES	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hospital Discharge Funding	5,031		5,031		5,031		5,031		5,031
COVID recovery Fund	8,443	-5,843	2,600	-2,100	500	-500	0		0
Platinum Jubilee Fund	854	-27	827	-27	800	-27	773		773
Capital Fund	1,252	-1,252	0		0		0		0
Treemendous Fund	1,161	-387	774	-387	387	-387	0		0
Social Care Staffing Fund	1,700	-870	830	-580	250	-250	0		0
IT Procurement Fund	336	-112	224		224		224		224
Legal Fund	635		635	-212	423	-212	211	-211	0
Education Fund	630	-525	105	-105	0		0		0
Building Infrastructure Fund	2,000		2,000	-2,000	0		0		0
Arboriculture Backlog Fund	400	-133	267	-133	133	-133	0		0
Loneliness Strategy Fund	149	-50	99	-50	50	-50	0		0
Sub-Total	202,530	-55,184	147,346	-21,088	126,258	-22,439	103,819	-363	103,456
Schools	3,071		3,071		3,071		3,071		3,071
Insurance Fund	3,970		3,970		3,970		3,970		3,970
Sub-Total	7,041	-55,184	154,387	-21,088	133,299	-22,439	110,860	-363	110,497
DSG Adjustment Account (unusable) *	-12,706	-3,443	-16,149	-5,631	-21,780	-5,135	-26,915	-4,961	-31,876
Collection Fund Deferred Costs Reserve	2,283	-2,283	0		0		0		0
TOTAL	199,148	-60,910	138,238	-26,719	111,519	-27,574	83,945	-5,324	78,621

* Although this is required to be accounted for as unusable reserves, this is currently as a result of the statutory override. It are therefore shown here as if/when the override ends then any deficit will have to be met from revenue reserves.

3.2 A summary of other significant areas are:

- School Balances - these are unspent balances of budgets delegated to individual schools and these are legally only available to schools.
- Insurance Reserves – self-insurance is a mechanism used by a number of local authorities including Bromley. In the absence of any other statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves or provisions.
- Health and Social Care (various) – there are monies set aside as part of a Section 256 agreement with previous Bromley Clinical Commissioning Group (now Southeast London ICS) for the funding of future transformation / integration of health and social care and to contribute towards the financial sustainability of local health services that impact on social care.

3.3 In addition there is the pensions reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the authority's recognised liability under IAS19 – employee benefits, for the same period. An appropriation is made to or from the pensions reserve to ensure that the bottom line in the income and expenditure account reflects the amount required to be raised in taxation. This effectively prevents any deficit on the pension fund needing to be made good from taxation in one year.

3.4 The outcome of the actuarial valuation as at 31/3/22 was reported to Pensions Investment Sub Committee on 22nd February 2023. The Council's pension fund remains fully funded. The triennial actuarial valuation impacted on the budget from 2023/24 to 2025/26 and there are no changes in the overall employer contribution/oncost for the future service costs. The Council has received various national awards recognising the outstanding investment performance of its pension fund and treasury management. The most recent award was the nationally recognised Public Finance Awards 2021 for 'Achieving Excellence in Asset Management'.

4. Budget Assumptions

4.1 Treatment of Interest Rates and Inflation

4.1.1 The interest on balances budget for 2024/25 has been set at £12.041m (2023/24: £9.841m). Following the succession of increases in the Bank of England base rate to the current rate of 5.25%, counterparty rates were generally in excess of 6% for a one year deposit during the first half of 2023/24. However, interest rates are expected to start reducing during 2024/25, so one year rates are around 5% to 5.3%. The projected increase in the average rate of interest compared to that in the prior year budget is partly offset by an expected reduction in balances available for investment as a result of the projected utilisation of capital receipts, grants/contributions, as well as projected use of the Council's earmarked revenue reserves.

4.1.2 Further details were included in the Treasury Management Strategy 2024/25 report considered at the Executive, Resources and Contracts Policy Development and Scrutiny Committee meeting on the 5th February 2024 and subsequent Full Council meeting.

4.1.3 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 alternative increased budget gap. A challenge remains to contain costs within the overall budget, particularly as many contract price reviews reflect January or February annual inflation increase. The 2024/25 Central Contingency Sum does provide some funding towards this financial risk, where necessary.

4.2 Level and Timing of Capital Receipts

4.2.1 Details of the level and timing of capital receipts, with an update on the overall funding position, are included in the 'Capital Strategy 2024/25 to 2027/28 & Q3 Capital Programme Monitoring' report elsewhere on the agenda.

