

Decision Maker: PORTFOLIO HOLDER FOR RENEWAL, RECREATION AND HOUSING

Date: For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on 19 June 2024

Decision Type: Non-Urgent Executive Non-Key

Title: FINAL OUTTURN REPORT 2023/24

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Chief Officer: Director of Housing, Planning and Regeneration

Ward: All Wards

1. Reason for report

- 1.1 This report provides details of the final outturn position for 2023/24 for the Renewal, Recreation and Housing Portfolio.
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2. **RECOMMENDATION(S)**

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

- i) **Note the net overspend of £5,603k on controllable expenditure at the end of 2023/24 and consider any issues arising from it.**

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

- i) **Endorse the 2023/24 final outturn position for the Renewal, Recreation and Housing Portfolio.**

Impact on Vulnerable Adults and Children

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

1. Policy Status: Sound financial management
 2. MBEB Priority: To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: RR&H Portfolio Budgets
 4. Total current budget for this head: £27.0m
 5. Source of funding: Revenue budget 2023/24
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Personnel

1. Number of staff (current and additional): 194 Full time equivalent
 2. If from existing staff resources, number of staff hours: Not applicable
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Applicable: Portfolio Holder decision.
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2023/24 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all the Council's customers (including council taxpayers) and users of the services.
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Ward Councillor Views

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

3. COMMENTARY

3.1 This report provides the final outturn position for the Renewal, Recreation and Housing Portfolio for 2023/24, which is broken-down in detail in Appendix 1, along with explanatory notes.

3.2 The final outturn for the “controllable” element of the Renewal, Recreation and Housing budget in 2023/24 is a net overspend of £5,603k compared to the last reported figure of a net overspend of £3,721k which was based on activity at the end of December 2023.

Summary of Major Variations

3.3 The following table summarises the variations over the key areas:

	£'000
Building Control	307
Land Charges	137
<i>(t/fr of in-year deficits above to reserves)</i>	<i>(444)</i>
Planning	417
Culture & Regeneration	Cr 110
Allocations and Accommodation	4,968
Supporting People	Cr 173
Housing Options and Support	Cr 220
Housing Schemes	833
Other Housing	Cr 112
	<hr/> 5,603 <hr/>

Full Year Effect

3.4 The cost pressures identified above within the Housing service are projected to impact in 2024/25 by £8,595k. Further growth of £7,030k for Housing has been included in the budget for 2024/25; however, there is a total of £2,613k savings assumed from the mitigation and transformation work streams, mainly through the provision of new affordable housing.

3.5 Given the significant financial savings that the Council will need to make over the next four years, it is important that all future cost pressures are contained and that savings are identified early to mitigate these pressures. Further details are contained within Appendix 3.

Carry Forward Requests

3.6 On the 22nd of May, the Executive was recommended to approve several carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2024/25.

3.7 Appendix 2 provides a detailed breakdown of all the carry forward requests for Renewal, Recreation and Housing Portfolio. Future reports to the Portfolio Holder will be required to approve their release from the 2024/25 Central Contingency.

4. COMMENTS FROM THE DIRECTOR OF HOUSING, PLANNING & REGENERATION

- 4.1 £1,589k of growth was included in the housing budget for 2023/24 to reflect the continuing pressures in relation to homelessness and the provision of temporary accommodation. A total of £1,745k savings was also included to mitigate these pressures.
- 4.2 Despite ongoing prevention work, the number of homeless approaches is starting to rise with an increase of 210 new approaches during the first half of 2023/24 compared to the same period in the preceding year. This is projected to equate to a 10% rise for the financial year. The supply of temporary accommodation is under increased pressure meaning that the majority of new placements can only be secured through the nightly paid market. There is increased pressure on nightly paid accommodation rates across London and the South East which have risen steeply during the past 12 months with roughly a 30% increase in average rates. The Council is now regularly being forced to make emergency placements into commercial hotels as there is simply insufficient accommodation becoming readily available. This has resulted in a £4,806k overspend on temporary accommodation in 2023/24, with a £5,296k overspend on housing overall. As has been reported, work is ongoing to increase the supply of affordable housing to continue to mitigate and reduce the current pressures relating to temporary accommodation particularly in relation to the increased ability to secure leased accommodation within temporary accommodation subsidy rates.
- 4.3 A substantial part of Planning Services' work attracts a nationally set fee income for the Council, for example the planning application fees. The fee income and volume of work reflects the wider economic circumstances affecting development pressures in the Borough. There is a risk of income variation beyond the Council's immediate control; however, trends are regularly monitored in order that appropriate action can be taken. Action has successfully been taken to negate the risk of Government Designation for Special Measures due to Planning performance for the current year. However, this is based on the actions identified being implemented to reduce the risk of Government Designation in future years.
- 4.4 Work is underway to look at all options to increase income to assist in mitigating the short fall between fees and associated costs.
- 4.5 There is a risk of substantial planning appeal costs being awarded against the Council by the Planning Inspectorate if the Council is found to have acted unreasonably. For major appeals, which can arise unpredictably, there is often a need for specialist external consultant's advice which creates additional costs.
- 4.6 The key risks in the Renewal, Recreation and Housing Portfolio continue to be:
- i) Increased homelessness and the associated costs particularly relating to the increased demand for placements from all London Councils. In particular, significant increases in the cost of procuring temporary accommodation.
 - ii) Increased rent arrears arising from inflation and increased costs of utilities and so forth.
 - iii) Reduced vacant housing association properties coming forward for letting and insufficient capacity within the private sector to meet the shortfall.
 - iv) Increased maintenance and repairs costs required to maintain health and safety standards.
 - v) Increases being seen in construction and maintenance costs.

