



**Brighton & Hove
City Council**

POLICY & RESOURCES COMMITTEE ADDENDUM

4.00PM, THURSDAY, 29 NOVEMBER 2012

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

Part One

ITEM		Page
77.	TARGETED BUDGET MANAGEMENT (TBM) 2012/13 MONTH 7	1 - 46
	Report of the Acting Director of Finance (copy attached).	
	Contact Officer: Nigel Manvell Tel: 29-3104 Jeff Coates Tel: 29-2363	
	Wards Affected: All	
79.	BUDGET UPDATE AND SAVINGS 2013/14	47 - 170
	Report of the Acting Director of Finance (copy attached).	
	Contact Officer: Nigel Manvell Tel: 29-3104	
	Wards Affected: All	
86.	ADVERTISING & SPONSORSHIP	171 – 176
	Report of the Interim Lead, Chief Executive Services (copy attached).	
	Contact Officer: Jake Barlow Tel: 29-0395	
	Wards Affected: All	

Part Two

99.	ADVERTISING & SPONSORSHIP - EXEMPT CATEGORY 3	177 – 194
	Report of the Interim Lead, Chief Executive Services (circulated to Members only).	
	Contact Officer: Jake Barlow Tel: 29-0395	
	Wards Affected: All	

Subject:	Targeted Budget Management (TBM) 2012/13 Month 7		
Date of Meeting:	29th November 2012		
Report of:	Director of Finance		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	Jeff.coates@brighton-hove.gov.uk	
Ward(s) affected:	All		

Note: The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Procedure Rule 5 and Section 100B (4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that some of the key financial information could not be updated in time for the agenda despatch.

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast outturn position as at Month 7 on the council's revenue and capital budgets for the financial year 2012/13.

2 RECOMMENDATIONS:

2.1 That the Committee note the forecast outturn position for the General Fund, which is an underspend of £3.534m.

2.2 That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £1.045m.

2.3 That the Committee note the forecast outturn position on the capital programme.

2.4 That the Committee approve the following changes to the capital programme:

- i) The budget re-profiling and budget variations as set out in Appendix 2;
- ii) The carry forward of slippage into the 2013/14 capital programme, to meet on-going commitments on these schemes as set out in Appendix 2;
- iii) The new schemes as set out in Appendix 3.

2.5 That the Committee agrees that Stagecoach South are paid a fixed price concessionary fares reimbursement of £495,000 for 2012/13 and for 2013/14 the sum of £495,000 plus the average increase in RPIX for the financial year 2012/13 for the reasons set out in paragraph 3.10.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
- i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Director of Finance (statutory S151 Officer)

General Fund Revenue Budget Performance (Appendix 1)

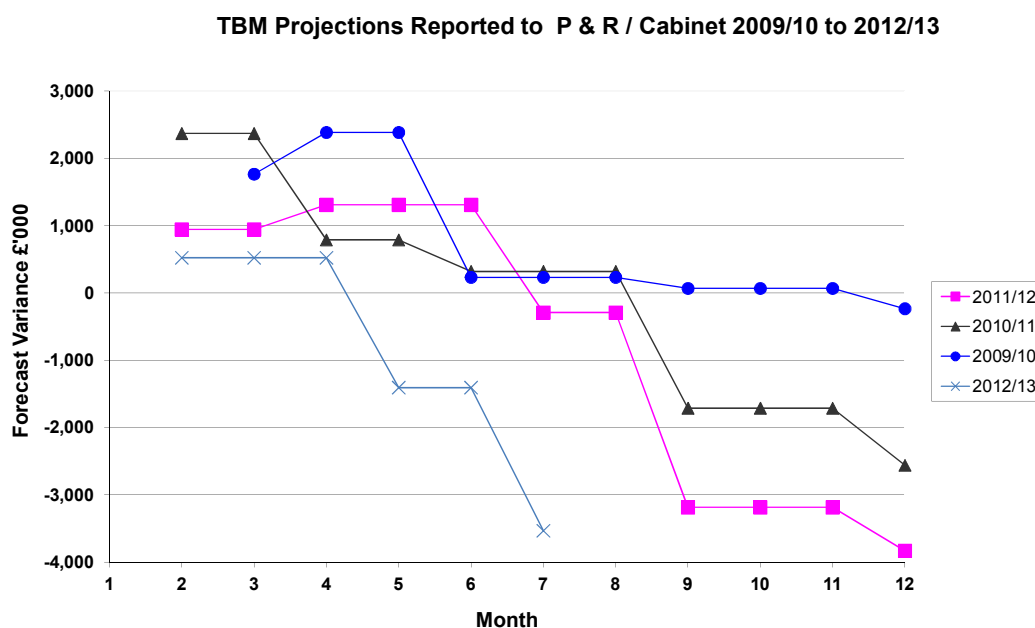
- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. More detailed explanation of the variances can be found in Appendix 1.

Forecast Variance Month 5 £'000	Strategic Area	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(3,509)	People	128,243	124,238	(4,005)	-3.1%
962	Place	47,096	47,916	820	1.7%
813	Communities	12,282	13,042	760	6.2%
243	Resources & Finance	39,033	38,845	(188)	-0.5%
(1,491)	Sub Total	226,654	224,041	(2,613)	-1.2%
38	Corporate Budgets	(5,171)	(6,092)	(921)	-17.8%
(1,453)	Total Council Controlled Budgets	221,483	217,949	(3,534)	-1.6%

- 3.4 The General Fund includes Commissioning Units and Service Delivery Units, which are organised under the strategic areas of People, Place and Communities. These, together with Resource & Finance Units and Corporate Budgets make up the General Fund services reported above.

Comparison with Previous Years

- 3.5 The chart below shows a comparison of the forecasts reported to Cabinet / Policy & Resources for the council controlled budgets for this and the previous three financial years.



Corporate Critical Budgets

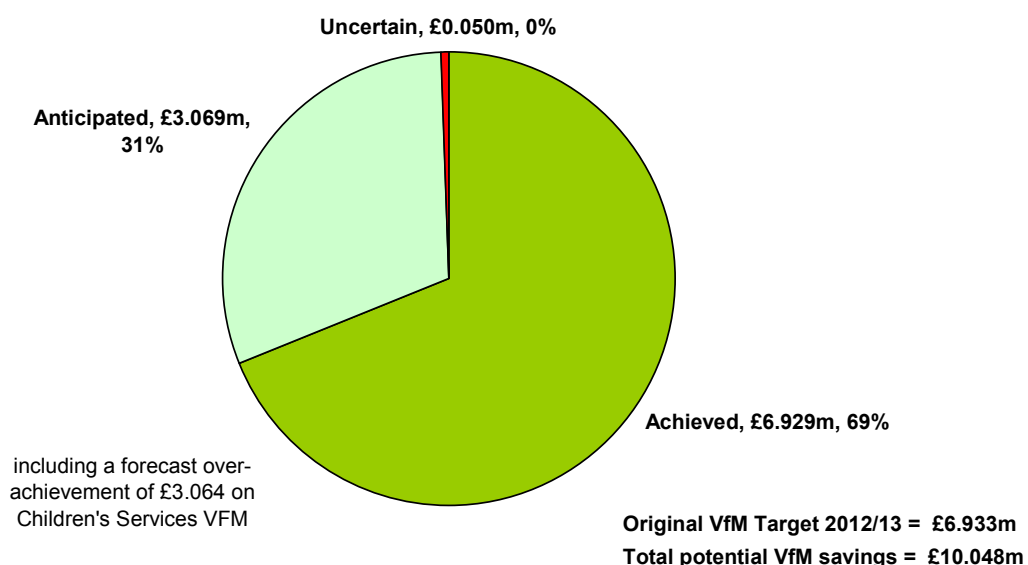
- 3.6 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 5 £'000	Corporate Critical	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(2,490)	Child Agency & In House	22,133	19,152	(2,981)	-13.5%
(1,044)	Community Care	43,928	42,454	(1,474)	-3.4%
307	Sustainable Transport	(15,073)	(14,742)	331	2.2%
436	Temporary Accommodation	979	1,283	304	31.1%
-	Housing Benefits	(752)	(1,104)	(352)	46.8%
(2,791)	Total Council Controlled	51,215	47,043	(4,172)	-8.1%

Value for Money (VfM) Programme

- 3.7 TBM reports also provide updates on the council's Value for Money programme. The VfM programme contains a number of large, complex projects which include additional temporary resources (e.g. Project Managers) to ensure they are properly planned and implemented. Projects can have significant financial and non-financial targets attached to them and their successful implementation is therefore important to the overall financial health of the authority.
- 3.8 Some VfM projects carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report quantifies progress in terms of those savings that have been achieved, those that are anticipated to be achieved (i.e. low risk) and those that remain uncertain (i.e. higher risk). Those that are uncertain are given greatest attention and details of mitigating actions are given wherever possible.
- 3.9 Potential savings exceed the VfM target. Achievements of savings against the target represent 69% of total potential VfM savings. The level of 'uncertain' savings is minimal at £0.050m as shown in the chart below. Further information about the risks and actions relating to uncertain savings is given in Appendix 4.

Value for Money Programme (All Phases) - 2012/13 Monitoring



Concessionary Fares reimbursement for 2012/13 and 2013/14

- 3.10 Stagecoach South operate bus services along the coast to the west of Brighton and Hove attracting a high number of concessionary trips. A fixed reimbursement deal of £470,000 with Stagecoach South was agreed by Cabinet for 2011/12 and discussions have now been concluded with Stagecoach South about a further fixed deal for both 2012/13 and 2013/14. Reimbursement costs calculated using the Department for Transport model are rising each year on this route because both journey numbers and fares are increasing. Based on the first 6 months of

this year journeys are up by 2.7% and the annual reimbursement using the model including eligible cost claims is forecast to be close to £500,000. It is therefore recommended that Members agree the proposed fixed deal of £495,000 for 2012/13 which will then be increased by the average increase in RPIX (retail price index excluding mortgage payments) for 2012/13 to determine level of the fixed deal for 2013/14. Assuming that RPIX remains at 3.1% for the remainder of the financial year (and it is forecast to fall) the average increase will be 3%. This is only marginally more than the current increase in journey numbers and therefore will offer the council both cost certainty and good value for money if bus fares also increase.

Housing Revenue Account Performance (Appendix 1)

- 3.11 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

Forecast Variance Month 5 £'000		2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
	HRA				
(661)	Expenditure	52,575	51,858	(717)	-1.4%
(59)	Income	(52,975)	(53,303)	(328)	-0.6%
(720)	Total	(400)	(1,445)	(1,045)	

NHS Controlled S75 Partnership Performance (Appendix 1)

- 3.12 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.
- 3.13 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported under TBM throughout the year.

Forecast Variance Month 5 £'000		2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(74)	Section 75 NHS Trust managed S75 Services	13,921	13,533	(388)	-2.8%

Capital Programme Performance (Appendix 2)

3.14 Capital programme performance needs to be looked at from 4 different viewpoints as follows:

- i) Forecast Variances: The 'forecast' for a scheme or project indicates whether it is expected to be break-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 2. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.050m or greater are given.
- ii) Variations: These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
- iii) Slippage: This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects however substantial amounts of slippage across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.
- iv) Reprofiling: Reprofiling of expenditure from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to reasons outside of the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended to Policy & Resources.

3.15 The table below provides a summary of capital programme performance by strategic theme and shows that overall the programme is forecast to be on target at this relatively early stage. Within Appendix 2 for each budget area there is a breakdown of the capital programme by Unit.

Forecast Variance Month 5 £'000		2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Outturn Month 7 %
	Capital Budgets				
0	People	30,433	30,433	0	0.0%
(11)	Place	59,219	59,205	(14)	0.0%
(35)	Communities	4,119	4,084	(35)	-0.8%
0	Resources & Finance	11,743	11,743	0	0.0%
(46)	Total Capital	105,524	105,475	(49)	0.0%

3.16 Appendix 2 also details any slippage into next year. Project managers have not forecast that any schemes will slip at present.

Capital Programme Changes

- 3.17 Appendix 2 and Appendix 3 provide details of changes to capital budgets which are included in the budget figures above. Appendix 2 details variations, re-profiled schemes and slippage whilst Appendix 3 provides details of new schemes included in the 2012/13 capital programme. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations.

Capital Budget Movement	2012/13 Budget £'000
Summary	
Approved Capital Budget at Month 5	107,628
Changes reported through other Committees	350
Variations to Budget (to be approved – Appendix 2)	(2,675)
Slippage (to be noted – Appendix 2)	0
New Schemes (to be approved – Appendix 3)	221
Total Capital Budget	105,524

Implications for the Medium Term Financial Strategy (MTFS)

- 3.18 The council's MTFS sets out resource assumptions and projections over a 3-year period. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 3.19 Details of risk provisions currently held are given in the Corporate Budgets section of Appendix 1. The current forecast trend indicates that risk provisions are unlikely to be required in full during 2012/13. The use of one-off risk provisions of £0.784m is assumed in the forecast, with the remaining balance contributing to the reported underspend. The full recurrent risk provision of £1.000m will now be set aside in the Medium Term Financial Strategy to support the 2013/14 budget strategy and savings proposals.

Capital Receipts Performance

- 3.20 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, ICT Fund and the Workstyles VFM projects. For 2012/13 £0.823m capital receipts have been received to date in connection with the disposal of 1a Major Close, the Charter Hotel at Kings Road and some minor leases. Projected receipts for the year include the Ice Rink at Queen's Square.
- 3.21 The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the Council and used to fund the capital

programme. The estimated net usable receipts for 'right to buy' sales in 2012/13 is £0.400m and to date £0.200m has been received.

- 3.22 The first three tranches of receipts totalling £4.807m from the housing Local Delivery Vehicle (LDV) have been received in 2012/13. A total balance of £12.904m is expected for the year. The net receipts are ring-fenced to support investment in council owned homes.

Collection Fund Performance

- 3.23 The collection fund is a separate account for transactions in relation to national non domestic rates, council tax and precept demands. Any deficit or surplus forecast on the collection fund in relation to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority in proportion to the value of the respective precept on the collection fund. It is currently forecast to break even by 31st March 2013. This forecast includes the improved position of £0.162m resulting from a lower than anticipated deficit at 31st March 2012.

Comments of the Director of Finance (S151 Officer)

- 3.24 There are a small number of pressure points within the budget but the overall position for 2012/13 is very positive, primarily due to overachieved savings across Adult and Children's social care budgets. Although the deployment of some one-off risk provisions has been necessary, it is encouraging to note that the use of recurrent risk provisions has not been required. This enables the balance of these provisions to be used as one-off funding to support the very challenging 2013/14 budget.
- 3.25 The positive position does not however mean that controls should be relaxed in 2012/13. Every effort will be made to ensure overspending areas are mitigated to avoid starting 2013/14 with unresolved pressures and strict controls over vacancy management, consultancy spend and other supplies & services budgets will remain in place. Trends on key budgets in social care and housing will continue to be monitored with a view to updating potential savings and service pressures levels for 2013/14.