4.3 Revenue Impact of the Capital Programme

4.3.1 An overall sum of £5.3m per annum has been included in the Draft 2024/25 Budget to reflect the financial impact of the capital programme (including the impact of 2023/24 schemes).

4.3.2 The ultimate revenue impact will depend on the phasing of costs, impact of changes in building costs (inflation and supply), timing of disposals, income foregone from interest earnings and latest prevailing borrowing rates.

4.4 Budget and Financial Management and 'Demand Led' Budgets

4.3.1 Bromley has for many years operated multiyear budget planning. The need to meet budget savings has reduced the frequency of budget monitoring. The budget has been prepared to reflect commissioning plans of service areas but also recognising the need to identify mitigation action, where possible, recognising the 'budget gap' for the Council.

4.3.2 There remain significant cost/growth pressures impacting on education, housing, adults and children's social care as well as opportunities for the mitigation of costs. The financial forecast elements are summarised below with more details reported to the previous meeting of the Executive.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Growth/cost pressures	50,596	65,134	79,102	94,898
Mitigation	-33,230	-40,242	-49,353	-58,385
Net additional costs	17,366	24,892	29,749	36,513

- 4.3.3 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.
- 4.3.4 The draft 2024/25 Budget includes reasonable estimates of likely changes in activity in the next financial year. It is important that Chief Officers identify mitigating action to address any in year cost pressures or other mitigation savings not realised to remain within their 'cash envelope'.

4.4 Financial Standing of the Authority

- 4.4.1 Long-term Council Tax collection rates have been consistently high at around 98/99%, prior to the Covid pandemic. Other external debt collection was also high. The Covid pandemic had created new challenges and the Government has only partly funded consequential income losses. The Council will seek to progress in maximising the recovery of income and deal with increases in arrears caused by restrictions in recovery during the Covid period. Maximising income recovery is essential to assist in funding key services. As the Council moves to a low borrowing authority, Bromley has relatively limited exposure to interest rate movements and changes in interest earnings on external investments have been reflected in the budget based upon likely use of reserves and current interest rates.

4.5 Financial Information and Reporting

- 4.5.1 The arrangements for finance staff to report to the Director of Finance, in place since April 2002, have produced far greater clarity of roles and responsibilities. The Council will need to continue with the Transformation programme process to be able to generate savings as part of future years' budgets, as well as provide service improvements. The main issue remaining is to ensure that service managers continue to develop even greater ownership of their budgets and have more sophisticated activity and performance information on the service which they are providing. Any overspending should require compensating savings to be identified.

4.6 Virement Procedures

- 4.6.1 Currently, Bromley does not routinely allow the carry forward of under-spending (and overspending) by service departments as part of its year-end procedures. The Director of Finance remains satisfied however, that the current virement rules allow sufficient flexibility within the year for officers/Members to manage the budget to enable them to contain overspending within overall budgets.

4.7 Risk areas

- 4.7.1 Details were reported to the previous meeting of the Executive.

4.8 Link with other plans/strategies

- 4.8.1 A budget is a service plan/strategy expressed in financial terms and there will be linkages with other strategies and plans across the Council. The proposed budget also takes into account the outcomes of the Public Sector Equality Duty on the Council's proposals (see legal considerations of main report).

4.9 Insurance Fund

- 4.9.1 The insurance fund is protected by the existence of external catastrophe insurance, which meets large claims. There is a significant financial stop loss that prevents the council from having to meet losses in excess of this amount on liability claims in any

one year. The ‘Insurance Fund – Annual Report 2022/23’, considered by the Resources, Commissioning and Contracts Management Portfolio Holder at the meeting of the E,R&C PDS Committee on 27th November 2023, gives more background information.

4.10 Funds and the adequacy of provisions

4.10.1 As is discussed above, the Council has both general and earmarked reserves and continues to take a prudent approach to limiting the scope of future year’s capital expenditure and other commitments. It is essential that an adequate level of reserves is maintained to reflect the impact of the future years budget gap of £38.7m per annum by 2027/28, ‘balance sheet’ liabilities combined with the ongoing cost/growth pressures facing the Council. The “budget gap” may increase or reduce as a result of a number of variables in future years. Bad debt provisions are reviewed each year as part of the closure of accounts and are subject to audit by the council’s external auditors.