5. POLICY IMPLICATIONS

- 5.1 To meet the ambitions for residents, the Council must use available resources deploy its workforce wisely. This is reflected in the “Making Bromley Even Better” ambition of Service Efficiency - ‘To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents.’
- 5.2 The “2024/25 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 5.3 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

6. FINANCIAL IMPLICATIONS

- 6.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B. Appendix 2 outlines the requested carry forwards to 2024/25. Appendix 3 shows the latest full year effects and Appendix 4 gives the analysis of the latest approved budget.
- 6.2 Overall the final outturn position for 2023/24 is an overspend of £5,603k.
- 6.3 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1A. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service.
- 6.4 As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources, Commissioning and Contracts Management Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications
Background Documents: (Access via Contact Officer)	2023/24 Budget Monitoring files in ECS and ECHS Finance Section

Renewal, Recreation & Housing Budget Monitoring Summary

2022/23 Actuals £'000	Division Service Areas	2023/24 Original Budget £'000	2023/24 Latest Approved £'000	2023/24 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	PLACE DEPARTMENT							
	Planning							
27	Building Control	70	70	377	307	1	243	0
Cr 63	Land Charges	Cr 117	Cr 117	20	137	2	70	0
1,823	Planning	986	1,106	1,523	417	3	226	0
	Building Control and Land Charges transfer of in-year deficit to reserves	0	0	Cr 444	Cr 444			
1,787		939	1,059	1,476	417		539	0
	Culture & Regeneration							
1,384	Culture	1,120	1,120	1,042	Cr 78	4	Cr 88	0
5,570	Libraries	5,174	5,612	5,577	Cr 35	5	0	0
87	Town Centre Management	44	44	47	3		0	0
7,041		6,338	6,776	6,666	Cr 110		Cr 88	0
	Operational Housing							
1,276	Housing Strategy, Advice and Enabling	1,522	1,412	1,374	Cr 38	6	0	0
Cr 1,502	Housing Benefits	Cr 1,586	Cr 1,586	Cr 1,627	Cr 41	7	0	0
Cr 54	Housing Improvement	Cr 20	Cr 20	Cr 53	Cr 33	8	Cr 25	0
7,046	Allocations and Accommodation	5,356	5,401	10,369	4,968	9	3,295	8,743
921	Supporting People	1,134	1,134	961	Cr 173	10	Cr 148	Cr 148
1,095	Housing Options and Support	1,671	1,862	1,642	Cr 220	11	Cr 175	0
0	Housing Schemes	257	257	1,090	833	12	323	0
8,782		8,334	8,460	13,756	5,296		3,270	8,595
17,610	Total Controllable	15,611	16,295	21,898	5,603		3,721	8,595
Cr 412	TOTAL NON CONTROLLABLE	Cr 541	Cr 487	Cr 487	0		0	0
5,691	TOTAL EXCLUDED RECHARGES	5,583	5,600	5,600	0		0	0
22,889	TOTAL RR & H PORTFOLIO TOTAL	20,653	21,408	27,011	5,603		3,721	8,595

REASONS FOR VARIATIONS

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

1. Building Control Dr £307k

Building Control fees were increased in 2022/23 in order to realign the budgeted income target with a more realistic outcome, but in 2023/24 an agreed saving increased the income budget target by £79k overall. Based on the activity in the past months and as anticipated throughout the year, income has fallen short of the budgeted amount by £307k.