4 COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 No specific consultation has been undertaken in relation to this report.

5 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications are covered in the main body of the report.

Finance Officer Consulted: Jeff Coates

Date: 20/11/2012

Legal Implications:

- 5.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Equalities Implications:

- 5.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 5.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

- 5.5 There are no direct crime & disorder implications arising from this report.

Risk and Opportunity Management Implications:

- 5.6 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a minimum working balance of £9.000m to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

Public Health Implications:

- 5.7 There are no direct public health implications arising from this report.

Corporate / Citywide Implications:

- 5.8 The Council's financial position impacts on levels of Council Tax and service levels and therefore has citywide implications.

6 EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The provisional outturn position on council controlled budgets is an underspend of £3.534m. Any underspend at year-end would release one off resources that could be used to aid budget planning for 2013/14. Any overspend at year-end would need to be funded from general reserves which would then need to be replenished to ensure that the working balance was maintained at £9.000m.

7 REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Budget monitoring is a key element of good financial management, which is necessary in order for the council to maintain financial stability and operate effectively.
- 7.2 The capital budget changes are necessary to maintain effective financial management.

SUPPORTING DOCUMENTATION

Appendices:

1. Revenue Budget Performance
2. Capital Budget Performance
3. Capital Budget Changes (New Schemes)
4. Value for Money Programme Performance

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Performance

People - Revenue Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(2,623)	Commissioner - Children's Youth & Families	22,370	19,129	(3,241)	-14.5%
(115)	Commissioner - Learning & Partnership	5,296	5,046	(250)	-4.7%
214	Delivery Unit - Children's & Families	35,385	35,818	433	1.2%
(2,524)	Total Children's Services	63,051	59,993	(3,058)	-4.9%
(32)	Commissioner - People	2,004	1,974	(30)	-1.5%
(1,063)	Delivery Unit - Adults Assessment	49,402	48,129	(1,273)	-2.6%
110	Delivery Unit - Adults Provider	13,786	14,142	356	2.6%
(985)	Total Adult Services	65,192	64,245	(947)	-1.5%
(3,509)	Total Revenue - People	128,243	124,238	(4,005)	-3.1%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
(3,142)	Corporate Critical - Children's Agency Placements	The current projected number of residential placements (24.54FTE) is broken down as 20.73FTE social care residential placements (children's homes), 3.45 FTE schools placements, 0.36 FTE family assessment placements and nil substance misuse rehabilitation placements. The budget allows for 25.40 FTE social care residential care placements, 9.00 FTE schools placements, 1.50 FTE family assessment placements and 0.60 FTE substance misuse rehab placements. The	<ul style="list-style-type: none"> Although underspending in total, there are areas of pressure within Children's Agency Placement budgets. In particular, the Children's Services Value for Money (VFM) project is effectively addressing the level of activity and spend in IFAs. The plan focuses on strengthening preventive services and streamlining social care processes including: <ul style="list-style-type: none"> implementing a tiered approach to the procurement of placements for looked after

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>number of projected placements are unprecedentedly low and it is not yet clear whether this level of activity is sustainable. It is currently 11.96 FTE below the budgeted level creating an underspend of £1.523m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements, for the first time in several years has begun to fall. During 2011/12 there were 164.52 FTE placements representing a 13.5% increase on the previous year (following a 23% increase from 2009/10). Currently there are 190.87 projected FTE placements. This is considerably less than anticipated in the budget which is based on 206.50 placements resulting in an anticipated underspend of £1.062m.</p> <p>The current projected number of disability placements is 15.46 FTE with an average unit cost of £2,230.89. The number of placements is 2.15 FTE below the budgeted level. The average weekly cost of these placements is £76.90 lower than the budgeted level and the combination of these two factors together with a projected underspend of £0.022m on respite placements, results in an underspend of £0.343m.</p> <p>It is currently anticipated that there will be 0.95 FTE secure (welfare) placements and 0.63 FTE secure (justice) placements in 2012/2013. The budget allows for 1.25 FTE welfare and 0.75 FTE justice placements during the year. There is</p>	<p>children, reducing the proportion of high cost placements</p> <ul style="list-style-type: none"> • improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care. • strengthening early intervention and preventive services and commissioning a transformation change programme to support the re-structuring of social work services in the Children's Delivery Unit

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>currently one child in a secure (welfare) placement and none in a secure (criminal) placement resulting in a projected underspend of £0.214m</p> <p>Included within the Month 5 projection was £0.250m relating to potential price rises following the preferred provider retendering exercise. This has now been completed and in general providers have not included significant price increases. For this reason the £0.250m provision has been removed resulting in the significant increase in the underspend compared to the previous forecast.</p> <p>Trends across all budgets are continuing to be monitored to inform and update 2013/14 budget proposals (i.e. VfM targets).</p>	
(99)	Other	Minor underspend variances	
(200)	Home to School Transport	There is an underspend of £0.200m which reflects the continued reduction in the numbers of children being transported as well as the more favourable terms of the recently renegotiated contracts.	
(50)	Other	Minor underspend variances	
Delivery Unit – Children & Families			
(4)	Social Work Teams	The Social Work Teams are currently projected to underspend by £0.004m in 2012/13.	
100	Management	There is also a potential overspend resulting from	Vacancies will be scrutinised carefully to consider

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
	& Administration Savings	the current shortfall in the Management and Admin savings target for this branch. The original target of £0.697m was subsequently reduced to £0.447m but savings identified through the Voluntary Severance Scheme and use, where appropriate, of the Dedicated Schools Grant (DSG) had left a shortfall still to be found. Since then savings of £0.050m have been identified reducing the overspend to £0.100m .	further potential opportunities to contribute to this saving as and when they arise.
77	Care Leavers	Currently the Unaccompanied Asylum Seeking Children team are projecting minimal growth in ex asylum seekers being supported resulting in an underspend of £0.149m . This underspend is off-set by a projected overspend of £0.226m against the Leaving Care budget.	Costs will be monitored closely over the remaining months and efforts made to reduce costs or identify mitigating savings to bring this budget back in balance where possible. Increased activity in care leavers is linked to reductions in Looked After Children so spend in this area is supporting the VFM savings above.
(28)	Legal Fees	Legal fees are currently projected to be underspent. This is made up of £0.020m underspend on independently commissioned social work and medical assessments and £0.008m underspend for legal/court fees. The underspend on independent assessments is due to the VFM programme initiative to utilise the Clermont CPU team to undertake these assessments.	
194	Adoption Payments	The latest projection on adoption payments to out of authority providers shows a projected overspend of £0.261m based on a detailed estimate provided by the Head of Service.	Costs will be monitored closely over the remaining months and efforts made to reduce costs or identify mitigating savings to bring this budget back in balance where possible. Increased activity in this service, through a spend to save business case

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		Other adoption payments to individuals in Brighton and Hove show an underspend of £0.067m due to a reduction in anticipated allowances.	forms part of the VFM programme so it is anticipated that resources may be switched in future years.
161	In House Foster Payments	Overspend of £0.161m predominantly relates to increase in Special Guardianship orders where 66 placements were budgeted for but current numbers are 81.	Implementing a tiered approach to the procurement of placements reducing the proportion of high cost placements as far as practicable.
(67)	Other	Minor underspend variances	
Commissioner – People			
(30)	Commissioner – People	Minor underspend variances	
Delivery Unit – Adults Assessment			
see below	Assessment Services	Assessment Services are reporting an underspend of £1.273m at Month 7 (representing 2.7% of the net budget), an increase in underspend of £0.210m since Month 5. Significant progress has already been made in meeting the 2012/13 savings target in full, albeit that some alternative savings have been identified to help offset those areas that are proving more difficult to deliver. There is a risk of £0.400m against extra care housing in particular. The underspend is split against client groups as follows:	
(763)	Corporate Critical - Community Care Budget (Older People)	Older People services are reporting an underspend of £0.763m, which is a continuation of the financial trends seen during 2011/12 and builds upon the success of reablement and other initiatives in delivering ongoing efficiencies.	
(948)	Corporate Critical -	Learning Disabilities are showing an underspend of £0.948m due mainly to the full year effect of	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
	Community Care Budget (Learning Disabilities)	management decisions taken during 2011/12 and over-achievement of financial recovery plan targets for the current financial year. The increase in the underspend since Month 5 of £0.422m relates to lower than expected growth, further delivery against the financial recovery plan and one client who has become the responsibility of another local authority, backdated to the start of the financial year, for which a full-year commitment of £0.185m had been assumed previously.	
237	Corporate Critical - Comm. Care Under 65's	Under 65's are currently showing an overspend of £0.237m. This reflects increased complexity (e.g. Acquired Brain Injury) in small numbers of high cost placements	Activity and growth projections being actively monitored. Offset by underspends against other client groups
201	Support & Intervention Teams	It is unlikely that the £0.200m savings target for the re-modelling of staffing arrangements in Assessment Services will be met in full this financial year.	Additional savings are being made against the Community Care budget.
Delivery Unit – Adults Provider			
356	Provider Services	Provider Services are reporting a pressure of £0.356m at Month 7 (representing 2.6% of the net budget). The pressure is mainly from the risks against delivery of budget strategy savings on Learning Disabilities Accommodation (£0.311m) as a result of the deferment of a decision at the June meeting of Adult Care & Health Committee; a further proposal was accepted at the September meeting of the Committee. Also, there has been a delay in developing proposals on day activities.	An implementation plan for Learning Disabilities accommodation is now in place, following agreement at September Adult Care & Health Committee. Some one off gains have been achieved. The cost as a result of the delay in implementing savings in day services has been offset for this year by the Community Care budget.

Appendix 1 – Revenue Budget Performance

Place - Revenue Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
80	Commissioner - City Regulation & Infrastructure	3,477	3,557	80	2.3%
374	Delivery Unit - City Infrastructure	21,948	22,440	492	2.2%
109	Delivery unit - Planning & Public Protection	5,466	5,479	13	0.2%
563	Total City Regulation & Infrastructure	30,891	31,476	585	1.9%
399	Commissioner - Housing	15,693	15,928	235	1.5%
0	Delivery Unit - Housing & Social Inclusion	512	512	0	0.0%
399	Total Housing	16,205	16,440	235	1.5%
962	Total Revenue - Place	47,096	47,916	820	1.7%

Explanation of Key Variances:

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – City Regulation & Infrastructure			
80	Sustainable Transport	There is a pressure on the Highways and Engineering Projects Team and their ability to recharge sufficient time to capital projects to meet budget.	Efforts will continue to be made to legitimately recharge as much staff time as possible, and to try to identify underspends on non essential supplies and services.
Delivery Unit - City Infrastructure			
331	Corporate Critical – Parking Operations	There is a shortfall in the level of on street pay and display income leading to a forecast pressure of £0.700m. There has been a clear pattern of poor weather having a particularly negative impact on the on-street parking revenue. In addition a migration away from cars to bus and cycle use,	The Lanes and London Road off street car parks are forecast to achieve additional income of £0.240m. Trafalgar Street and Regency Square will underspend on their revenue maintenance budgets by £0.047m owing to the capital programme in year. Efficiencies in the removals

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
151	Highways	<p>and car users switching from two hour stays to one hour stays has also contributed to this. Uncertainty over the level of the contribution from NCP for the two leased car parks has lead to a forecast pressure of £0.040m.</p> <p>An extension to the period of refurbishment at Trafalgar Street and Regency Square is likely to reduce the income capacity by £0.150m, and a shortfall in the level of income at the HRA High Street car park will cause a pressure of £0.010m. A reduction in the level of Bus Lane Enforcement notices is also expected to cause a pressure of £0.100m.</p>	<p>service and enforcement contract variations will lead to expenditure savings of £0.150m. The forecast for permit income shows a surplus against budget of £0.180m, and there will be an additional underspend of £0.025m on Blue Badge permits. Vacancy management savings will contribute a further £0.027m underspend. These underspends will partially offset the risks above.</p>
(46)	City Clean	<p>There is a pressure of £0.100m relating to the roads safety maintenance budget as the result of a wet summer. The remaining £0.051m is in respect of specialist support staff relating to North Street, and to the permit scheme for road works and closures.</p> <p>One-off staffing savings in relation to maternity leave and vacancy management .</p>	<p>Efforts have been made to try and identify areas where underspends can be achieved in order to offset the pressures identified.</p>
56	City Parks	<p>Shortfall in the level of income from Roedean and Rottingdean mini golf courses (£0.040m) and grounds maintenance (£0.016m).</p>	<p>Underspends in City Clean will mainly offset the pressures in City Parks. Efforts will be made to manage staff time for the remainder of the year, to try and bring back to breakeven.</p>
Delivery Unit – Planning & Public Protection			
13	Economic Development	<p>Minor overspends.</p>	<p>Expenditure forecasts will be reviewed to determine whether there is scope to make savings elsewhere in order to bring the position back to a breakeven one.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – Housing			
304	Corporate Critical Temporary Accommodation & Allocations	We have managed down the anticipated pressure on spot purchase accommodation from homeless households by improved prevention and tighter void management in leased properties.	This is a known service pressure area that needs to be managed in the context of the whole council budget position and considered in setting the 2013/14 budget. As a mitigating action, we will try to acquire more accommodation through the framework agreement, which is currently being put together.
73	Housing Support Services	As identified at Month 5, the increase in vulnerability of clients in hostels has meant that additional staff have been employed to manage this situation. Some of these overspends have been offset by increased income due to 7 extra rooms across the hostel service. At Month 7, further staff have been employed in Housing Support Services (costing £0.087m), which has been off set by a transfer of £0.087m from the Homelessness prevention budget, to meet the demand due to the increase in vulnerability.	This is a known service pressure area that needs to be managed in the context of the whole council budget position and considered in setting the 2013/14 budget.
(115)	Lead Commissioner	The underspend identified at Month 2 is due to over-achievement of value for money Management & Admin savings and savings against budgeted pension contributions. This underspend is being used to offset pressure against other services within Housing Commissioning.	
(27)	Other Commissioner - Housing	The pressure identified at Month 5 has been offset by efficiencies in the Housing options budgets.	