4.10.2 The scale of the medium-term “budget gap”, coupled with the significant financial uncertainty arising from the review of local government finance (delayed until at least 2026/27) makes it important to maintain an adequate level of reserves to ensure the Council has sufficient resilience, flexibility and stability for longer term service delivery. Apart from the need to retain reserves to address risks and uncertainty there are specific reserves to fund invest to save as well as investment in the future development within the borough and other investment options whilst generating sustainable income and savings to help reduce the future years budget gap. This helps ensure that key measures of sustainable finances and stewardship in the medium term can be realised. The funds retained are adequate to meet the needs of the Council in the medium-term. The level of reserves will continue to be kept under review during the medium-term financial planning period.

4.11 Council’s Investment Income contributing to supporting key services

4.11.1 The strategy of generating additional investment income provided funding for key services thus enabling a corresponding reduction in the Council’s budget gap.

4.11.2 The Council’s investment income of £17.9m, assumed in the 2024/25 Budget, is shown below:

	£’m
Investment properties and rental income	5.9
Treasury Management Income	12.0
Total investment income	17.9

4.11.3 In acquiring investment properties the Council had used existing resources and did not utilise the option of borrowing. The Council will seek to retain the key investment assets through any future recession period which significantly reduces the longer-term capital risk of the investment.

4.11.4 Details of the approach to treasury management is being reported to Executive, Resources and Contracts PDS meeting on 5th February 2024. The approach to addressing Security, Liquidity and Yield is addressed in that report.

Residents' comments about their priorities for Council Services (to follow)



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15th January 2024

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Dear Sir/Madam

Provisional Local Government Settlement 2024/25

We welcomed the continuation of the fifth year of no overall funding reductions, following 10 years of significant funding reductions and the increase in funding for 2024/25 relating to 'repurposed' grants and Market and Sustainability Fund committed as part of the 2023/24 Local Government Finance Settlement. The increase in the Council's Spending Power which equates to an increase of 6.2% and assumes the maximum increase in Council Tax and ASC Precept (4.99%) does help address the inflation pressures facing services. However, this did not meet the full cost and demographic pressures facing the Council and does not provide sustainable funding solution for the Council. The significant reduction in Services Grant is disappointing and the scale of the reduction was unexpected by many local authorities. Overall, the Council did not receive funding to match the cost pressures for children social care, high needs (transport and funding to meet Dedicated Schools Grant deficit), adults social care and homelessness, despite the significant cost pressures remaining that must be met. It is important to recognise that many services face cost pressures considerably higher than general inflation. The increase in the cost of temporary accommodation and children's placements, for example, have significantly exceeding general inflation and such additional costs were not reflected in the funding settlement. There should be more Government funding provided rather than a reliance on local taxpayers to meet the significant costs.

Adult Social Care

There is a national recognition that Social Services is underfunded, and it is still unclear around the funding requirements for the Adult Social Care reforms relating to Fair Cost of Care and Capping of Care Costs. If the earlier planned reforms are progressed there is a need to fully consider the implications and funding requirements of the significant reductions in income from the reforms as well as significant additional commissioning costs arising from the impact to Bromley. On adult social care there is still a need for a fundamental solution to address long term funding. There remains an interdependency between social care and NHS services and with record level hospital waiting lists and its impact of adult social care, there is a need for diverting some of NHS funding towards adult social care to ensure the NHS can deliver its key requirements.

Dedicated Schools Grant – High Needs Deficit

Although not part of the Council's general fund there is a shortfall in funding (Dedicated Schools Grant) to meet the costs of SEND which is creating an annual deficit situation which is increasing in future years. Although additional funding had been provided it does not adequately reflect the demographic changes and the increase in provision (and associated costs) for the borough. Although the DfE have tightened the ring-fence on the Dedicated Schools and continued with the statutory override for the medium term, such changes remain temporary and do not resolve the underlying deficits.

Through prudent financial management and a range of proactive actions, the Council and its partners were successful in containing the financial pressures on the DSG until an initial deficit position was reached at year end 2020/21. Benchmarking data provided by the Department for Education (DfE) confirmed that Bromley was one of the last London Boroughs to enter a deficit position. The local financial challenges have since continued to increase, with the deficit position having increased to £12m at the end of 2022/23 and forecast to reach an estimated £16m by year end 2023/24, despite extensive mitigation measures. The deficit is projected to increase by around £21m from 2024/25 to 2027/28 which is not financially sustainable (a total of £37m by 2027/28).

The factors resulting in a local overspend position are reflective of the national systemic challenges with the SEND system, as highlighted by the Government's SEND Green Paper which acknowledged:

'Widespread recognition that the system was failing to deliver improved outcomes for children and young people, that parental and provider confidence was in decline, and that despite substantial additional investment, the system had become financially unsustainable.'