2. Land Charges Dr £137k

Similar to Building Control, we anticipated a variation overspend and the final figure was £137k. Historically this has been the case over the past a few years and the activity has not improved in the final quarter.

3. Planning Dr £417k

Planning Pre-Apps & Planning 'Significant' Major Apps We are reporting a final shortfall of income of £417k compared to the £226k declared in Q3. It should be noted that the Government's planning application fees draft regulations consultation may increase future fee levels by 30%, however, any increase in fees is not currently expected to come into force until after April 2024.

4. Culture Cr £78k

Culture reported a underspend of £78k, however there is a carry forward request of £72.5k for the Penge Wayfinding project, if approved this will reduce the underspend to £6k.

5. Libraries Cr £35k

There is a £35k underspend in Libraries because of utilities costs coming in lower than anticipated. This positive outcome was driven by favourable rates, particularly during the latter part of the year.

6. Housing Strategy, Advice and Enabling Cr £38k

There was a £38k underspend on running costs within this service area.

7. Housing Benefits Cr £41k

There was a £41k underspend within this service area related to the administration of Housing Benefits.

8. Housing Improvement Cr £33k

There was a £33k underspend on salary costs within the Housing Improvement service.

9. Allocations and Accommodation Dr £4,968k

There was an overspend of £4,806k in all Temporary Accommodation in 2023-24. At the end of the financial year, there were 1,348 households in nightly paid Temporary accommodation. This figure was 1,224 in Q3, 1,161 in Q2 and 1,125 in Q1. The average annual cost was £11,155 per household per annum at the end of the financial year (this compares to a figure of £9,761 for Q3, £8,857 for Q2 and £8,268 for Q1). In the last two months of this financial year, the average cost of new temporary accommodation placements had increased to £15,216 per annum.

These figures exclude other schemes like More Homes Bromley, Pinnacle (formerly Orchard & Shipman), ex-residential care homes, and the Bromley Private Sector Leasing Scheme. Once these have been included there are currently over 1,558 households in Temporary Accommodation.

Transformation Programme savings were achieved during the year to provide a longer term alternative to expensive nightly paid accommodation. Other earlier schemes in the programme have been completed and are contributing to the housing options available.

	£'000
Summary of overall variations within Allocations and Accommodation:	
Temporary Accommodation	4,806
Additional costs of utilities, building and other works	221
PSL Incentive Payments and Furniture Storage and other misc. underspends	Cr 59
Total variation for Allocations and Accommodation	<u>4,968</u>

10. Supporting People Cr £173k

There was a £173k underspend in the Supporting People service area mainly as a result of procurement exercises during 2021/22 and 2022/23 containing costs within inflation that had accumulated in the budget. The full retendering exercise has been completed and the current underspend will remain in this budget to cover potential future pressures.

11. Housing Options and Support Cr £220k

There was an underspend on the Homelessness Prevention service of £157k as currently options are not available for this preventative support to households. There were also total underspends of £63k across Housing Options and Support on running costs and salaries where some posts remain difficult to fill.

12. Housing Schemes Dr £833k

More Homes Bromley Shortfall Payments £491k

Under the More Homes Bromley scheme, LBB is liable for the shortfall in rent as result of the reduced number of acquisitions compared to the original financial model. For 2023-24 the total net rental income shortfall paid was £491k. Previously this shortfall has been met by the rent guarantee contingent liability, but this has been fully utilised and is no longer available.

Beehive and LBB Owned Affordable Housing £275k

There are overspends on the Beehive and LBB owned schemes on additional Service Charges, Council Tax on vacant properties, property repairs and rental income.

Meadowship Homes 2 Nomination Penalty Payments £67k

In line with the nominations agreement, the managing agent applied penalty fees where LBB has failed to nominate clients within the agreed timescales. This is the first time such charges have been applied and total for 2023/24 was £67k.

Waiver of Financial Regulations:

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Subcommittee bi-annually. Since the last report to the Executive, no waivers have been actioned.

Virements Approved to date under Director's Delegated Powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.