Appendix 1 – Revenue Budget Performance

Communities - Revenue Budget Summary

Forecast Variance Month 5 £'000	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
50	3,428	3,478	50	1.5%
185	2,241	2,426	185	8.3%
0	1,453	1,453	0	0.0%
30	2,020	2,050	30	1.5%
548	3,140	3,635	495	15.8%
813	12,282	13,042	760	6.2%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – Communities & Equalities			
50	Community Development	The forecast overspend is regarding match-funding for a Community and Voluntary Sector Forum led project "Transforming the Local Infrastructure"	May be offset by underspends on other commissions by year end.
Delivery Unit – Community Safety			
185	Community Safety	The forecast overspend across Community Safety is due to the unachievable savings target of £0.079m in respect of the drugs and alcohol services and other budgetary pressures for which options are being explored. The financial impact regarding the establishment of the Police and Crime Commissioners has yet to be reflected in the forecast.	Action continues to be undertaken to reduce the level of overspend including possible additional grant funding which could be applied to current projects. Any ongoing pressures will need to be reviewed and addressed as part of the overall allocation of service pressure funding and risk provisions in the 2013/14 budget.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – Sports & Leisure			
0	Sport and Leisure	The forecast across Sport and Leisure commissioning budgets is currently break-even. Essential health and safety works have been carried out at Saltdean Lido under Urgency Powers funded from the General Fund risk provision as reported in Month 5. Options are being developed for the future of the Lido.	
Commissioner - Culture			
30	Brighton Dome Client Costs	IAs previously reported, it was anticipated that a reduction in the contractual payment to the Dome for 2012/13 could be negotiated but this has not proved possible in its entirety.	Negotiations are ongoing to review the inflationary clause within the contract for future years
Delivery Unit – Tourism & Leisure			
387	Venues	The Venues forecast overspend is mainly as a result of the immediate short term issue of the loss of 'Holiday On Ice' for January 2013 (£0.180m), realisation of the impact of low levels of bookings made prior to the refurbishment of the venue for exhibitions and conference bookers (£0.049m), reduced bookings for entertainments (£0.075m) and a pressure of £0.014m due to the loss of rooms no longer available for functions at the Hove Centre. The position has improved by £0.161m since Month 5.	Action is being taken to secure further bookings and maximise future business opportunities, this includes the one week Holiday on Ice Show in November 2012 and the three week run of Starlight Express. Conference bookings since January of this year, following completion of the refurbishment works to the Brighton Centre, currently have a future predicted economic impact of £180m far exceeding any previous booking levels. This is for bookings stretching to 2025 and is an indication of an ability to meet future targets.
58	Royal Pavilion and Museums	The overspend includes £0.070m due to delays in the development of new security staffing arrangements to achieve savings for 2012/13 and a reduced pressure of £0.097m	Work on new security staffing arrangements with staff and unions is underway. Action is being taken to

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
50	Seafront Services, Tourism & Marketing	<p>across retail, based on the current figures. These overspends have been reduced by vacancy management savings of £0.060m, a net surplus of £0.027 income and other minor underspends of £0.022m. The development of The Keep is progressing well with completion expected by May 2013. The transfer of the archives will then take place in June 2013 and it is proposed to use the Museum Objects Acquisition Reserve to fund the associated costs of the transfer and to describe the use of this Reserve as "For the purchase of objects for the Royal Pavilion and Museums collections and for the transfer of museum objects and records to the Keep".</p>	<p>reduce the pressure across retail. In previous years, by this point in the year the major exhibition has taken place. This year it opened in September and whilst it is hoped that the product developed for Biba will sell well, it is not possible to predict with certainty what the income levels on secondary spend will be. The previously reported energy pressure has been excluded from the forecast pending further information and clarification of usage.</p>
		<p>The forecast overspend has increased by £0.035m since Month 5 which is mainly due to pressures on Volks Railway regarding reduced sales of £0.030m and professional fees/development costs of £0.023m in respect of a recent bid for external funding. There is also an overspend of £0.023m for marketing and management of the seafront properties which has been offset by additional income of £0.026m from the Race Course and campsite. Income pressures across Visit Brighton are being offset by vacancy management</p>	<p>In all areas actual and forecast income and expenditure is closely reviewed and action is being taken to maximise any future business opportunities as well as reduce costs. If successful, the bid for Volks Railway will attract capital funding of £1.5m which would secure the future of the railway and provide the basis for a sustainable business operation. Income receipts for Visit Brighton are expected to increase next year when the impact of the commission based arrangements takes effect.</p>

Resources & Finance - Revenue Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
60	Delivery Unit - City Services	13,366	13,504	138	1.0%
0	Housing Benefit Subsidy	(752)	(1,104)	(352)	46.8%
213	Resources	20,455	20,511	56	0.3%
(30)	Finance	5,964	5,934	(30)	-0.5%
243	Total Revenue - Resources & Finance	39,033	38,845	(188)	-0.5%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Delivery Unit – City Services			
138	City Services	This primarily relates to Libraries Services following due process and engagement of staff and stakeholders in consultation which led to a later than planned implementation and additional costs relating to one community library location.	Pressures are being actively managed to minimise or reduce costs where possible.
Housing Benefit Subsidy			
(352)	Corporate Critical - Housing Benefit Subsidy	The Housing Benefit budget is expected to generate an additional £0.352m in subsidy. This is because local authority errors are now predicted to be held below the government threshold and therefore attract additional subsidy. This is a large and complex budget area and the forecast will be kept under review as new data becomes available from the Housing benefit system over the remainder of the year.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Resources			
95	Communications	<p>Communications are forecasting an overspend of £0.095m in 2012/13. The increase of £0.027m from Month 5 is mainly from a reduction in projected income. Additional revenue of £0.025m has been generated from external clients. Further revenue of £0.080m is expected to be generated but there are significant risks attached to this forecast. These include competitive tenders, completion of contracts before the end of the financial year and market instability in terms of the size of contracts awarded.</p>	<p>Savings continue to be made on communications across the council as a result of prioritising communications activities across the whole organisation. Additional revenue generation opportunities are being explored. Any revised estimates of income from the advertising & sponsorship contract (elsewhere on this agenda) will need to be reviewed and addressed as part of the overall allocation of service pressure funding and risk provisions in the 2013/14 budget.</p>
(6)	Human Resources	<p>Human Resources are forecasting an underspend of £0.006m as a result of continued cost monitoring and income generation. The Human Resources Systems Thinking review is in progress; the Transformation Fund will partly resource this pilot review which is being used to develop a standard methodology for wider deployment across the council. This is alongside specific direct investment required to improve service efficiency. The review is expected to inform the future resourcing requirements of the service and determine any potential savings.</p>	
50	ICT	<p>ICT have reduced their expected overspend from £0.115m declared at Month 5 to £0.050m. This has been achieved by continuing in-year vacancy management (9 posts currently unfilled - £0.030m), improved income collection (£0.015m) and the improved tariffs on the revised mobile phone contract which should</p>	<p>Costs will be closely monitored and opportunities for cost reduction and other savings will be kept under review to help balance the budget.</p>

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		deliver better savings (£0.020m). The main risk relates to delivery of the savings target for upgrading of telephony services (£0.060m) an element of which relates to the VFM programme as described in Appendix 4.	
(76)	Legal & Democratic Services	A combination of improved income forecasts and holding some posts vacant has increased the projected under spend, across the service, by £0.060m to £0.076m.	
(7)	Policy, Performance & Analysis	Minor underspend	
Finance			
(30)	Finance	A small number of vacancies and lower than expected temporary cover costs have resulted in an underspend on the staffing budget.	

Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(335)	Bulk Insurance Premia	3,419	3,091	(328)	-9.6%
50	Concessionary Fares	9,696	9,760	64	0.7%
350	Capital Financing Costs	8,862	9,487	625	7.1%
0	Levies & Precepts	167	167	0	0.0%
205	Corporate VfM Savings	(531)	(531)	0	0.0%
(216)	Risk Provisions	2,745	1,479	(1,266)	-46.1%
(16)	Other Corporate Items	(29,529)	(29,545)	(16)	-0.1%
38	Total Revenue - Corporate Budgets	(5,171)	(6,092)	(921)	-17.8%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Bulk Insurance Premia			
(328)	Bulk Insurance Premia	The budget for 2012/13 was increased by £0.410m to reflect the forecast increase in premium rates following an anticipated retendering exercise of some of the portfolio from 1 April 2012. In order to maximise value for money it was decided to defer the retendering so that all the council's insurance cover could be retendered at the same time from 1 April 2013. Negotiations to extend agreements with existing insurers were concluded with minimal changes in existing rates therefore the increased budget provision for this year will not be required. This underspend has been partially offset by £0.050m relating to the settlement of two trip / slip claims and £0.040m due to the increasing costs of litigated claims, particularly legal fees. It is anticipated that the	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		council will experience increasing numbers of litigated claims from “no win no fee” lawyers in the period up to April 2013 when the law is due to change. The change will mean that lawyers will no longer be able to claim success fees from the losing side and should instead receive a share of the damages awarded. The Government hopes the change will act as a disincentive to anyone bringing spurious cases.	
Concessionary Fares			
64	Concessionary Fares	A small overspend is forecast for 2012/13 in relation to the net position of increased journeys and contracted services compared to the budgeted fixed price contract. This has increased by £0.014m since Month 5 due to new routes into the city from Crawley and East Grinstead being operated since 1st September.	
Capital Financing Costs			
625	Capital Financing Costs	At Month 5 there was an anticipated £0.350m pressure on financing costs due to reduced HRA borrowing as at 31 st March 2012 compared to that anticipated at budget setting time. With effect from 1 st April 2012 HRA borrowing is separate from other council borrowing. This had resulted in a greater element of the financing costs of the authority impacting on the General Fund than anticipated. Since then the forecast overspend has increased by £0.275m. The main reason (£0.306m) for this is that the income from services paying for the costs of unsupported borrowing is less than budgeted due to schemes being reprofiled and this is only partly offset by additional investment income generated until the scheme goes ahead.	Where possible, underspends on other corporate budgets will be used to mitigate this pressure, notably Bulk Insurance Premia.
Corporate VFM Projects			
0	Corporate VFM Projects	A number of VFM projects relate to council-wide projects which will deliver savings across many, if not all, service areas. The associated savings targets are shown under Corporate Budgets awaiting allocation to individual service budgets as and when savings are identified and/or confirmed. If all savings are identified	Full details of VFM Programme performance and variances are given in Appendix 4.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		and achieved in 2012/13, the Corporate VFM Projects savings target above will reduce to zero. Currently, it is anticipated that this will be the case.	
Risk Provisions			
(1266)	Risk Provisions & contingency	<p>There is a one-off risk provision of £1.000m and it is forecast that £0.216m of this can be released to support the overall position. This is after providing £0.784m for the following:</p> <ul style="list-style-type: none"> • maintenance work at Saltdean Lido undertaken under urgency powers. This totals £0.130m of which £0.030m relates to capital expenditure and is included in Appendix 3; • implementation of Information Commissioner's Office (ICO) recommendations; • additional legal costs for intellectual property rights; • support for school bus routes; • other one-off pressures that might arise during the year. <p>There is a permanent (recurrent) risk provision of £1.000m which is now being released to provide one-off resources to support the overall position together with £0.050m of unspent contingency budget. The level of the recurrent risk provision will be reviewed for 2013/14 as part of the February budget report.</p> <p>There is also a permanent risk provision of £0.785m for pay related matters. Subject to approval, some of this will be allocated for Living Wage requirements (elsewhere on this agenda) and the balance will be transferred to the Single Status provision.</p>	
Other Corporate Items			
(16)	Corporate Unringfenced Grants	Additional income relating to the Learning Disabilities & Health Reform Grant.	

Housing Revenue Account - Revenue Budget Summary

Forecast Variance Month 5 £'000	Housing Revenue Account	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(230)	Employees	8,518	8,121	(397)	-4.7%
(299)	Premises – Repair	10,645	10,280	(365)	-3.4%
(77)	Premises – Other	3,442	3,296	(146)	-4.2%
(26)	Transport & Supplies	2,073	1,907	(166)	-8.0%
(32)	Support Services	1,981	1,927	(54)	-2.7%
3	Third Party Payments	55	66	11	20.0%
-	Revenue contribution to capital	18,642	19,042	400	2.1%
-	Capital Financing Costs	7,219	7,219	-	0.0%
(661)	Net Expenditure	52,575	51,858	(717)	-1.4%
(24)	Dwelling Rents (net)	(46,702)	(46,860)	(158)	-0.3%
38	Other rent	(1,246)	(1,256)	(10)	-0.8%
(92)	Service Charges	(4,152)	(4,342)	(190)	-4.6%
(19)	Supporting People	(465)	(484)	(19)	-4.1%
38	Other recharges & interest	(410)	(361)	49	12.0%
(59)	Net Income	(52,975)	(53,303)	(328)	-0.6%
(720)	Total	(400)	(1,445)	(1,045)	

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Housing Revenue Account			
(397)	Employees	This relates to vacancies throughout the service while recruitment to the new Housing and Social Inclusion structure was being finalised. It also includes underspends on pension costs as fewer staff than budgeted are members of the pension scheme.	
(365)	Premises Repairs	This underspend is made up from the following major variances: Responsive repairs are forecast to underspend by £0.200m due to the continuation of the policy implemented last year to review responsive repairs within the context of the replacement programme, resulting in lower than expected values and numbers of responsive repairs. There is also a further underspend on the costs of gas servicing of £0.104m as a result of re-basing of the open book contract after the budget was set. Works to empty properties is also underspent by £0.138m as a result of fewer properties than budgeted becoming empty. These underspends are partly off-set by an overspend on asbestos works of £0.080m.	
(146)	Premises - other	There is a £0.054m underspend on premises costs relating to the housing centre due to uncertainties of the operating costs at budget setting time; a further underspend of £0.050m on electricity costs and £0.020m on council tax payments due to fewer empty properties than expected. The forecast also includes an anticipated £0.027m underspend for decorating vouchers.	
(166)	Transport and Supplies	This underspend is made up of a number of major variances, namely: £0.050m for professional fees no longer required in this financial year due to the changing or delay of projects and more utilisation of in-house staff. There are also forecast underspends on computer hardware; legal fees for leaseholder tribunals as well as vehicle costs as a result of the new vehicles being purchased. There are many other small underspends on transport and supplies throughout the service. These underspends are off-set by £0.078m additional expenditure on the financial inclusion	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		project which aims to procure a money advice service for residents. This expenditure was approved as part of the 2012/13 budget process to be funded out of earmarked reserves but has now been funded by these underspends.	
400	Revenue Contribution to Capital Outlay	This relates to an additional contribution to capital investment using revenue underspends to fund further investment in disabled adaptations for Council tenants.	This overspend is being funded by other underspends within the HRA.
(158)	Dwellings Rents	Rental income is forecast to over recover by £0.158m due to a reduction in the number of long term empty properties now that many have been transferred to Seaside Community Homes.	
(190)	Service Charge Income	Service Charge income from leaseholders is forecast to over-recover by £0.280m due in the main to an unexpected increase in the 2011/12 repairs service charge for leaseholders (billed in 12/13) due to more repairs works being carried out to leaseholders' properties during the last financial year. This is off-set by small amounts of under-recovery from various service charges totalling £0.097m caused in part by the transfer of properties to Seaside Homes which was difficult to predict at budget setting time.	