'High needs spending continuing to increase year on year, with recent increases driven predominantly by an increase in the proportion of children and young people with an EHCP, over and above general population change'

These national issues are compounded by above-inflationary pressures on the costs of children's placements, specialist recruitment and retention difficulties and a lack of local specialist provision. Despite action to reduce the cost pressures, costs and expenditure continue to significantly exceed the level of Government grant for High Needs Funding, in part due to the unfunded extension of the age range of EHCPs to 25 years of age. The 18-25 age range continues to be the fastest growing cohort of those with an EHCP in Bromley, creating sustained future funding challenges.

Feedback received from the Department of Education is that Bromley is doing everything possible to respond to mitigate the deficit position and no further suggestions could be made. Although Bromley's deficit will reach £16m this year and is growing at a rate of c£5m p.a., the Department informs officers that Bromley is a long way down the ranked list of local area DSG deficits and therefore has no realistic possibility of being considered for support through safety valve or DBV within the current Parliament. In the meantime, the Statutory Override will not solve the underlying funding issue but may provide an opportunity to give more time prior to the completion of the Government's SEND review. However, External Auditors will still need to consider the impact of the SEND deficits on a Council and the Section 25 reports produced by Chief Finance Officers will also have to consider the overall impact – the Statutory Override does not eliminate these key considerations. We are aware that some 'safety valve' authorities have received direct financial support from the Government although this is not available to councils like Bromley that are experiencing considerable DSG deficits, despite good financial management.

We are seeking additional financial support towards meeting the DSG deficit as it can't be right that there is a potential perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by poor use of resources

– this effectively provides financial compensation which could unintentionally subsidise poor performance.

The current arrangement enables authorities, like Bromley, that manage resources well and experience new burdens relating to SEN, receive no additional financial support towards the DSG deficit when in some cases poor performance is rewarded.

We ask that the Government completes its awaited SEND review and provide adequate funding to prevent the medium-term funding shortfall and avoid a potential financial impact on the Council's general fund. The Government should also avoid the perverse situation where authorities that build large deficits receive additional funding when some of that deficit may be created by poor use of resources – there should not be financial compensation which could unintentionally subsidise poor performance. The continued extension of the statutory override in place is not sustainable and effectively delays the need to deal with the root cause of the funding problem identified above.

New Burdens Doctrine

New burdens doctrine was expected to be transparent in recognising and funding additional cost pressures for local authorities arising from changes in government policy. Some of the cost pressures include new burdens such as, for example, no recourse to public funds, automatic enrolment, various changes from the Social Work Act, extended support to care leavers to the age of 25 years old, the previous lifting of the public sector pay cap, indexation and equalisation of guaranteed minimum pensions, deprivation of liberty, national living wage, the Homelessness Reduction Act and there are other examples where such burdens have not been adequately funded. DLUHC have recognised some of the pressures on adult social care and provided some limited flexibility to use grant funding for children's social care as well as the continuation of the Adult Social Care Precept for 2024/25A1. However, the further cost pressures in 2024/25 on children's social care, special educational needs, adult social care and homelessness need to be fully recognised given the significant additional cost burden which is not met by the funding provided.

Children's Social Care

We welcomed the review of children's social care launched by the Education Secretary in January 2021 which 'will set out to radically reform the system' and hoped that this would have thoroughly considered the costs pressures on children's social care and the need for adequate funding to improve children's lives. The outcome does not address the funding challenges for children's social care and costs continue to increase to reflect societal changes, demographic changes, improved healthcare and high cost increases amongst the limited number of residential care providers. A sustainable funding solution is required.

Homelessness

Bromley is experiencing significant increase in homeless residents requiring accommodation through the Council which will be due to various elements including, for example:

- Although the changes to local housing allowances were welcomed (raising to a level covering 30% of local rents from April 2024), it does not provide adequate support to significantly reduce the housing need to be met by the Council given despite significant increases in private sector rents across the borough and the high demand for rented accommodation within the borough. In addition, temporary accommodation costs only receive subsidy at 90% of 2011 Local Housing Allowance levels. Given the current difficulty in obtaining suitable permanent accommodation, this housing benefit subsidy should be aligned to current LHA levels;
- Buy to Let reforms combined with higher mortgage rates for landlords reducing the availability of buy to let properties available to residents;
- The significant acquisition of accommodation from the Home Office to provide accommodation for asylum seekers;
- Residents experiencing higher mortgage rates which could impact on ability to remain in their existing property.