APPENDIX 2

Carry Forwards from 2023/24 to 2024/25			
MEMBERS' APPROVAL REQUIRED			
<u>Grants with Explicit Right of Repayment</u>			
<u>RENEWAL, RECREATION AND HOUSING PORTFOLIO</u>			
1	Homes for Ukraine grant		3,582,647
	The Department for Levelling Up, Housing and Communities (DLUHC) launched the Homes for Ukraine scheme on the 14th March 2022. The scheme allows people living in the UK to sponsor a Ukrainian national or family to come and live in the UK providing there is suitable accommodation available. The grant also covers any additional costs that the Authority may incur. Part of the funding was a one off payment that can be carried forward into the new financial year to continue to support the impact on services for Ukrainians living in Bromley over the following three years (one off funding)		
2	Penge Wayfinding Project - New Homes Bonus funding for maintenance costs		72,500
	£72.5k would cover installation costs, 10 years of maintenance costs plus the costs of disposal. New Homes Bonus funding rules state that the funding can be used for capital and revenue, however it is to be clarified if maintenance costs would be permitted.		
Renewal, Recreation and Housing Portfolio			3,655,147
Total Expenditure to be Carried Forward			3,655,147
Total Grant Income			-3,655,147

<u>OTHER CARRY FORWARD REQUESTS</u>			
<u>RENEWAL & RECREATION AND HOUSING PORTFOLIO</u>			
3	Contract variation - phase 2 of the HRA policies and allocation policy		42,500
	In June 2023 (report HPR2023/028), the Portfolio Holder (RRH) was recommended to approve a contract variation to Campbell Tickell for the provision of consultancy services to continue the development of the various housing policies and work relating to the allocation policy at a value up to £42,500. This funding has been identified from an underspend in contingency in 23/24 and is requested to be carried forward to 24/25 which is when the cost of this contract variation will be incurred.		
			42,500
Total Other			42,500
TOTAL CARRY FORWARD TO 2024/25			42,500

APPENDIX 3

Description	2023/24 Latest	Variation To	Potential Impact in 2024/25
	Approved	2023/24	
	Budget £'000	Budget £'000	
Housing Allocations and Accommodation- Temporary Accommodation	6,418	4,806	The full year effect of Temporary Accommodation is currently estimated to be an overspend of £8,743k. This estimate only takes into account the projected activity to the end of this financial year and not any projected growth in client numbers beyond that point. This does not include the impact of mitigation though the Housing Development and Acquisition Programme.
Supporting People	1,070	Cr 173	The full year effect of Supporting People is currently estimated to be a credit of £148k. This is a result of the estimated savings from retendering of the contracts that has taken place.

APPENDIX 4**Reconciliation of Latest Approved Budget****£'000****Original budget 2023/24****20,653****Carry Forward Requests approved from 2022/23**

Homelessness Reduction Grant		89
Homelessness Reduction Grant	Cr	89
Accommodation for ex-Offenders Expenditure		64
Accommodation for ex-Offenders Grant	Cr	64
Rough Sleepers Initiative Grant expenditure		43
Rough Sleepers Initiative Grant income	Cr	43
Homes for Ukraine Grant		2,644
Homes for Ukraine Grant	Cr	2,644
Defra Biodiversity Net Gain Grant		13
Defra Biodiversity Net Gain Grant	Cr	13
New Homes Bonus Funded LEP Programme		73
New Homes Bonus Funded LEP Programme	Cr	73
Local Plan Implementation		120

Central Contingency Adjustments

2023-24 Accommodation for Ex-Offenders expenditure		74
2023-24 Accommodation for Ex-Offenders income	Cr	74
2023-24 Rough Sleepers Initiative Grant expenditure		214
2023-24 Rough Sleepers Initiative Grant income	Cr	214
HFU Thank you payments expenditure		804
HFU Thank you payments income	Cr	804
2023-24 Rough Sleepers Initiative Grant expenditure confirmed total allocation		214
2023-24 Rough Sleepers Initiative Grant income confirmed total allocation	Cr	214
Homelessness Prevention Grant - 2023-24 additional allocation		361
Homelessness Prevention Grant - 2023-24 additional allocation	Cr	361
HPG– 2023/2024 Homes For Ukraine Funding Top-Up		1,117
HPG– 2023/2024 Homes For Ukraine Funding Top-Up	Cr	1,117
2023-24 Household Support Fund expenditure		3,736
2023-24 Household Support Fund income	Cr	3,736
Inflation - Libraries contract		191
Provision for Increase in Fuel Costs		330
Housing Revenue Account Policies and Allocation Policy		43

APPENDIX 4

Other Budget Movements

Memorandum Items:

Capital Charges		37
Insurance	Cr	17
Repairs & Maintenance		49
Rent income	Cr	15
Excluded Recharges		17

Latest Approved Budget for 2023/24

21,408