Dedicated Schools Grant - Revenue Budget Summary

2012/13 Variance Month 6 £'000	Dedicated Schools Grant (DSG)	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Individual School Budgets (ISB) <i>(This does not include the £6.380m school carry forwards from 2011/12)</i>	126,753	126,753	0	0%
0	Private, Voluntary & Independent (PVI) <i>(Early Years 3 & 4 year old funding for the 15 hours free entitlement)</i>	7,001	7,031	30	0.4%
(143)	Central Schools Budget <i>(This includes £1.168m central carry forward from 2011/12)</i>	16,416	16,251	(165)	1.0%
0	Grant income	(149,002)	(149,002)	0	0%
(143)	Total DSG	1,168	1,033	(135)	-11.6%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Central Schools Budget			
(120)	Educational Agency Placements	At budget setting time it was estimated that there would be 61 FTE placements. The current number of placements is 62 but due to favourable changes in placement costs there is an underspend.	
(48)	Education of Looked After Children	Costs being lower than anticipated.	
(40)	Recoupment	Costs being lower than anticipated.	
73	Various	Other minor overspends including payments for Early Years Free Entitlement funding for 3 & 4 Year Olds of £0.030m.	

NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(121)	Sussex Partnership Foundation NHS Trust (SPFT)	11,485	11,074	(411)	-3.6%
47	Sussex Community NHS Trust (SCT)	2,436	2,459	23	0.9%
(74)	Total Revenue - S75	13,921	13,533	(388)	-2.8%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note WTE = Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Sussex Partnership Foundation NHS Trust			
(411)	SPFT	Sussex Partnership Foundation NHS Trust (SPFT) are reporting an underspend of £0.411m at Month 7. The budget strategy savings target of £0.326m has already been achieved. On top of this, savings of £0.202m have been achieved against the mainstream budget from robust vacancy management and tight budgetary control and a further £0.154m from the community care budget as a result of increased funding through the assessment process and robust review of all placements. There continue to be pressures against the Adult Mental Health Community Care budget from a lack of suitable accommodation, which has been highlighted as part of the budget process for 2013/14. In line with the agreed risk-share arrangements for 2012/13 any overspend or underspend will be shared 50/50 between SPFT and BHCC.	
Sussex Community NHS Trust			
23	SCT	Sussex Community NHS Trust (SCT) are reporting an overspend of £0.023m. The HIV budget is underspent and is a continuation of the position from 2011/12. There are significant staffing pressures against Intermediate Care services where a process has been put in place to manage this position.	The position will be closely monitored and reviewed over the remainder of the financial year.

People – Capital Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Commissioner - Learning & Partnership	28,425	350	41	0	28,816	28,816	0	0.0%
0	Delivery Unit - Children's & Families	410	0	0	0	410	410	0	0.0%
0	Total Children's Services	28,835	350	41	0	29,226	29,226	0	0.0%
0	Commissioner - Adult Services	347	0	0	0	347	347	0	0.0%
0	Delivery Unit - Adults Provider	601	0	0	0	601	601	0	0.0%
0	Delivery Unit - Adults Assessment	269	0	0	0	269	269	0	0.0%
0	Total Adult Services	1,217	0	0	0	1,217	1,217	0	0.0%
0	Total People	30,052	350	41	0	30,443	30,443	0	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
			No Variations reported	

Appendix 2 – Capital Programme Performance

Place – Capital Budget Summary

Forecast Outturn Month 5 £'000	Unit	2012/13 Revised Budget £'000	Reported At other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage Or reprofile £'000	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Commissioner - City Regulation & Infrastructure	7,969	0	0	0	7,969	7,969	0	0.0%
0	Delivery Unit - City Infrastructure	8,814	0	0	(10)	8,804	8,804	0	0.0%
0	Delivery Unit – Planning, Public Protection	18	0	0	0	18	18	0	0.0%
0	Commissioner - Major Projects	816	0	0	250	1,066	1,066	0	0.0%
0	Total City Regulation & Infrastructure	17,617	0	0	240	17,857	17,857	0	0.0%
0	Commissioner - Housing	7,010	0	0	0	7,010	7,010	0	0.0%
(11)	Delivery Unit - Housing & Social Inclusion (HRA Capital)	36,702	0	0	(2,350)	34,352	34,338	(14)	0.0%
(11)	Total Housing	43,712	0	0	(2,350)	41,362	41,348	(14)	0.0%
(11)	Total Place	61,329	0	0	(2,110)	59,219	59,205	(14)	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – City Infrastructure				
Reprofile	(10)	The Level Playing Ground	A revision in the profile of spend is requested of (£0.010m) into next year for the Level playing ground which is part of the works being completed at the Level.	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Commissioner – Major Projects				
Variation	250	Major Projects	Within the Capital Resources & Capital Investment Programme 2012/13 report approved at Budget Council was a proposal to allocate £0.250m to support the delivery of major projects. This was subject to further notification of which schemes the allocation would be supporting. A project update was reported to the Economic Development & Culture Committee on 15 November 2012 and this financial support is for the legal fees, specialist advisers for finance, design, architectural, transport, engineering and other external specialists for the schemes included in the update.	
Delivery Unit – Housing & Social Inclusion (HRA Capital)				
Reprofile	(204)	Housing ICT programme - IDOX	The back-scanning of all tenancy files for Housing Offices is an ongoing project. So far 2 offices have been completed (Lavender Street and Manor Place), another office is in progress and 2 more are due to be started. Files at the Housing Centre also require scanning. This is a long term project, which will take around 18 months to complete.	Estimating the time to scan different files is difficult due to variable contents and case histories. This is likely to continue to impact on the projected time scales of the project as it progresses.
Reprofile	(1,088)	Cladding	The projects in the North Whitehawk high rise blocks, Hereford Court and Essex Place are not expected to progress as previously anticipated in this financial year. This is due to the original plan underestimating the time taken to specify, price and consult with stakeholders. The additional time taken to review prices has resulted in significant savings in the cost of these major projects. In some cases the council is undertaking additional non-statutory consultation to ensure that these projects fully meet residents' expectations.	Tenants and other stakeholders are being given regular updates. The projects are being closely monitored through a monthly Major Capital Works group.
Reprofile	(33)	Cyclical Decoration & Repairs (£0.017m) Roofing	The Project at Park Royal is taking longer than initially expected to get to site. This is due to additional time being required to ensure value for money and consultation with leaseholders and other stakeholders. Leaseholder consultation is anticipated to end in November 2012.	Tenants and other stakeholders are being given regular updates. The projects are being closely monitored through a monthly Major Capital Works group.

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Reprofile	(369)	Structural Repairs (£0.016m)	The projects in the North Whitehawk high rise blocks, Nettleton & Dudeney Court and St James's House are not expected to progress as previously anticipated in this financial year. This is due to the original plan underestimating the time taken to specify, price and consult with stakeholders. The additional time taken to review prices has however resulted in significant savings in the cost of this major project.	Tenants and other stakeholders are being given regular updates. The projects are being closely monitored through a monthly Major Capital Works group.
Reprofile	(549)	Windows	The projects in the North Whitehawk high rise blocks, Hereford Court and Essex Place are not expected to progress as previously anticipated in this financial year. This is due to the original plan underestimating the time taken to specify, price and consult with stakeholders. As above the additional time spent consulting with stakeholders and reviewing prices will deliver better value for money for the council and residents.	Tenants and other stakeholders are being given regular updates. The projects are being closely monitored through a monthly Major Capital Works group
Reprofile	(125)	Fire safety Capital	The project to provide safe spaces for storage and charging of scooters have taken longer than previous thought due to the time required for consultation and agreement on the specifications of what was required. Ensuring that the needs of residents are met and that the project complies with fire safety regulations can be complex and extensive planning is needed to successfully complete these projects.	Further consultation & specifying of jobs will continue in 2012/2013 with works to start early in 2013/2014.
Reprofile	(97)	Redevelopment of HRA vacant garage sites	It was reported at Month 5 that the timetable for taking the garage site scheme development forward will result in £0.900m of the £1.300m 2012/13 capital programme budget for these sites being spent in the new financial year. A review of the Procurement requirements results in a further reprofile of expenditure of £0.097m to 2013/14.	Ensure all procurement and stakeholder engagements documents are prepared in advance to ensure a smooth pre and post procurement process.
Reprofile	(285)	Feasibility and Design for Investment on Housing Land	Following on from this scheme's approval at Housing Committee on 26th September, the original estimated profile of spend of £0.350m in 2012/13 and £0.650m in 2013/14 has been revised with the majority of expenditure now taking place in 2013/14.	Ensure all procurement and stakeholder engagements documents are prepared in advance to ensure a smooth pre and post procurement process

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Variation	400	Housing Disabled Adaptations (HRA)	<p>This is due to resource requirements and the need for a full and extensive procurement process which will result in the bulk of the spend being made in 2013/14.</p> <p>The capital programme budget for council housing adaptations is £0.850m per annum. Additional budget of £0.400m for 2012/13 is required due to a rise in demand, a speeded up and simplified referral and assessment process, the joint work with decent homes, the stock age/condition profile coupled with demographic trends and the focus on people living as independently as possible for as long as possible.</p> <p>This additional budget is required to meet assessed need, and in addition to the pro-active work being undertaken to pro-actively manage demand for adaptations through a housing options approach - as an alternative to costly/disruptive adaptations - and best use of other mainstream capital budgets including Decent Homes and the Relief of Overcrowding project.</p> <p>The increased budget requirement will be funded from HRA revenue budget 2012/13 underspends through increased contributions to the capital programme.</p> <p>The demand for this budget will continue and the current annual budget allocation will be reviewed as part of the council's 3 year Capital Programme Strategy for 2013/14 to 2015/16.</p>	
Forecast Variance	(100)	Door Entry Systems	<p>A capital budget of approximately £0.500m was identified for 2012/13. Whilst some significant projects have moved forward and door entry systems are being renewed in key areas, the overall term contract covering this work area is not yet in place. An event has been held with potential suppliers in order to build understanding of the market and ensure that the long</p>	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>term contract is the best value for money solution for the council and this contract will commence in 2013/14.</p> <p>A total budget of £0.382m will be required for the works programmed this year, the remaining £0.100m is now being reported as an underspend.</p>	
Forecast Variance	167	TV Aerials	<p>Following-on from the successful digital aerial installation programme, we plan to undertake a clean-up operation to remove and tidy-up any existing and redundant cabling, aerials & satellite dishes from our blocks. This will address the frequent enquiries we have received from residents about loose cabling affecting their block and will ensure the integrity of the cladding is not compromised. There are also additional benefits to this programme such as enhancing the appearance of our blocks across the City and will increase the overall value of our property portfolio.</p> <p>This project will be funded from other reported HRA Capital Programme underspends.</p>	
Forecast Variance	(61)	Energy Efficiency – Leach & Patching Boiler	<p>Works have been fully completed under last year's budget and therefore there will be no further spend this year.</p>	
Forecast Variance	(20)	Various	<p>Minor underspends on various projects</p>	

Communities - Capital Budget Summary

Forecast Outturn Month 5 £'000	Unit	2012/13 Revised Budget £'000	Reported at other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(35)	Commissioner - Sports & Leisure	628	0	180	0	808	773	(35)	-4.3%
0	Delivery Unit - Tourism & Leisure	3,311	0	0	0	3,311	3,311	0	0.0%
(35)	Total Capital Communities	3,939	0	180	0	4,119	4,084	(35)	-0.8%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Commissioner – Sports & Leisure				
Forecast variance	(35)	Stanley Deason all weather track	As reported at Month 5 tenders have now been received and the cost of the project is £0.035m less than expected.	

Resources & Finance - Capital Budget Summary

Forecast Variance Month 5 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Delivery Unit - City Services	2,380	0	0	(400)	1,980	1,980	0	0.0%
0	Resources	9,789	0	0	(165)	9,624	9,624	0	0.0%
0	Finance	139	0	0	0	139	139	0	0.0%
0	Total Capital Resources & Finance	12,308	0	0	(565)	11,743	11,743	0	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – City Services				
Reprofile	(400)	Woodingdean Library	The delay is due to concerns from the developer regarding S106 contributions. This has led to a delay in achieving planning permission for the development.	
Resources				
Reprofile	(165)	Human Resources System	The original business case identified potential spend in year 4. This reprofile is to take advantage of additional functionality that could be brought on stream after the initial system build.	

New Capital Project Approval Request				
Unit:	Commissioner – Learning & Partnership			
Project title:	Longhill ICT Equipment			
Total Project Cost (All Years)	£41,520			
Purpose, benefits and risks:				
Provision of ICT equipment for Longhill school to be funded from unsupported borrowing.				
Capital expenditure profile (£'000):				
Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	41	0	0	41
Total estimated costs and fees	41	0	0	41
Financial implications:				
Unsupported borrowing is available to provide finance for schemes such as this. The repayment of the loan will be funded from the revenue budget of the school.				

New Capital Project Approval Request

Unit: Delivery unit – Tourism and Leisure
 Project title: Brighton Centre Box Office
 Total Project Cost (All Years): £180,000

Purpose, benefits and risks:

Approval of a “spend to save” proposal for the Brighton Centre Box Office is requested. The new system will improve income and also provide customers with more control over their purchases. It will be based on an enhanced service in terms of communication about on-sale dates, concert/event information with local knowledge about accommodation, transport and retail opportunities. The existing Box Office will be retained for walk in and day-of-performance sales, as well as being responsible for updating the web sales site and digital communication. Additional support would be available for customers with special access requirements. Managing an in-house, on-line ticketing function would allow the venue to be flexible about setting booking fees for lower priced tickets, retain booking fees and transaction fees, and enable customers to benefit from any discounts which the venue currently cannot undertake.

Any contract to bring in the system will be awarded in accordance with the procurement regulations, standing orders and financial regulations.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	180			180
Total estimated costs and fees	180			180

Financial implications:

The project is scheduled to go live in 2013/14 but expenditure will be required during this financial year in order to meet the procurement and installation deadlines. The unsupported borrowing costs will be payable by the Brighton Centre over 3 years (estimated cost of £66,930 in 2013/14, £64,194 in 2014/15 and £61,404 in 2015/16 inclusive of interest costs) starting in 2013/14 from the savings generated from introducing the system. All revenue costs such as purchase of ticketing and maintenance costs of the system can be covered by the Brighton Centre revenue budget from 2013/14.

Value for Money Programme Performance

Projects	Savings Target £m	Achieved £m	Anticipated £m	Uncertain £m	Achieved %
Adult Social Care	1.172	1.212	0.000	0.000	103.4%
Children's Services	0.301	1.682	1.683	0.000	558.8%
ICT	0.361	0.322	0.000	0.050	89.2%
Procurement *	1.341	0.826	0.515	0.000	61.6%
Procurement (2011/12)	0.355	0.355	0.000	0.000	100.0%
Workstyles	0.270	0.200	0.070	0.000	74.1%
Systems Thinking/Process Efficiencies *	0.500	0.000	0.500	0.000	0.0%
Management & Admin	2.358	2.232	0.126	0.000	94.7%
Additional Management Savings 2012/13	0.275	0.100	0.175	0.000	36.4%
Client Transport	0.000	0.000	0.000	0.000	0.0%
Total All VfM Projects	6.933	6.929	3.069	0.050	99.9%

* These savings are 'non-cashable' and will be retained by the service areas in which they occur.