Although we have been successful in developing innovative opportunities with external partners to deliver temporary accommodation to help meet increasing demand, this is still not enough. Government must consider how this serious and increasing pressure is managed and funded in the long term. Bromley is seeking further increases in Homeless Prevention Grant (in addition to allocation in Provisional Local Government Settlement 2024/25) together with a review of funding for housing including more financial incentives to build housing stock.

Public Health

We would be concerned if the previously reported indicative allocations of 1.3% cash increase becomes final. This is considerably lower than inflation and does not recognise the additional demands on the service post COVID. It is important that the allocations are publicised as soon as possible.

Summary of Financial Impact of Growth Cost Pressures

After allowing for increased costs of 3.5% in 2024/25 (reducing to 2% per annum from 2026/27) and total mitigation of £33.2m in 2024/25 rising to £58.4m in 2027/28 the net position reflected in the Councils financial forecast is shown below:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Children's Social Care	6,870	7,470	8,070	8,670
Education (Mainly SEN transport)	2,130	3,065	4,245	5,427
Adults Social Care	4,584	9,286	11,113	12,940
Housing	4,103	5,476	6,726	7,881
Other	-321	-405	-405	1,595
	17,366	24,892	29,749	36,513

Packaging Reforms

The Government previously planned packaging reforms provided an opportunity for additional funding for local government to reflect the responsibility relating to waste collection and disposal as well as other factors. If the changes do not progress as originally planned, we would hope that alternative income could be provided for local government.

Fair Funding Review

We recognise that the Government will continue to work with local authorities to undertake the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities – it appears to be delayed till 2026/27 at the earliest which is disappointing, given the reliance on core funding data going back to 2013/14 and in some cases census data of 2001. There have been significant changes in demographics during that period which has had a negative financial impact on the borough with no compensation from revised formula funding. The delay in the Fair Funding Review, combined with one year financial settlement also creates significant financial uncertainty in future financial planning to support key services.

We recognise that this review is an opportunity to resolve the long-term funding of local government and ensure we have the flexibility in place to make the best use of our resources for our residents.

Workforce Recruitment Challenges

Children's social work is biggest workforce challenge for authorities, with adult social care being the second highest challenge for recruitment in permanent roles which reflects the outcome of a comprehensive survey by the Local Government Association. The Council has been proactive in finding ways to recruitment permanent staff in key roles but this remains very challenging, despite our success in this area. Government investment in local government and its workforce is key to ensure services remain effective and also to delivering the Government's wider policy agenda.

Reinforced Autoclaved Aerated Concrete

As part of an initial assessment the Council has identified potential additional capital costs of £3m and is seeking that the Government considers providing financial support for this unexpected cost pressure.

Key Asks for the next Autumn Statement and the final (2024/25) as well as future Local Government Finance Settlement

Key asks for its associated impact on funding for Bromley are summarised below:

- It should result in a mechanism to reward more efficient authorities (e.g. financial incentives in the system).
- It should recognise low-cost authorities like Bromley (2nd lowest costs per capita among London Boroughs) - something we have repeatedly raised. We have kept council tax low despite continued low levels of funding. We have done this by keeping our costs low. The funding mechanism should include a factor that recognises below average cost authorities having a lesser reduction in SFA or some degree of 'protection' to lessen the impact on that basis.
- Recognition of the cost increases exceeding general inflation increases across many Council's services together with the revenue impact of Council's Capital programme with cost increases arising from the implications of high building inflation, supply availability issues and increasing financing costs.
- The negative revenue support funding adjustment is clearly not 'fit for purpose' and should continue to be removed if it is necessary for the existing funding formula to continue whilst the outcome of the Fair Funding Review is awaited.
- It needs to recognise higher London costs which impacts on service costs and the financial impact of need. Bromley has one of the lowest Area Cost Adjustments for the London area and this needs to be reviewed more closely to reflect that, for example, costs in Bromley are as high as the South West of London.
- It should recognise that authorities with a low-cost baseline should not have to face a higher proportion of cuts to funding as part of any future austerity and thus recognised/compensated in any future funding arrangements.
- Remove restrictions that prevent local authorities from raising or spending their own resources - we need more flexibility in place to make the best use of our resources for our residents.
- Introduce more flexibility to Councils allow statutory charges to increase by at least inflation to assist in matching increases in costs.
- The future Spending Review should recognise Bromley's cost pressures detailed in this submission. The Council faces a potential budget gap of around £39m by 2027/28, even after allowing for full council tax increases, within referendum limits. The majority of the Council's spending is directed towards statutory services. Years of annual budget cuts, combined with a low cost base, mean there are limited options available to achieve further savings.
- Bromley's population is expected to increase by 7% by 2033, this is a greater increase than the expected national average of 3.5%. Funding is currently not reallocated based on population growth. Using GLA central estimates, between 2023 and 2043 over 65's are expected to increase by 41% and over 90's by 72% with an overall population

increase of 14% during that period.

