Financial Crunch

Cuts to Bromley's budget by Central Government, amid rising service demands, leave stark choices – cuts to services, higher Council Tax or both?

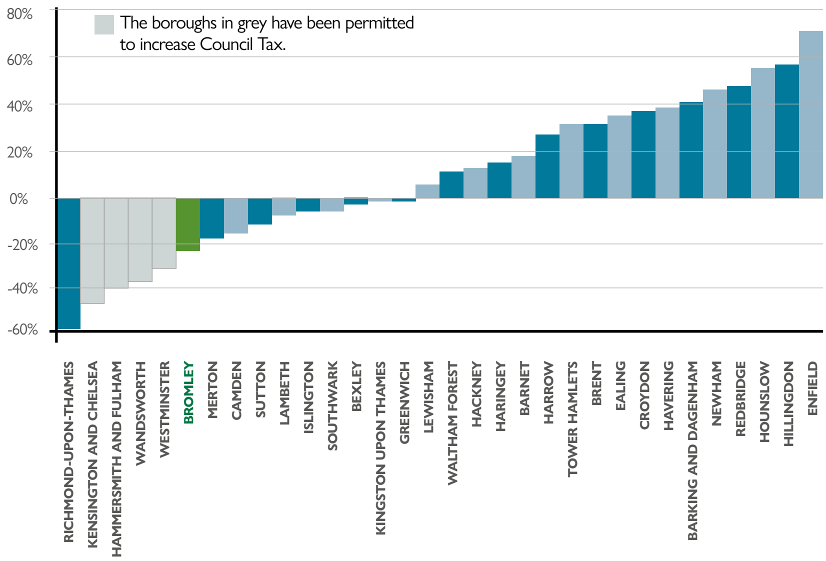
Financial planning ahead of the annual budget setting process in the autumn is proving to be desperately difficult, with all options needing to be considered.

Amidst the well-publicised crisis nationally for local government funding, with its sound financial management, Bromley has successfully avoided many of the problems, including by making major savings and the intelligent use of reserves. Unlike almost every other council, Bromley has also avoided incurring debt, thereby avoiding costly interest payments as well.

All of this has been achieved despite Bromley receiving the second lowest Government funding in London. Last year Bromley would have received an additional £80.4m per year if the Council received just the average Central Government settlement for a London borough. This year, the figure is a stark £112m, with the chart showing how Bromley receives dramatically less cash per

Change in core settlement Funding 2025/26 - 2028/29

(including transitional Protection and Recovery Grant)



head than every other borough bar Richmond.

The loss of £30.5m of Government funding for Bromley in real terms by 2028/29, announced at the turn of year, has however proved to be a hammer blow to the Council's budgetary planning. Bromley, like many other Councils, is now facing a serious budget deficit of £43m next year, rising to £61m in 2028, despite savings of over £35m already being factored in.

All options considered ahead of financial crunch

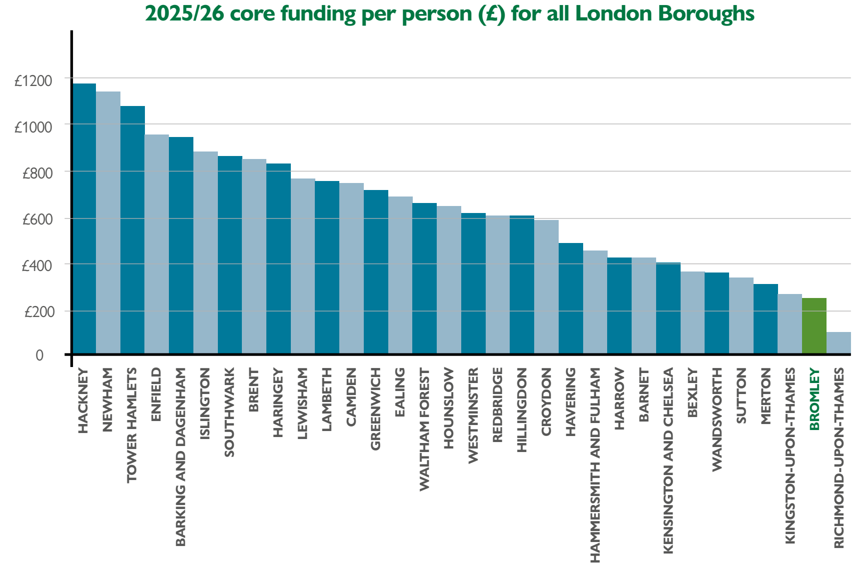
The charts dramatically show that few boroughs have seen their Government funding cut by as much as Bromley. It is also important to understand that four of the five boroughs who have had their funding reduced in a similar way to Bromley, shaded in grey, have already been given permission by the Government to increase their Council Tax by more than 4.99% if they choose to, whilst this is not the case for Bromley at the time of going to print.

The simple choice now facing Bromley is whether and how to either increase council tax over and above the 4.99% increase expected by the Government and whether any further drastic savings can also be achieved. This work is very much ongoing and will have a significant impact on next year's financial budgetary planning process, given the significance and scale of the challenge.

EXTRA £112 MILLION PER YEAR

The amount Bromley would get if it received the average Central Government settlement for London.

2025/26 core funding per person (£) for all London Boroughs



"We have always sought to be straight with residents and explain things how they really are and without doubt, this is by far the biggest financial challenge the Council has ever faced.

Unlike other councils, Bromley's careful financial management over many years means that we are not about to financially crumble overnight but the stark and limited options available to us are increasingly apparent, which is why I want to share wider awareness of the severity of the situation with you for planning purposes now.

"The Government's decision to reduce Bromley's funding by over £30m by 2028 leaves us with no other viable option than to consider a higher than desirable Council Tax increase and that is the painful exercise we have now had to embark on.

"To that end I can also confirm that high level talks with senior Civil Servants have already taken place requesting that Bromley's name be added to the list of those other London Boroughs also blighted by the Government's recent financial 'reforms' who have been granted permission to exceed the 4.99% cap and we now wait to hear back in due course."

Councillor Colin P. Smith
Bromley Council Leader