Explanation of 'Uncertain' VfM Savings:

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
ICT		
50	A potential risk has arisen in relation to Telephony provision where anticipated savings may not be as high as expected. There are a number of contracts relating to this service area that need to be realigned in order to realise full potential savings and efficiencies.	ICT are continuing to work with Procurement Category Managers to review contractual arrangements and identify a possible route for restructuring contracts. Forecast shortfall has been offset through one off savings on income and vacancy management.

Subject: Budget Update and Savings 2013/14

Date of Meeting: 29 November 2012

Report of: Acting Director of Finance

Contact Officer: Name: Mark Ireland Tel: 29-1240
James Hengeveld 29-1242

Email: mark.ireland@brighton-hove.gov.uk
james.hengeveld@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No:

Ward(s) affected: All

Note: The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Procedure Rule 5 and Section 100B (4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that some of the key financial information could not be updated until the in-year budget monitoring report elsewhere on the agenda had been completed and the implications of the Government Policy Statement on Business Rates Retention made latterly on 21 November had been assessed.

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out initial proposals for the General Fund Revenue Budget and Council Tax for 2013/14. As last year, information is being provided as early as practicable to enable effective scrutiny and consultation to take place and inform final proposals for the February 2013 Policy & Resources Committee.
- 1.2 Many of the proposals for 2013/14 were put before members last year as part of a 2-year set of proposals. However, recent government announcements concerning funding and council tax, together with the estimated impact of Business Rate Retention, have substantially increased the budget savings requirement and therefore 2013/14 savings have had to be re-examined and augmented.
- 1.3 The July 2012 Policy & Resources Budget Update and Process report outlined a 2-year budget setting process as last year. However, a number of 2014/15 proposals have now had to be fast-tracked for 2013/14 and there remain very significant risks and uncertainties over the level of resources likely to be available to the council. For these reasons and the fact that the proposals presented here do not fully meet the currently estimated budget savings requirement for 2013/14, it is not possible to present a 2-year set of proposals at this time.

- 1.4 A revised set of proposals will be presented to Policy & Resources Committee on 14 February 2013 taking into consideration the feedback from further consultation and scrutiny and the most up to date financial information. The final responsibility for agreeing the council's budget for 2013/14 rests with Full Council when it meets on 28 February 2013.

2. **RECOMMENDATIONS:**

That the Committee: –

- 2.1 Notes the updated forecasts for resources and expenditure for 2013/14 and an estimated budget savings requirement for 2014/15.
- 2.2 Notes the indicative allocations of one-off resources for 2013/14 set out in table 1 subject to the identification of sufficient further one-off resources to fund the proposed allocations.
- 2.3 Notes the revised savings targets for 2013/14 and considers the budget strategies and detailed savings proposals relating to the General Fund for 2013/14 shown in appendix 4 and approves their release for the scrutiny review.
- 2.4 Notes the update on the HRA budget set out in paragraph 3.41 to 3.44 and the budget strategy and proposals set out in appendix 4.
- 2.5 Notes the summary Capital Investment Programme set out in paragraphs 3.45 to 3.50 and appendix 5 and the strategy to manage the shortfall in resources and that a detailed programme will be submitted to Policy & Resources Committee in February 2013.
- 2.6 Approves the proposed Voluntary Severance Scheme set out in paragraphs 3.37 to 3.40 to support the delivery of the budget savings requirement.

3. **RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

Structure of the report

- 3.1 The report provides full information on function and funding changes and other legal and financial matters that have resource implications for the 2013/14 budget. The full set of information provided in this report is listed here as an aid to navigation:
- **Resources and Local Financial Settlement updates** - updates are given on the latest position regarding government grant announcements and anticipated changes to the method of funding local authorities;
 - **Council Tax Freeze Grant** – information is provided about recent government announcements;
 - **Taxbase, Function and Funding Changes** – information about taxbase estimates and other function and funding changes is provided at appendix 2;

- **Latest Position 2012/13** - a detailed report elsewhere on the agenda sets out the latest revenue and capital expenditure and income forecasts for the current year based on actual spending data for the first 7 months which are also summarised here;
- **Reserves Position** - a re-assessment is included of the level of reserves available to fund one-off items of expenditure and / or provide short term support for the budget;
- **Fees & Charges** - information on changes to fees and charges is provided in summary and in more detail in the Budget Strategy appendix 3;
- **Service Pressures** - information on specific investment in services, i.e. 'Service Pressure funding', is provided in summary and in detail in the Budget Strategy appendix 3;
- **Budget Savings Requirement** - summary information on the projected level of savings required is provided together with detailed service strategies and savings proposals at appendix 4;
- **Options to address the Budget Gap** - information on options and processes for identifying the remaining savings requirement for 2013/14 is provided;
- **Staffing Implications** - summary staffing implications are provided based on the best information available at the time of publishing the report;
- **Housing Revenue Account** - a summary of the HRA position is provided with more detailed information given in appendix 4;
- **Capital Programme** - implications for the capital programme and latest resource information are given;
- **Timetable** - the timetable leading up to Budget Council on 28 February 2013 is set out;
- **Community Engagement & Consultation** - feedback on the wide range of consultation undertaken to date together with information on further consultation is provided;
- **Budget Strategy and Proposals** - these key elements of the budget report are set out in appendix 3 and 4.
- **Appendices** - the full set of detailed appendices including Equality Impact Assessments is listed at the end of the main report.

Resources update

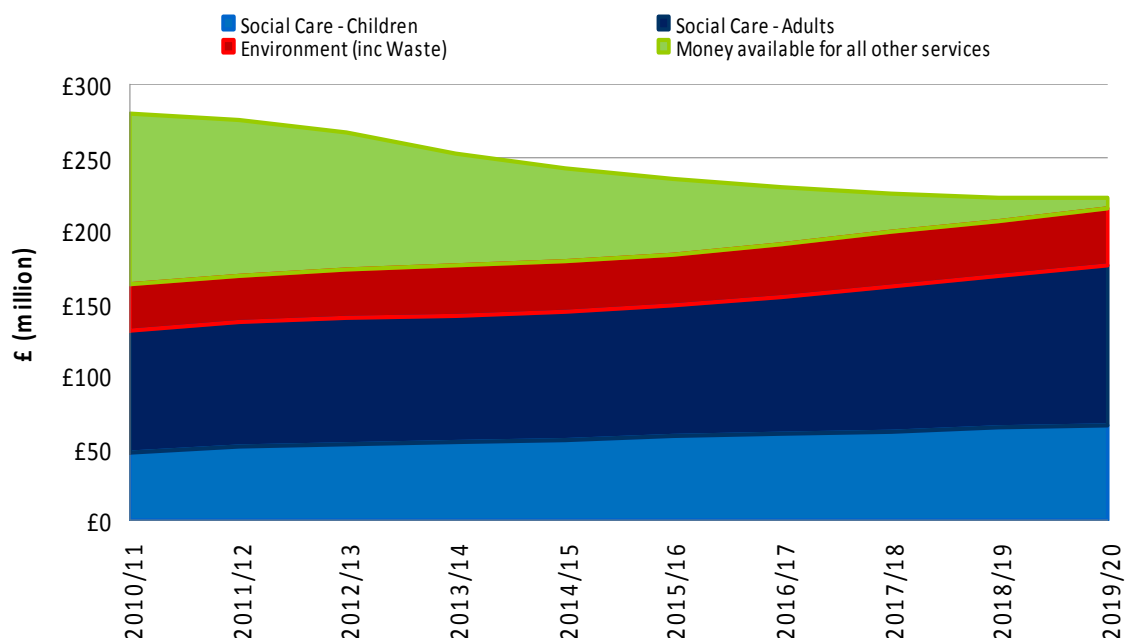
- 3.2 The Department for Communities & Local Government (CLG) issued a detailed technical consultation paper at the end of July 2012 setting out the proposed arrangements for a new system of local government funding from 1 April 2013 including the partial retention of locally collected business rates. The council responded to this consultation by the due deadline of 24 September raising a

number of significant concerns about the impact of the proposals on future funding levels.

3.3 Further information was produced by CLG in September and October and on the 21 November CLG issued a policy statement on business Rates Retention which has allowed some of these concerns to be quantified in financial terms. This policy statement provides early confirmation of the government's policy decisions on the BRR scheme following the summer technical consultation. Details of the key issues set out in the statement are given in appendix 9. Announcements during the Conservative Party Conference also clarified the position regarding council tax increases for next year allowing an overall revised resource projection to be produced although there is still a great amount of uncertainty surrounding these projections.

3.4 All members will be aware that the government is limiting local government resources over the coming years in order to achieve its deficit reduction programme. The Local Government Association (LGA) has used the best information available to estimate the potential impact on individual local authorities up to 2020. There are many variables within this information and the position is subject to change with each government announcement and with the forthcoming Autumn Statement. However, the general position portrayed by the information produced by LGA and shown graphically below is expected to hold true and is a reasonable contextual aid to medium term financial planning.

LGA Financial Model for BHCC (spending net of fees & charges)



3.5 The LGA graph essentially indicates that after taking into account local inflationary and demographic (demand) cost pressures, mainly in relation to social care, energy and environmental costs, there will be increasingly limited resources available to support other General Fund council services. The clear message is that if social care and environmental costs cannot be effectively

managed and contained, the authority is unlikely to be able to sustain support for other services in their current form over the medium term.

Provisional Local Government Finance Settlement for 2013/14 and 2014/15

3.6 The Chancellor of the Exchequer is due to make his autumn statement on the national budget on 5 December 2012 and on the same day the Office of Budget Responsibility (OBR) will publish its economic and fiscal outlook. The provisional Local Government Finance Settlement for 2013/14 and 2014/15 depends upon spending and funding totals set out in the Autumn Statement so cannot be announced until some time afterwards with CLG quoting mid-December.

3.7 The council will no longer receive Formula Grant and certain specific grants, which are being rolled into the new funding system, will also disappear. The council will instead establish its equivalent funding position from a combination of the following:

Revenue Support Grant (RSG)

- + 49% of locally collected business rates (with 1% going to East Sussex Fire Authority and 50% to the Treasury)
- A tariff (derived by comparing resource allocations under the old and new funding systems)
- + A safety net (only if business rates income falls 7.5% below a threshold)
- A levy (only if business rates income rises above a threshold; the levy will be about 10-15% of the increase over the threshold)
- + Relevant Section 31 grants (depending on what is in and what is left out of the national spending control totals but as a minimum will cover Department of Education grant for support services to local authority schools and a new ring-fenced grant for Public Health responsibilities)

3.8 One of the original principles of the reform was “to reduce local authorities’ dependency upon central government, by producing as many self sufficient authorities as possible.” Under the system now proposed, most authorities will continue to receive substantial payments of grant through RSG. These payments will decline sharply over time as the Government continues to limit local authority funding to achieve their deficit reduction programme.

3.9 A key component of the original scheme was to “ensure a fair starting point for all local authorities” and a commitment¹ was given “that no authority loses out in its ability to meet local service needs at the outset of the new system”. The latest proposals show that the council will probably lose out significantly at the start of the new system in a number of ways:

¹ As stated in the Government Consultation ‘Proposals for Business Rates Retention’ issued in July 2011

- (i) resources have been top-sliced from all local authorities to fund the safety net system that was intended to be funded from levies on high business rates growth; and
- (ii) there are a large number of outstanding rating appeals against the 2010 rating list and for all the successful appeals determined after 31 March 2013 that result in a reduction in rateable value the council will be required to meet 49% of both the in-year reduction in the rates bill and the refunds for 2010/11, 2011/12 and 2012/13. An estimated one-off risk provision of £3m is included in the allocation of reserves at table 1 to accommodate this impact.

3.10 The various CLG papers issued to date also give rise to the following significant financial issues which have been reflected in the latest savings forecast shown in table 2:

- **Specific Grants:** The specific grants rolled into the new system have not all been rolled in at current levels. Most significant is Early Intervention Grant (EIG) which has been reduced by 27% at a national level equivalent to £3m for Brighton & Hove. Additional grant will be paid through the ring-fenced Dedicated Schools Grant (DSG) to expand early education to more disadvantaged two year olds and existing expenditure of £0.5m can be legitimately identified and charged to DSG. However, to retain all of the services currently funded by EIG and provide the new services for two year olds would cost the council's General Fund an additional £2.5m.
- **Control Totals:** The local government spending control total used to determine the overall funding available to councils has been significantly reduced from the level shown in the March National Budget. This reduction has taken the form of new top-slices for the safety net and capitalisation totalling £345m and higher than anticipated top-slicing for future funding of the New Homes Bonus (NHB). A top-slice of £500 million for 2013/14 and £800 million for 2014/15 has been proposed by CLG to fund NHB for the next 2 years compared to the £240 million each year anticipated based on actual allocations made to date.
- **Section 31 Grant:** Funding of over £1.2 billion has also been removed and re-allocated to the Department for Education (DfE) to cover the costs of school support services (LACSEG). The Local Government Association believes that this sum is far higher than the real cost of providing these services. The DfE will allocate this funding back to councils and academies / free schools in proportion to the number of pupils at the different types of school. The council has had £4.9m funding removed most of which will come back as DfE Section 31 grant because the proportion of pupils at academies and free schools within the city is currently relatively low. If more academies and free schools are created in the city then this grant will fall. The net impact on the finances of the council of these changes is hard to determine. It will not be possible to determine the real impact until both the local government finance settlement and schools funding settlements have been announced.

Council Tax Freeze Grant

- 3.11 The council will continue to receive a grant of £3m per annum for 2013/14 and 2014/15 following the council tax freeze in 2011/12 whilst the council tax freeze grant of £3m for 2012/13 ends. In September, at the Conservative Party Conference it was announced that funding would be set aside to pay a new council tax freeze grant equivalent to a 1% increase in council tax for those councils who agreed to freeze their council tax in 2013/14. This funding would be for the two years of 2013/14 and 2014/15. It was also announced that council tax could not be increased by more than 2% without securing confirmation from a local referendum.
- 3.12 Full Council on 28 February 2013 will determine both the budget and council tax for 2013/14 but the resource forecasts shown in this report assume that council tax will increase by 2% next year. A decision to freeze the council tax in 2013/14 will require an additional £1m recurrent savings to be identified and agreed for next year and further increase the savings needed in 2015/16 by £1m when the new council tax freeze grant ends.