- Should have mechanisms in place to ensure new burdens are adequately funded.
- Benefits data which is used in determining needs assessment does not reflect low level of take up (can it be adjusted to reflect lower take up compared with rest of country?) or the impact of higher housing costs in London. Measuring deprivation levels after housing costs gives a more realistic assessment of disposable income.
- We have previously raised our concerns about the complexity and lack of transparency within the current local government finance system as well as the continued ring-fencing of some funding streams (including schools) which reduces flexibility to re-divert resources according to local priorities. We believe it is critical that these points are addressed as part of the future Fair Funding Review. It remains essential that any whole solution that provides a sustainable platform for the future includes resource equalisation and transitional arrangements.
- We request that the changes made by previous Governments to give local authorities more control over the funding be reconsidered. This includes education funding and various other grant funding. The national formula funding for education reduced flexibility of funding for special educational needs and, whilst the additional High Needs funding has been welcomed, there remains a risk of longer-term potential costs being ultimately met by the council taxpayer rather than through schools funding. Extension of legal duties, without additional funding being provided, has increased the cost pressure for the high needs service. This is coupled with the anomaly where the council taxpayer is required to fund special educational needs transport costs of around £13m per annum which should logically be funded through education funding as it is part of the overall SEN package of costs.
- The Government should remove any funding mechanism that could create a perverse situation where poor performance is compensated e.g. high needs, whilst not recognising fully deficits created by inadequate funding rather than poor practices.
- Recognises the true financial impact of essential highways maintenance and repair in a geographically large borough with an extensive road network.
- The relative size of the Needs and Resource amounts are ultimately set by DLUHC on the basis of judgement - can some of the unique factors for Bromley be reflected in this to ensure low cost-efficient authorities are not penalised?

The above does not reflect all the asks and we recognise that the Government will continue to work with local authorities to consider bringing forward the Fair Funding Review and other significant changes, including the business rate review, which could have a significant impact on future finances for local authorities.

Multi-year Settlement Needed

A one-year financial settlement creates uncertainty.

We recognise the difficulty in providing a longer-term financial settlement, given the current economic position. However, a one-year settlement does create uncertainty in future financial planning whilst other key organisations e.g. NHS are provided with a longer-term financial settlement.

We are seeking a multi-year funding settlements from 2025/26 which will enable more long-term stable, predictable funding. This would provide greater planning certainty and allow for greater investment in prevention and other more meaningful long-term financial decisions.

Bromley – Financial Context

It is important that this response is considered in the wider context of historic local government funding challenges and increasing demand for our services.

For 2024/25, Bromley will have the 2nd lowest level of settlement funding in the whole of London despite having the 7th highest population (excluding City of London). Bromley will receive £123 per head of population compared with the average in London of £330 – the highest is £556. Bromley has one of the lowest net expenditure per head for London and an article in telegraph Money section dated 15th December 2023 considered various key local authority indicators and concluded that Bromley came second place for value for money out of 127 authorities reviewed. Despite being low costs our existing funding levels will create an unsustainable financial position for the future without significant cuts to key services in order to balance the budget. We are the largest London Borough in terms of geographical size, have the highest proportion of older people and the largest road network. The associated cost implications are not reflected in our settlement funding. If we received the average level of grant funding, our income would increase by £53.7m in 2024/25. It is essential that DLUHC reflect an adjustment to the Council's baseline funding position to address historic low funding levels in the future local government settlement, following a future Spending Review.

During the period 2010/11 to 2019/20 we have faced government core grant reductions of around £77m per annum and delivered savings of £100m per annum. Although we have delivered further savings (cumulative total of £130m per annum), any future ongoing funding reduction (or standstill funding position) would become unsustainable for a low-cost authority. Bromley has managed its finances extremely efficiently despite having a low level of government funding and has managed to maintain a low council tax. Bromley has created a low-cost base through many pioneering measures taken including outsourcing on a large scale, transfer of housing stock, creation of leisure trust and relentless cost control. However, this provides a further challenge as our scope to achieve savings through efficiencies is significantly reduced compared with other high-cost authorities.

