

EXECUTIVE, RESOURCES AND CONTRACTS POLICY DEVELOPMENT AND SCRUTINY COMMITTEE 08/07/2024

SCRUTINY OF THE RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT PORTFOLIO HOLDER

1.1 Introduction

1.1.1 My first priority as portfolio holder remains the efficient management of the borough's financial resources. Bromley remains well-placed thanks to hard decisions taken by this and prior administrations. However, significant changes to the Council's funding sources and expenditures will be required before the end of the decade to ensure that the Council can continue to agree balanced budgets.

1.2 Finance

1.2.1 The most important workstream in the first half of the year was undoubtedly preparation of the Budget. I would like to thank the Director of Finance and his team for carrying out this exercise on time and in full, including assisting opposition groups with proposed amendments.

1.2.2 The decline in inflation since the beginning of the year and its return to the target level of 2% is positive for the Council's finances. Many of the council's contracts include inflation indexation, with the annual increase determined based on a single month's figure during the year. Unfortunately, several large contracts reference inflation near the beginning of the year, which ranged from 4% in January to 3.2% in March. Although welcome, the return to 2% inflation will not be sufficient to balance the Council's budget in the long term without structural changes to income and expenditure.

1.2.3 Following the dissolution of Parliament and the election of a Labour government, it is important to highlight manifesto commitments relating to local government finance. The Labour manifesto contains a "commitment to multi-year funding settlements and end wasteful competitive bidding". While additional certainty about future funding would be helpful, the benefits will be very limited if the fundamental issue, namely the structural mismatch between anticipated expenditure on statutory services and revenue sources, remains in place. For this reason, as soon as we have certainty regarding the ministers with responsibility for local government and local government finance, we will lobby hard to highlight the issues Bromley in particular faces with respect to the formula for allocating grant funding. Other changes that may significantly impact the finances of the Council include the proposal to "replace the business rates system" and "overhaul the local audit system", the impact of which cannot be predicted at present.

1.2.4 The Labour manifesto did not contain any reference to council tax. Consequently, there has been much speculation about potential reforms to the largest contributor to the Council's revenues. Potential changes include carrying out a revaluation in England, which in general terms would likely result

in higher bills in the south (and therefore for Bromley residents) and lower bills in the north. The manifesto contained no commitment to retain the council tax reference threshold at 4.99%; as this figure is set annually by the Secretary of State, increasing it would not require any primary legislation.

- 1.2.5 While the decision to borrow externally to fund housing schemes has already been taken, the Council has yet to do so, instead using internal borrowing whilst interest rates remain relatively high. We continue to review the most appropriate funding sources for other aspects of the capital programme.
- 1.2.6 The finance department continues to secure deposits for 1 and 2 years at very attractive rates. As rates have proved to be 'higher for longer', this should provide limited support to the revenue budget.
- 1.2.7 Following public consultation, in March 2024 the Executive voted to introduce a Council Tax premium of 100% on second homes with effect from April 2025. The decision was not undertaken lightly, as the Executive aspires to keep the local tax burden as low as possible while being sufficient to fund efficient local services. It is also expected that the premium will likely to lead to a greater proportion of empty properties coming back into use, either through sale or rent, which will have a positive economic effect.
- 1.2.8 The Director of Finance and I visited Liberata's key sites that provide services to Bromley residents in Barrow and Burnley in February. The prioritisation of Bromley's needs was clear, as was Liberata's focus on delivering continuous service improvements and further efficiencies. Following the announcement of a management buy-out supported by Bain Capital of Liberata's parent company, we will do everything possible to ensure that the change of ownership has no deleterious impact on service provision.

1.3 Property

- 1.3.1 Officers from the Property team and supporting functions continue to support delivery of the Operational Property Review, included the phased migration into Churchill Court and the planned disposal of the old Civic Centre.

1.4 Biggin Hill Airport

- 1.4.1 In March 2024, the Executive noted that following a series of meetings between the Council and Biggin Hill Airport Limited, no agreement was reached. The Council has reiterated its requirements for completing the NAP review, and stated that until these are met, the 50,000 aircraft movement cap remains in force. The Executive further resolved that if BHAL exceed 50,000 movements without the NAP review being complete, the Council will take legal action to protect the Council's position and in support of residents. The option for further meetings remains open and the Council will continue to seek a resolution to the NAP review.

Cllr Christopher Marlow

Portfolio Holder for Resources, Commissioning and Contract Management