Taxbase, Function and Funding Changes

- 3.13 This Committee is statutorily required to agree the council tax base for 2013/14 by the end of January and a detailed report will be presented for consideration to the January meeting. With the re-localisation of business rates from 1 April 2013 it will also be necessary for each authority to estimate the amount of business rates to be collected in 2013/14.
- 3.14 Details of taxbase estimates and other function and funding changes impacting on the General Fund and Schools are given in appendix 2. In particular, given the size of the budget gap it is proposed that the estimated third tranche allocation of £0.969m for the New Homes Bonus is used entirely to support the 2013/14 budget. The July budget report to this committee allocated £0.400m to support the budget and therefore this proposal allocates the remaining £0.569m to meet the budget gap. Further information on the New Homes Bonus is also provided in the appendix.

Latest Position 2012/13

- 3.15 The month 7 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected underspending of £3.534m on council controlled budgets and projected underspending of £0.388m on NHS controlled s75 services. The overall underspend is a further improvement since month 5 was presented to the Committee in October. This is mainly driven by improvements to the spending forecasts for children services and adults social care. This not only produces additional one-off usable reserves but also helps the ongoing position on the revenue budget. This is taken into account in the savings proposed in this report and the judgement on the required level of risk provision and reserves.

Reserves Position

- 3.16 The working balance is planned to be maintained at £9m over the next 3 years of the Medium Term Financial Strategy. Determining the appropriate levels of working balance requires a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget estimates, major initiatives being undertaken, budget assumptions, levels of other earmarked reserves and provisions, and the council's track record in budget management. The consequences of not keeping a minimum prudent level of balances can be serious. In the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.
- 3.17 The current level of balances has been based on the robustness of estimates information and the Corporate Risk Register. In addition, the other strategic, operational and financial risks taken into account when considering the minimum level of the working balance include:
- (i) The complexity and degree of uncertainty associated with planned economy and efficiency measures and/or service changes and the likelihood of achieving them in full;
 - (ii) The level of balances required to complement resources potentially available under the Bellwin Scheme for Emergency Financial Assistance to Local Authorities in the event of a major emergency;
 - (iii) Risks of rising demand, increasing costs and/or falling income due to economic conditions or potential legislative changes;
 - (iv) The risk of major legal challenges, both current and in the future;
 - (v) Risks in the financial inter-relationship between NHS partners and the council.
 - (vi) The need to retain a general contingency to provide against unforeseen circumstances that may arise. For example, delays in council tax billing which could arise from a major systems or power failure;
 - (vii) The need to retain reserves for general day-to-day cash flow needs.
- 3.18 In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. Taking all of these factors into account, a £9.0m working balance is considered appropriate, representing about 4 weeks of council tax revenue.
- 3.19 The following table shows the projected general reserves position to 31 March 2013 assuming spending is in line with the latest projections for 2012/13 shown in the TBM month 7 report.
- 3.20 The table includes the potential release of specific reserves to support the 2013/14 budget with allocations identified in paragraph 3.21.

Table 1 - General Reserves	2012/13
	£'m
Unallocated general reserves at 1 April 2012	0.372
Reserves already set aside to cover full year effect of 2013/14 savings	0.750
Estimated receipt from LACSEG (£384k already received)	1.140
TBM Month 7 forecast underspend	3.534
Total Resources	5.796
Commitments	
Fund part year effect of 2013/14 savings	-0.927
Increase restructure/redundancy reserve (currently £3.8m) to support the proposed Voluntary Severance Scheme	-1.200
One-off resources set aside for Wide Area Network (PSN)	-0.500
One off resources to cover potential increase cost of pension contributions following auto-enrolment	-0.800
Transformation Fund for 2013/14 & 2014/15	-1.200
Balance of one-off resources	1.169
Indicative allocations for 2013/14:	
Risk provision for successful business rates appeals that result in refunds relating to periods before 1 April 2013	-3.000
Business Rates incentive fund	-0.100
One off resources to assist Pride to develop a new business plan	-0.025
Verge parking restriction pilot schemes	-0.125
Major examination in public Local Development Framework (LDF) core strategy	-0.150
Additional support for financial advice providers	-0.300
Resources to be identified	2.531

3.21 The table above includes the following commitments : -

- The budget proposals included in appendix 4 require one off resources of £0.927m because the lead-in times, primarily due to consultation requirements, mean that not all the proposed savings for 2013/14 can be delivered from 1 April 2013.
- The proposed voluntary severance scheme will support the reshaping and redesign of services as described in paragraph 3.37 and requires one off funding. It is therefore proposed to increase the resources in the restructure and redundancy reserve by £1.2m.
- The introduction of automatic enrolment of staff into the pension scheme will potentially increase the employers' contributions. It is planned to cover the extra cost in 2013/14 with one off resources and then manage any ongoing increase from 2014/15 alongside the outcome of the pension fund triennial review which is due in December 2013.

- The budget savings for 2013/14 and future years require continued investment in the transformation of council services to make the best use of far-reaching changes in ICT, occupancy of council buildings and customer access to support services and staff to improve customer service, increase productivity and reduce costs. This will be through the Workstyles, Customer Access and Business Transformation (Systems Thinking) projects together with investment in the Wide Area Network ('the Link') which is reported elsewhere on this agenda and requires further one-off resources of £0.5m. These programmes require effective project management, business analysis and other expert support to deliver their full financial benefits over the next few years which will be important for the 2013/14 and future budget strategies.

3.22 The indicative allocations for 2013/14 are proposed for the following reasons:

- £3m for the council's 49% share of forecast refunds of business rates relating to the period prior to the 1 April 2013 following successful rating appeals in 2013/14 and 2014/15 against the 2010 rating list. At this stage this is a very provisional figure based on the level of successful appeals processed so far this year and a further analysis of outstanding appeals will be available in early January.
- £0.100m to enable the council to use new powers to award business rate reductions as an incentive to maintain or grow certain businesses within the city. Options about how this fund could be used to maximise the incentive will form part of the February budget report.
- £0.025m to provide Pride with the lead-in time necessary to develop a new financially sustainable business model.
- £0.125m to support two verge parking restriction pilot schemes in Mile Oak, North Portslade and Varndean area of Withdean.
- £0.150m to support the one-off costs of the Major Examination in Public of the Local Development Framework.
- £0.3m to provide additional support to financial advice providers across the city who are managing increased demand due to welfare reform changes whilst managing reductions in government support. In addition, there is a one off gain after meeting the requirements of the council tax support transitional grant which will enable £0.3m to be set aside in contingency to augment the Council Tax Support discretionary fund, Discretionary Housing Payments and the proposed Local Discretionary Social Fund to moderate the initial impact of welfare reforms.

3.23 The indicative allocations of one off resources for 2013/14 set out in table 1 are subject to the identification of sufficient further resources to fund the proposed allocations. A full review of all reserves and provisions will be undertaken and any recommendations from the review will be included in the Budget Report to this committee in February 2013.

Fees & Charges

3.24 Fees and charges budgets are assumed to increase each year by a standard inflation rate; 2% for 2013/14. The Council's Corporate Fees & Charges Policy

requires that all fees and charges are reviewed at least annually and should normally be increased by either: the standard rate of inflation, statutory increases, or actual increases in the costs of providing the service as applicable. Non-statutory increases above the standard rate of inflation and/or changes to concessions or subsidies should be reported to and considered at the relevant service committee. Where appropriate, details of fees and charges changes for 2013/14 are therefore being presented to the relevant service committee prior to Budget Council. This includes consideration of parking charges following the parking review report due to be received by the Transport Committee in January 2013. In addition, an overarching review of fees and charges is undertaken to ensure there is no disproportionate or cumulative equality impact of proposed changes to fees and charges on vulnerable, minority or other groups. More information on fees & charges is given in the Budget Strategy appendix 3.

Service Pressures

- 3.25 The budget estimates for priority service pressures have been reviewed since July and the latest estimates for demographic growth and other service pressures remains at £4.35m. The current trends on the council's corporate critical budgets have been taken into account in determining levels of service pressure funding. The detailed allocation of Service Pressures investments is set out in the Budget Strategy appendix 3.
- 3.26 There remains a balance of £0.480m which will be needed to cover other pressures across services and will be allocated following a further review of the 2012/13 budget position at month 9.

Budget Savings Requirement

- 3.27 Revisions to the budget assumptions have resulted in changes to the savings targets for 2013/14. The table below shows how the 2013/14 target has moved from £14m to £21.3m.

Table 2 – Revised 2013/14 Savings Target	£ m
Savings target at July Policy & Resources Committee	14.0
Reduce Council tax increase to 2%	1.5
Net loss on specific grant transfers to Business Rates Retention scheme	2.4
Estimated impact of top-slicing of government funding	0.9
Reduction in share of Business Rates income	0.5
Anticipated further reduction in government funding from Autumn Statement	2.0
Budget Savings Requirement	21.3
Less	
Actual Savings proposals 2013/14	-14.0
Full year effect of 2013/14 savings proposals funded by one off resources	-0.9
Council Tax Discounts and exemptions additional income	-0.9
Balance of New Homes Bonus 3 rd tranche released to support the budget	-0.6
Estimated VfM savings from a Voluntary Severance Scheme	-3.0
Remaining budget gap 2013/14	1.9

- 3.28 For information, the latest estimate of budget savings required in 2014/15, assuming a 2% Council Tax increase, is £19.2m; an increase of £3.3m since the

July report. The position for 2014/15 will be updated for February along with an updated Medium Term Financial Strategy subject to available information.

Budget Strategy

- 3.29 A summary table of the budget forecasts for 2013/14 is shown in appendix 1.
- 3.30 An overarching Budget Strategy and strategies for each main budget area and the detailed savings proposals are included at appendix 3 and 4 respectively. The General Fund savings proposals for 2013/14 total £14.0m in year and £14.9m in a full year with the difference funded by £0.9m reserves as shown in table 1.
- 3.31 There are some common themes across the proposals, which fit with the principles and process set out in the budget strategy at appendix 3.

Options to address the remaining budget gap

- 3.32 The remaining budget gap for 2013/14 is £1.9m assuming one-off resources can be identified to meet the difference between the full and part year savings identified and the Voluntary Severance Scheme delivers value for money savings of £3.0m. There a number of assumptions that need to be reviewed and updated between now and the revised report to Policy & Resources Committee on 14 February. These include but are not limited to:
- The provisional local government finance settlement;
 - The council tax base which will be set in January;
 - The NNDR forecast which will be agreed in January;
 - The Month 9 position on the 2012/13 TBM budget monitoring;
 - The projections on the latest trends on corporate critical budgets and their implications for the levels of service pressure funding required and risk provisions required.
- 3.33 These updates could have positive or negative implications for the budget gap for 2013/14 and revisions or additions to the proposed savings may be required as a result. This is in addition to any changes that may be proposed following the further scrutiny, consultation and engagement processes. This report should be considered the start of that consultation process not the end.

Staffing Implications

- 3.34 The staffing budget for 2013/14 includes funding for a £7.45 living wage, the implementation of which is subject to Policy & Resources approval elsewhere on this agenda.
- 3.35 At this stage in the budget process it is difficult to determine exactly how many staff may be affected by the proposals. A broad estimate is that in 2013/14 an estimated 50 posts may be removed from the council's staffing structure as a result of the savings proposals set out in appendix 4 and a further 110 though

the voluntary severance scheme. However actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. Some of these are already vacant and some will become vacant through normal turnover. Based on previous years' experience this is likely to account for at least half of the posts lost. As in previous years it is planned to minimise the number of staff at risk of redundancy through:

- Controlling recruitment and only making permanent appointments in exceptional circumstances and when all other alternatives have been exhausted;
- Holding any vacancies available internally to increase the opportunities for re-deployment;
- Minimise the use of interim or consultant appointments;
- Limiting the use of temporary or agency resources.

- 3.36 These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.
- 3.37 With regard to a Voluntary Severance Scheme, the positives and learning points from the previous scheme have been reviewed to help define the scope and management of the new scheme. It is clear that, given the challenge and scale of the proposed budget savings requirement, the scheme needs to be adapted to have a broader reach and to link more closely to future workforce planning. The focus of the scheme will therefore be on helping to accelerate and improve value for money across services through reshaping and redesigning services. At this stage, schools based staff will not be included.
- 3.38 The broader reach of the scheme will mean that applications will be invited from across the workforce and in assessing applications, Heads of Service will be looking at the opportunities that arise for service redesign, particularly in relation to other initiatives including customer access improvements, workstyles investments and associated ICT and business transformation (Systems Thinking) opportunities. This will provide opportunities to accelerate value for money initiatives through doing things differently and identifying further efficiencies.
- 3.39 The assessment will be between maximising savings through achieving an early exit date, versus implementing a more extensive service redesign that can achieve greater value for money but may have a longer lead-in time. HR Business Partners will be working closely with managers and finance to ensure cost implications and savings are effectively monitored.
- 3.40 Other aspects of the scheme are being negotiated and finalised including the detailed timetable and the latest date for release. It is also proposed to offer enhanced terms compared to the council's normal redundancy provisions and a multiplier of 2 is expected to be applied to redundancy (not pension) entitlement to ensure the success of the scheme. This has been taken into account in providing one-off resources for severance costs detailed in table 1 above. Policy & Resources are asked to approve the scheme to enable immediate implementation.

Housing Revenue Account

- 3.41 The Housing Revenue Account (HRA) is a ringfenced account which covers the management and maintenance of council owned housing stock. A local authority's HRA must be in balance meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable. The introduction of self-financing of the HRA from 1st April 2012 means that the authority needs to ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock. Self financing has given authorities the freedom to plan for the longer term and has given greater emphasis to the 30 year business plan.
- 3.42 The Commissioning framework for the HRA aims to reduce management unit costs to enable re-investment in services to reduce inequality (support) and make improvements to homes and neighbourhoods (investment). As the HRA is a ring-fenced account, any savings achieved are reinvested into council housing services. However, the significance of the HRA budget reaches beyond housing service provision and provides the opportunity to tackle inequality, create jobs and training opportunities, and improve the lives and well-being of residents. This in turn can reduce pressures upon social care and other General Fund budgets.
- 3.43 Benchmarking against comparator organisations and an analysis of the outcome of the Housing Quality Network (HQN) value for money review has identified a savings target of £1.028m over 2 years to ensure that the service provides value for money. The savings target is £0.590m in 2013/14 and £0.438m in 2014/15. Further details of the budget strategy and savings proposals are included in appendix 4 to this report.
- 3.44 Policy & Resources are asked to note the update on the HRA budget strategy and proposals. The final HRA Budget proposals for 2013/14, including rents and service charges and an update to the Medium Term Financial Strategy, will be reported separately to Housing Management Consultative Sub-Committee, Housing Committee and Policy & Resources Committee in January and February 2013.

Capital Programme

- 3.45 The projected capital programme and resources are included in the table in appendix 5; this includes all amendments highlighted in the TBM report.
- 3.46 Grant is provided to the council as unringfenced funding with the exception of Devolved Schools Grant. New grants for education, transport, health and disabled facilities are projected to be £14.0m in 2013/14 but are subject to confirmation from the Government in December 2012 with the Education announcements expected at the end of January 2013. The projected capital programme in appendix 5 includes unfunded schemes such as ICT infrastructure investment to support Customer Access, the digital city and the replacement of core security and access infrastructure of £8.0m over the three years; investment in private sector housing renewal of £1.5m for 2013/14 only;

Hollingdean Depot phase 2 requirement of £0.6m; and the education shortfall for investment in primary school places of £5.6m over three years.