If there were no future cost pressures, then maintaining the level of Government funding to allow for inflation and allowing flexibility in raising Council Tax would be financially sustainable. However, it is important to be realistic and recognise that the real challenge is dealing with increasing costs/income losses arising from new burdens not fully funded and increasing demand for services, immense pressure on adult, children's social care, Special Educational Needs and Disabilities (SEND) funded through the Council's general fund, homelessness costs, rising population levels and meeting inflation costs. To meet these challenges there needs to be a fairer level of funding to Bromley, without the significant dependency on increasing on council tax. This would be essential to provide a medium and longer term sustainable financial solution. This would enable the Council to meet the key services that matter to our residents and taxpayers.

Reserves do provide a temporary stop gap, allowing for continued delivery of critical services. However, the Council is using reserves to support its existing revenue budget which is not sustainable in the medium and longer term – reserves can only be spent once. The importance of reserves to manage uncertainly and deal with key risks facing council's is well documented and Councils that retain reserves through prudent financial management should not be penalised in any future funding regime. It is essential not to reward poor financial management.

Further background is also provided in the Council's Draft Budget 2024/25 and Update on Financial Strategy 2025/26 to 2027/28 report to Executive on 17th January 2024 (see link below):

[Budget Report 2024 25.pdf \(bromley.gov.uk\)](#)

Statutory Duties – Review of Local Government Services if adequate Funding is not available

There were 1,335 statutory duties as at June 2011, identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite overall significant funding reductions. This provides a greater challenge for a low-cost authority like Bromley. This

highlights the importance of considering the full impact of any changes affecting local government. The Government should consider reviewing the role and duties of local government to match the potential resources available.

Working with Government

We appreciate the ongoing support of Bromley's local MP's who have highlighted concerns about an ongoing poor financial settlement for Bromley and the need for a fairer system that rewards efficient low-cost councils and provides a 'fairer' level of funding in recognition of the needs of residents and council taxpayers.

Bromley had previously supported Government policy towards meeting austerity, seeking to generate economic growth through investing (and contributing to UK PLC) and keeping public sector costs low whilst driving out more efficiency. We also have the highest proportion of schools converted to academies.

The 2024/25 settlement does provide recognition of inflation costs which is helpful. However, the scale of financial challenges with a new significant cost pressure rating to housing If the next Spending Review and future Fair Funding enables a more sustainable funding approach it would be welcomed and enable the Council to provide key services to its residents, support the Government's objectives and support the local economy with a resultant benefit on national economic growth which is key to providing revenues to Government to support services that matter to taxpayers and council taxpayers.

Responses to specific questions raised through the consultation are attached.

To allow time to meet the statutory council tax deadlines and our annual billing deadlines, it is important that the final Local Government Finance Settlement 2024/25 is published by 23rd February 2024 to enable sufficient time for final key decisions to be made.

It is important to recognise the financial stresses facing local authorities are unprecedented with more and more authorities in crisis. This includes frequent press reports about potential Section 114 notices across the country. Having a low cost base and without new flexibilities to raise additional funding with adequate funding for key services from Government, the medium and longer term finances for Bromley would not be sustainable.

Both Members and Officers remain keen to work with the Government to help find positive solutions that work for our residents and taxpayers to meet future service priorities in the shorter term as well as the longer term. Bromley Council appreciates the opportunity to respond to the consultation on the 2024/25 Provisional Local Government Finance Settlement.

Yours faithfully



Peter Turner
Director of Finance

RESPONSE TO CONSULTATION QUESTIONS

Question 1: Do you agree with the government's proposed methodology for the distribution of Revenue Support Grant in 2024-25?

Although the distribution formula urgently needs to be fully updated given the delayed Fair Funding Review, we recognise that the proposed approach to distributing RSG is a reasonable interim measure. Low cost and well-run authorities should not be penalised with a negative RSG requirement, and we are pleased that this is recognised in the provisional settlement. The Fair Funding Review reforms are essential to the effective delivery of important services to the public and must provide a robust system for ensuring that resources are allocated accordingly and recognise the need for a better funding deal for Bromley. The funding baseline no longer resembles the baseline of the Council relating to early 2010s. It is therefore out-of-date, not fit for purpose, discourages local accountability, and undermines local management.

Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2024-25?

We welcome the Government steps to simplify the funding environment by rolling in more grants to core funding. We welcome more flexibility in how we use the funding. However, it is essential that any roll-ins are done in a transparent way to ensure no funding has been reduced.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?

Bromley continues to oppose the 'capping' of council tax increases through the mechanism of referendum principles. Council tax is the only locally determined tax and local authorities must have full flexibility in how it is used as well as how it is set that strikes the appropriate balance between local resources and needs. 'Capping' restricts local decision making. No central government tax is subject to the same approach. As there is to be a continuation of the ASC precept in future years, we would urge the Government to allow flexibility for it to be spent on both adult and children's social care as many boroughs are experiencing large funding pressures in children's social care as many well as in adults.