- 3.47 The table shows a significant shortfall in funding of £16.5m over the 3 year period assuming planned net capital receipts of £9.1m over the 3 years are achieved.
- 3.48 The planned receipts include potentially difficult disposals such as Patcham Court Farm and if this receipt is not realised the shortfall will increase by £3m.
- 3.49 Plans to address the shortfall include reviewing the current commitments in the planned capital programme to reallocate to priority areas, reprioritising the allocation of future capital grant funding allocations announced by the government in December 2012 and January 2013 and a review of reserves subject to priority pressures elsewhere in the budget. It is intended that the programme will, as in previous years, be cash-backed and not dependent on in-year receipts.
- 3.50 A detailed capital programme report will be presented to Policy & Resources Committee in February prioritising the limited capital resources available to the council given the risks associated with delivering the planned high level of capital receipts. The programme proposed will be a fully funded capital investment programme.

Timetable

- 3.51 The Timetable for budget papers is given below. This timetable does not include detailed plans for ongoing consultation with stakeholders and this will be determined in conjunction with those involved, the latest details of which are given in table 3.

Date	Meeting	Papers / Activities
29 Nov 2012	Policy & Resources	Budget update and savings package
5 Dec 2012		Autumn Statement
7 Dec 2012	Scrutiny	Scrutiny panels begin
Late Dec 2012		Provisional Local Government Finance Settlement
17 Jan 2013	Policy & Resources	Taxbase report
14 Feb 2013	Policy & Resources	Month 9 Forecast of 2012/13 budget position General Fund Revenue 2013/14 Budget Housing Revenue Account Budget Housing Revenue Account Capital Programme Capital Programme
28 Feb 2013	Budget Council	

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 The scale of the savings required for 2013/14 and future years is likely to have increasingly significant implications for services and the way they are commissioned and delivered. This requires the council to plan and consult as effectively as possible within the context of often uncertain information. The approach to consultation and engagement was set out and approved by Policy & Resources Committee in July 2012.
- 4.2 Consultation is important to the council and we have tried various methods to consult about council spending in recent years. However, the complexity of council finances and the very wide range of services provided meant that people sometimes found it difficult to understand or to make informed choices. We have therefore tried different approaches to consult about spending this year, using traditional and more innovative methods in our “your money, your services, your say” consultation, including:
- A survey available online and on paper;
 - An online prioritisation tool;
 - An innovative, open city event for involving people in decision making on the overall approaches available to the council for running services.
- 4.3 The common themes emerging from these exercises are presented in appendix 7 to this report "Summary Report: Budget Consultation Exercises Autumn 2012" and in brief are:

Residents' high priority areas

- Education
- Children's Social Services
- Public Safety
- Leisure, Parks and Open Spaces
- Refuse Collection, Disposal and Recycling

Residents' medium priority areas

- Housing
- Libraries
- Adult Social Services
- Housing Benefit
- Capital Investment

Residents' low priority areas

- Central Services
- Council Tax Benefit
- Planning and Economic Development
- Highways and Traffic Management

Most would like service funding to be at least maintained, if not increased.

Service areas where more people (though not the majority) are in favour of cuts are the low priority areas, and where more people are in favour of increases are higher priority areas. Housing is the only exception to this, with it being a medium priority but an area where a relatively high proportion would like an increase in funding.

Justified increases in Council Tax would be acceptable to the majority who participated.

Residents are very much in favour of the exploitation of fines as a source of revenue – parking charge increases would not be welcome.

Efficiency and transparency are critical.

- 4.4 A budget roundtable discussion was held, on 4 October 2012, with Leaders and Finance Spokespeople for all political parties invited alongside representatives of the Trades Unions, Community and Voluntary Sector Forum and Economic Business Partnership. A further meeting is planned for January.
- 4.5 The review and challenge of the options as they were developed for this paper included members from all political parties in the “Budget Challenge” process.
- 4.6 A number of scrutiny meetings have been set up following publication of this report and the Community & Voluntary Sector Forum and the Chamber of Commerce have been invited to join this process. These meetings will also be able to consider the consultation feedback set out in this report.
- 4.7 The online prioritisation tool is being promoted to community groups for example through the Whitehawk Community Forum and through the Youth Council. Further consultation meetings with community groups will be set up after the publication of this report. In addition a budget consultation presentation will be held with the Older Peoples Council in January.
- 4.8 Formal consultation with business ratepayers and representatives of the wider business community will be scheduled in January 2013.
- 4.9 Engagement with statutory partners in the city is being undertaken on an ongoing basis through the Public Services Board. A strategic finance event was also held on 26 October with PSB partners to further share and understand the financial position across all sectors.
- 4.10 Full consultation with Staff and Unions will be undertaken as normal including Departmental Consultative Group (DCG) meetings in December 2012.
- 4.11 A further update of the feedback from the online budget prioritisation tool and online survey will be included in the February budget report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 These are contained within the main body of the report.

5.2 Legal Implications:

- 5.2 Policy & Resources Committee has responsibility for formulating budget proposals for adoption by the Council. The matters set out in this report form part of the process for developing the budget framework. The process itself conforms with the council's budget and policy framework procedure rules.

Lawyer Consulted: Oliver Dixon

Date: 22/11/12

Equalities Implications:

- 5.3 In Brighton & Hove City Council a Budget Equality Impact Assessment (EIA) screening process has been used to identify the potential disproportionate impacts of proposals on groups covered by legislation (the 'protected characteristics' in the Equality Act 2010). Assessing the potential positive and negative impact of decisions on different equality groups is a key part of meeting the requirements of the Act, and demonstrating that we are doing so. EIAs are important for informing decision-making, increasing opportunities for positive benefits and reducing or removing negative impacts, specifically where they affect one or more groups disproportionately, and especially where they may be unlawful.
- 5.4 All service areas that have identified proposals with a potential equalities impact have completed an EIA Screening document for the budget proposals in their area. The Communities and Equalities Team is also reviewing the final list of proposals to complete our assessment of the potential cumulative impacts and to propose mitigating actions. This will be updated and circulated as part of the process and included in the February budget report. We have identified no unlawful discrimination within the proposals, but potential disproportionate impacts have been identified on a number of groups and actions are being identified to minimise or avoid these.
- 5.5 When the budget proposals are made public, these EIAs will also be circulated widely to stakeholders. Feedback will be used by officers to revise the Screening EIAs into final versions which will be available to members and scrutiny as they consider the budget proposals. They will also be published on the council website.
- 5.6 At the point at which implementation decisions are made about budgets, full Equality Impact Assessments will be carried out in a number of areas which will analyse specific impacts and develop the required mitigating actions.

Sustainability Implications

- 5.7 A carbon budget has been set for 2013/14. This shows the level of spend on energy and the estimated carbon emissions across each service area and includes a planned 4% reduction in 2012/13 and again in 2013/14. This modest target will be challenging to meet on the basis of the current approach to carbon management.

- 5.8 Carbon budgets provide the organisation with a layer of accountability for reducing carbon emissions from our buildings, street lights, fleet and the way we travel for work. They were first introduced in 2012/13 and supported by actions plans that set out how carbon budgets are to be achieved. The council spends around £9m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver services to residents. With rising energy and fuel prices and the purchase of annual Carbon Reduction Commitment allowances, the business case for reducing carbon emissions is clear. The impact of 37,000 tonnes of carbon dioxide released into the atmosphere each year contributes to our changing climate, which is widely recognised as the major environmental problem facing our planet.
- 5.9 To make significant savings in carbon emissions a different approach is required and the One Planet Zero Carbon approach provides a fresh focus to carbon management. The 2013/14 carbon budget has an additional feature following the first carbon budget set for 2012/13. 10 buildings from across the council portfolio have been prioritised to each reduce their emissions by 4% over the next year, this will allow for real focus on the opportunities for reducing emissions. £60,000 of One Planet Living reserve has been allocated for undertaking detailed energy surveys in our buildings and this will be the initial starting point for understanding what we can achieve. In addition there will be long term investment in more energy efficient street lighting funded from Local Transport Plan resources. There will be a clear focus placed on reducing carbon emissions from buildings through the acceleration of the Workstyles programme reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the retained buildings.
- 5.10 The Council's 2011/12 Carbon Reduction Commitment footprint accounted for 23,727 tonnes of CO² from council buildings for which the council purchased £0.284m worth of CRC allowances at £12 per tonne.
- 5.11 The Council's carbon budget update is detailed in Appendix 6 and profiles the spend and CO² carbon footprint for 2011/12 across the council. The projected carbon budget for 2012/13 is also reported within Appendix 6. Performance against the 2012/13 carbon budget will be calculated in July 2013.

Crime & Disorder Implications:

- 5.12 The budget proposals are not expected to have significant adverse consequences on crime and disorder. The council will need to work with the newly elected Police and Crime Commissioner to ensure funds continue to be invested appropriately across the city.

Risk and Opportunity Management Implications:

- 5.13 The budget proposals include recurrent risk provisions of £1m. These will need to be reviewed again in the light of new financial risks, for example, from Business Rates Retention, and updated information from the month 9 TBM position due to be presented to this committee on 14th February. The budget report to February Policy and Resources committee will include the Chief Finance Officer's formal assessment of the robustness of estimates in the budget and the adequacy of reserves.

Public Health Implications:

- 5.14 From 1 April 2013, public health functions are due to transfer to local authorities. No account has been taken of this function and funding change in the financial projections for 2013/14 because the government has not yet published indicative allocations. The council has contributed to information requests from the Department of Health about public health spending by the Primary Care Trust. There are a wide range of proposals within this budget that have potential implications for public health in its broadest sense. The principle of prioritising services for the young, elderly and vulnerable should make a positive contribution to public health.

Corporate / Citywide Implications:

- 5.15 The report is relevant to the whole of the city.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget and council tax proposals to Budget Council on 28 February. Budget Council has the opportunity to debate the proposals put forward by the Committee at the same time as any viable alternative proposals.

7. REASONS FOR REPORT RECOMMENDATIONS:

- 7.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. This report sets out the latest budget assumptions, process and timetable to meet the statutory duty.
- 7.2 Approval of the proposed Voluntary Severance Scheme is required because enhanced severance terms are being proposed compared to the current policy. Financial provision for these terms is set out in the report.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget Summary for 2013/14
2. Taxbase, function and funding changes
3. General Fund Budget Strategy
4. Budget Strategy for each main budget area and detailed savings proposals 2013/14 (The HRA budget strategy and proposals are included for noting only)
5. Summary Capital Investment Programme 2013/14 to 2015/16
6. Carbon Budget for 2013/14
7. Summary Report: Budget Consultation
8. Budget Equality Impact Assessment Screening Documents
9. Business Rate Retention: Policy Statement

Documents in Members' Rooms

1. Budget Equality Impact Assessment Screening Documents (Appendix 8)

Background Documents

1. Budget files held within Financial Services and Strategic Finance
2. Consultation papers

2013/14 BUDGET - Budget changes from 2012/13 to 2013/14

Appendix 1

	Change s in										Commitment Saving s and s from reinvestment Incom e £'000 e £'000		VFM & Other Savings £'000 Budget £'000		2013/14 Original Budget £'000		Increas e over e over adjuste d base £'000	
	2012/13 function Revised Base £'000	/	Internal Transfers £'000	Reverse one-off allocation £'000	2012/13 Adjusted Base £'000	FYE of Savings £'000	Inflation £'000	Service Pressures	Commitment reinvestment £'000	Saving from £'000	VFM & Other Savings £'000	2013/14 Original Budget £'000	2013/14 Original Budget £'000	Incr e over e over adjuste d base £'000	Incr e over e over adjuste d base £'000			
Commissioner - Childrens, Youth & Families	22,209	0	0	0	22,209	0	417	0	6	-2,660	19,972	19,972	-2,237	-10.1				
Commissioner - Learning and Partnerships	5,096	0	-39	0	5,057	0	65	0	5	-481	4,646	4,646	-411	-8.1				
Delivery Unit Childrens & Families	34,892	0	0	0	34,892	0	451	500	-500	-697	34,646	34,646	-246	-0.7				
Delivery Unit City Services	12,261	0	0	-22	12,239	0	132	0	552	-683	12,240	12,240	1	0.0				
Commissioner - People	1,764	0	0	0	1,764	-50	71	0	4	-250	1,539	1,539	-225	-12.8				
Delivery Unit Adults Assessment	63,760	0	0	0	63,760	-137	1,175	942	19	-4,584	61,175	61,175	-2,585	-4.1				
Delivery Unit Adults Provider	13,339	0	0	0	13,339	-104	95	58	27	-865	12,550	12,550	-789	-5.9				
Commissioner - Communities & Equalities	2,974	0	-74	0	2,900	0	56	0	1	-52	2,905	2,905	5	0.2				
Commissioner - City Regulation & Infrastructure	3,032	0	0	-29	3,003	-47	45	0	4	0	3,005	3,005	2	0.1				
Delivery Unit City Infrastructure	21,175	0	0	-25	21,150	-51	257	0	27	-483	20,900	20,900	-250	-1.2				
Delivery Unit Planning & Public Protection	4,933	0	10	-100	4,843	-127	26	0	15	-35	4,722	4,722	-121	-2.5				
Community Safety	2,132	0	0	0	2,132	0	27	0	4	0	2,163	2,163	31	1.5				
Delivery Unit Housing & Social Inclusion	512	0	0	0	512	0	9	0	0	0	521	521	9	1.8				
Commissioner - Housing	15,308	0	0	0	15,308	0	242	1,000	11	-913	15,648	15,648	340	2.2				
Commissioner - Sports & Leisure	1,157	0	0	0	1,157	0	21	0	0	-30	1,148	1,148	-9	-0.8				
Commissioner - Culture	1,892	0	-10	0	1,882	0	33	0	1	-25	1,891	1,891	9	0.5				
Delivery Unit Tourism & Leisure	3,085	0	0	0	3,085	-118	-16	0	14	-200	2,765	2,765	-320	-10.4				
Resources & SLB	18,961	0	-121	-135	18,705	-195	221	350	41	-1,236	17,886	17,886	-819	-4.4				
Finance	5,147	0	81	0	5,228	0	51	50	11	-321	5,019	5,019	-209	-4.0				
Total Directorate Spending	233,629	0	-153	-311	233,165	-829	3,378	2,900	242	0	-13,515	225,341	225,341	-7,824	-3.36			
Concessionary Fares	9,696	0	0	0	9,696	0	194	0	304	-150	10,044	10,044	348	3.48				
Insurance	3,419	0	0	0	3,419	0	68	0	0	-350	3,137	3,137	-282	-8.2				
Financing Costs	8,862	0	0	0	8,862	0	0	0	592	0	9,454	9,454	592	6.4				
Corporate VFM Savings	-531	0	235	-175	-296	-175	-8	0	0	-3,000	-3,479	-3,479	-3,183	-91.8				
Contingency and Risk Provisions	4,599	0	-80	-1,950	2,569	0	910	1,000	358	0	4,837	4,837	2,268	47.5				
Unringfenced grants income	-30,444	11,639	69	-18,736	-18,736	0	450	450	4,462	0	-13,824	-13,824	4,912	35.5				
Council Tax Support Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0				
Levies to External Bodies	167	0	0	167	167	0	4	0	0	0	171	171	4	2.4				
Other Corporate Budgets	-2,253	0	-71	-2,324	-2,324	-67	88	88	88	-1,910	-2,303	-2,303	21	0.9				
SAVINGS GAP	0	0	0	0	0	0	0	0	0	-1,910	-1,910	-1,910	-1,910	-100.0				
NET REVENUE EXPENDITURE	227,144	11,639	0	-2,261	236,522	-1,004	4,479	4,350	6,046	0	-18,925	231,468	231,468	-5,054	-2.2			

Contributions to/ from(-) reserves	-4,190	0	0	2,261	-1,929	1,035	-59	-927	-1,880	49			
BUDGET REQUIREMENT	222,954	11,639	0	0	234,593	31	4,479	4,350	5,987	0	-19,852	229,588	-5,005
Funded by													
Formula Grant/RSG & Business Rates	104,372	30,533			134,905							127,160	-7,745
Collection Fund surplus/(deficit)	-851				-851							0	851
Council Tax	119,433	-18,894			100,539							102,428	1,889
Total	222,954	11,639			234,593							229,588	-5,005

Appendix 2 – Taxbase, Function and Funding Changes

Council tax base and collection fund

This Committee is required to agree the council tax base for 2013/14 by the end of January and a detailed report will be presented for consideration to the January meeting. This will incorporate the final effects of the local Council Tax Support Scheme and agreed changes from the technical reform to council tax discounts and exemptions.