The continued reliance on Council Tax as the primary driver of increased Core Spending Power is challenging and does not compensate for the funding shortfall to meet key services. Additionally, the assumption that all Council Taxes will be raised by these limits creates a false perception of the amount of new funding provided to local government and reduced transparency regarding the amount of funding provided to local government.

More flexibility and an improved funding system would allow for improved local accountability and long-term financial sustainability.

Question 4: Do you agree with the government's proposals to maintain the Funding Guarantee for 2024-25?

Given the inadequacy and outdated nature of the current funding formula, the Funding Guarantee ensures that local authorities receive at least some additional funding which includes Bromley. (Bromley is just one of only a few London boroughs to receive the guarantee). We understand the rationale around the funding guarantee, but lower tier councils face pressures due to inflation and this represents moving funding from lower tier services grant to a funding guarantee which mainly benefits district councils. Any funding guarantee should be funded from additional rather than existing resources.

Question 5: Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2024-25?

We welcome the significant additional funding to support social care. We seek assurances that the 'repurposed' funding (previously set aside for Adult Social Care Reforms) can be retained to support key services with separate funding being provided when/if the delayed Adult Social Care Reforms are implemented. As indicated in the main letter, it is essential that the cost implications of the Adult Social Care Reforms are fully assessed, prior to implementation, to ensure adequate funding is provided. However, Bromley disagrees with the proposed method for distributing funding for both children and adult social care using solely the adult social care RNF. If the intention is for this funding to alleviate pressure on both adult and children's social care, it's distribution should reflect relative levels of needs in both services. We urge the Government to set out why it is not using the existing children's social care funding formula. There is an inconsistency in the proposed allocation method for the Social Care Grant, which is partly reduced for Bromley to reflect equalisation for what can be raised in the Adult Social Care Precept. If the precept remains solely for adult social care, and the support grant for both children's and adult social care, this is effectively reducing the funding available for children's social care pressures. Although the additional funding (committed as part of the 2023/24 settlement) is helpful it will not match the scale of cost pressures in adult's and children's social care, special education needs (general fund) which reflects demographic changes and homelessness.

Question 6: Do you agree with the government's proposals for New Homes Bonus in 2024-25?

Although we recognise the continuation of funding of New Homes Bonus, the allocation to Bromley is only £0.4m. There remains long-term uncertainty on funding. There has been a long series of adjustments over the years that have reduced the incentive provided by the bonus. Any reforms to the bonus, or indeed a successor scheme, must ensure it truly incentivises house building in areas of the country facing the greatest housing pressures. A permanent solution is required to provide greater long-term funding certainty to encourage home building. We urge the Government to confirm its long-term intentions for the New Homes Bonus as soon as possible including reforms to better incentivise house building in areas of the country facing the greatest housing pressures, such as London.

Question 7: Do you agree with the government's proposals for Rural Services Delivery Grant in 2024-25?

Bromley disagrees with the provision of additional funding to rural areas, through this mechanism. The existence of the Rural Services Delivery Grant remains based on an unclear evidence base. All funding allocated through this separate grant could otherwise have been distributed more fairly across all local authorities in England based on proven need and also recognise the unique pressures faced by urban areas.

Question 8: Do you agree with the government's proposals for Services Grant in 2024-25?

Bromley welcomed the additional new one-off "Services Grant" introduced in 2022/23. Given the financial challenges facing the Council (as well as Section 114/ financial distress reported among many local authorities) any reductions to central government grants, including the Services Grant, present significant risk to the longer sustainability of the Council. The reduction to Bromley equated to £1.3m (reduced from £1.5m to £0.2m). This follows a reduction in 2023/24. The Services Grant supports a number of critical local services including, for example, adult social care, children's social care and temporary accommodation. Given the importance of these services the funding levels for this grant should remain at least at 2023/24 levels i.e. no reduction.

Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.

The continued underfunding of local government services and the acute funding pressures that local governments face particularly in the areas of adults and children's social care may have a disproportionate impact on persons who share a protected characteristic.

Question 10: Do you have any views about the government using levers in future local government finance settlements (those occurring after 2024-25) to disincentivise the '4 day working week' and equivalent arrangements of part time work for full time pay?

Fundamentally questions regarding the appropriate compensation of employees and the level of service provided by local councils should be made locally. This is particularly relevant when proposals impacts the stability and predictability of available funding and further reduce the ability of councils to identify alternative solutions to very real staffing retention and retainment challenges.