The proposed changes arising from the council tax discounts and exemption reform report are detailed in a report elsewhere on the agenda. The proposal to remove the 10% discount on second homes and replace the current 6 month class C exemption on empty and unfurnished properties with a 6 week 100% discount will increase the taxbase for 2013/14. The council's share of the additional council tax raised from these changes is currently estimated at about £1m and the final amount will be confirmed when the taxbase is proposed on 17 January 2013.

Council tax collection performance remains on target this year. The growth in properties as a result of new property developments is expected to be offset by a continuing growth in the number of properties occupied solely by students and therefore exempt from paying council tax. So the assumption that the taxbase will not increase from current levels will be maintained for planning purposes ahead of the final calculation of the taxbase.

The collection fund is the account into which all council tax and council tax benefit is paid and the year-end forecast remains unchanged with a breakeven position forecast at 31 March 2013. The final estimate of the collection fund position will be calculated on 15 January 2013 and any change from a breakeven position will be reported in the February budget report.

Business Rates

With the localisation of business rates from 1 April 2013 it is necessary for each authority to estimate the amount of business rates to be collected in 2013/14. The monitoring and estimating of business rates is a new local responsibility which transfers financial risks to the council. It has a much greater degree of volatility than council tax due to uncertainties surrounding properties coming off and being added to the rating list and the impact of successful appeals by businesses against their rateable value set at the last valuation in 2010.

There are a large number of successful rating appeals estimated nationally to be 30% of all appeals lodged. The Valuation Office Agency (VOA) determines both the original valuation and the appeals process with no involvement from the council. The VOA has so far failed to produce promised statistical releases to help councils assess the impact of appeals. The charts at the end of this appendix show that over the first 7 months of this financial year the rateable value of the city has fallen consistently due to successful appeals. The 2013/14 forecast not only has to take into account the in-year impact of potential successful appeals but also

cover refunds for 2010/11, 2011/12 and 2012/13. Specialist advice will be provided by Wilks Head & Eve who currently support the council with rating appeals on council owned properties. They have also been commissioned to identify options to maintain and increase the rating list in future years and these will be set out in the January taxbase report.

A very provisional estimate for business rates has been made for the resource forecasts shown in this report. It has been assumed that business rates will decline in 2013/14 and 2014/15 as a result of successful appeals, although the full effect of successful appeals will be significantly mitigated by some new large business developments in the city due to come on stream over the next 6 months. It should also be noted that some key decisions relating to the retention scheme have not yet been made by CLG which adds further uncertainty when assessing the overall financial impact.

The final estimate will need to be signed off by the council in order to meet a 30 January statutory deadline for notifying the CLG and East Sussex Fire Authority. A separate report will go to this committee on 17 January 2013 giving details of the final estimate for 2013/14 and how this impacts on the 2013/14 budget.

Schools Funding

For 2013/14 the Dedicated Schools Grant (DSG) will be split into 3 notional blocks: schools, early years and high needs. In 2013/14 these will be calculated based on local authorities' planned 2012/13 budgets. The blocks will not be ring-fenced but the DfE will continue to ring-fence the DSG as a whole. The Schools Block will be calculated using pupil numbers from the October School Census. The Early Years block will continue to be funded on the January count. The High Needs block will cover funding for education provision for high needs pupils and students from birth to 25, in line with the proposals set out in the Green paper on SEN and Disability.

To dampen the changes in budgets that will be experienced by some schools as a result of the new, simplified local formulae in mainstream schools and to give schools sufficient time to plan for the effects of any budget reductions, the DfE will continue the Minimum Funding Guarantee (MFG) at minus 1.5% per pupil in 2013/14 and 2014/15. Funding for the Pupil Premium will increase from £1.250bn nationally in 2012/13 to £1.875bn in 2013/14.

New Homes Bonus Grant

The New Homes Bonus (NHB) is a funding incentive for local authorities largely to facilitate the creation of new homes in their area and bring empty homes back into use. The provisional funding allocation for the third tranche is expected to be announced in December 2012. This will be based on two sets of data available to Government in October: increases in effective stock from council tax base returns and additional affordable homes from official statistics on affordable homes enhancements. Using the October data available it is expected that the council could receive circa £0.969m per annum for 6 years from 2013/14, of this £0.758m is from new properties, £0.191m from a reduction in long term empty properties and £0.020m from affordable homes delivered.

Given the size of the budget gap it is proposed that the estimated third tranche allocation of £0.969m, less £0.400m previously allocated, is used to support the 2013/14 budget. The first 3 tranches will be generating approximately £2m per annum income for the council in 2013/14 and, assuming similar amounts for the next 3 tranches, approximately £4m per annum in 2016/17. The Government has funded NHB by top-slicing local authority funding and the loss of funding to Brighton & Hove by 2016/17 is estimated to be £12m per annum. The council is therefore a significant net loser of funding from the introduction of the NHB which is redistributing grant funding from low housing growth areas to high growth areas.

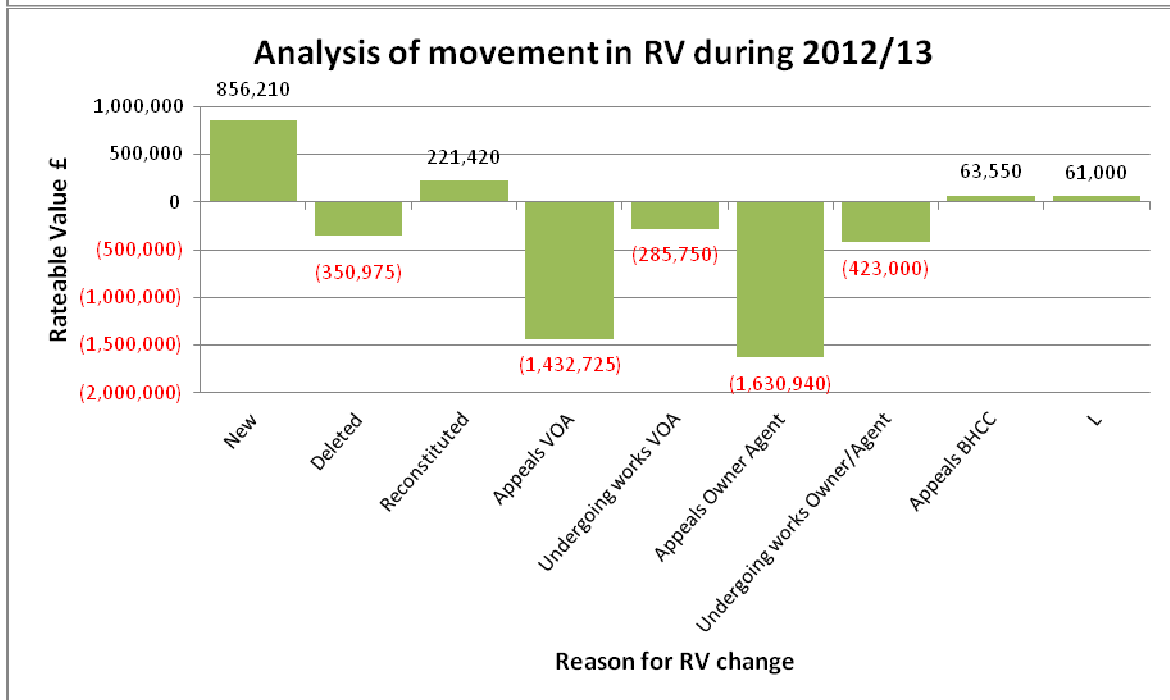
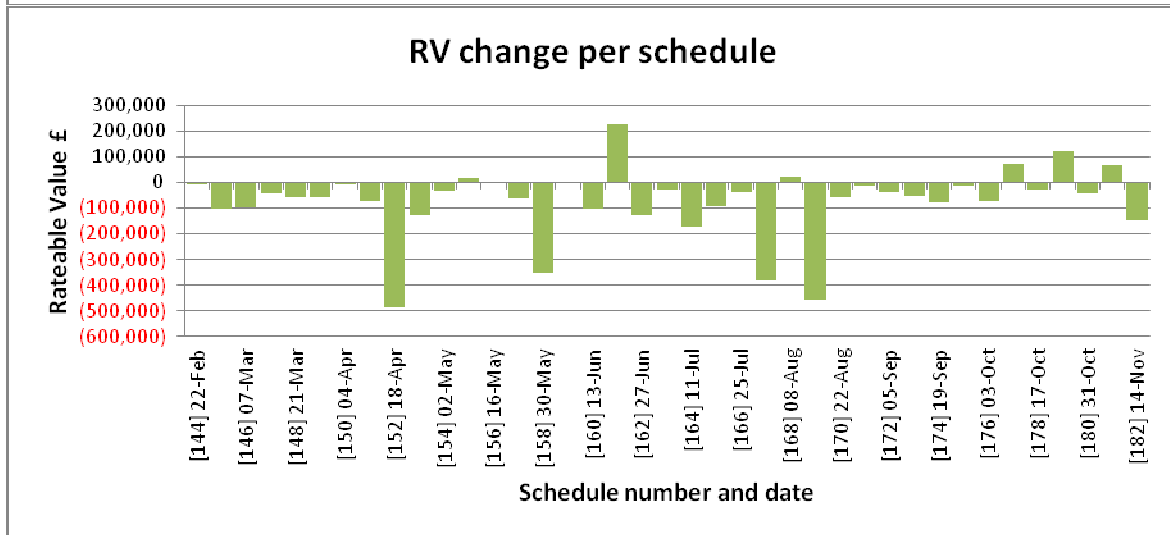
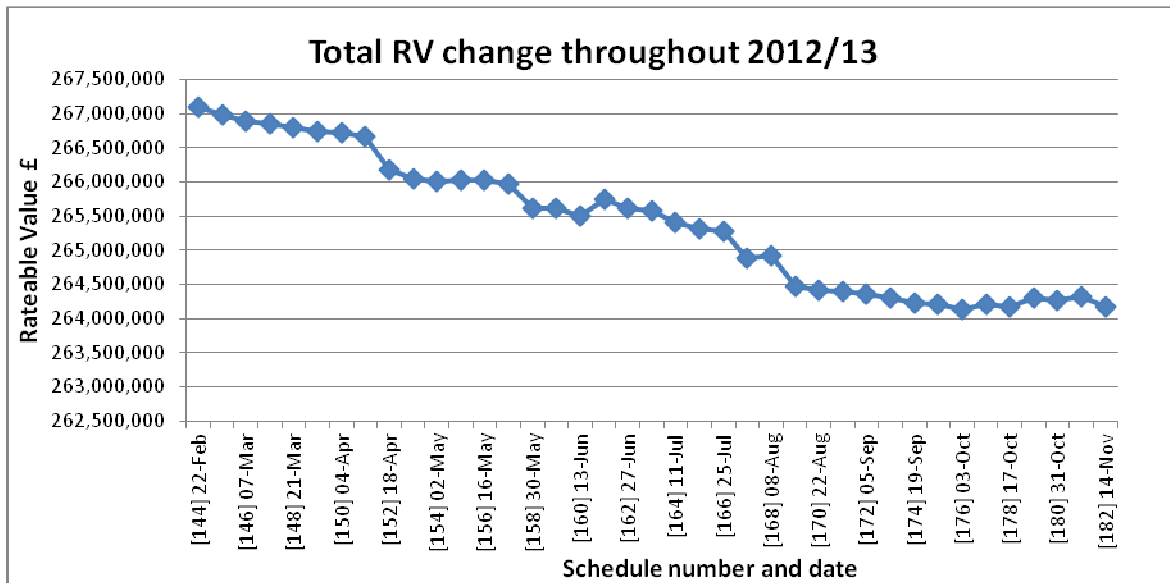
Public Health funding

From 1 April 2013 the council will receive a ring-fenced public health grant to fund new public health responsibilities. The formula to distribute the grant still needs to be finalised by the Department of Health and actual allocations for 2013/14 are due to be published by the end of 2012. Estimates of baseline public health spending for 2012/13 have been assessed by Health at £18.988m. The Council is engaged with Health to ensure that the resources associated with all Public Health responsibilities are identified, reflect agreed strategies, and are used to inform updated Department of Health data gathering.

Police Commissioner

The Police and Crime Commissioner was elected on 15 November and will take responsibility for commissioning some aspects of community safety. There are a number of grant streams currently available to councils and community safety partnerships that are due to come to an end in March 2013. The planned intention is that Police and Crime Commissioners will then in 2013/14 receive a designated but unringfenced grant for commissioning community safety and other activity, however the details have not yet been confirmed. Until any changed funding arrangements are confirmed, the council and partnership community safety planning strategy for 2013/14 has been developed on the basis that grants will be rolled forward for a further year. Grant allocations are due to be published at the end of 2012 and the impact on the Council's responsibilities and funding will be assessed at that time.

BRIGHTON & HOVE CITY COUNCIL – BUSINESS RATES MONITORING 2012/13



Appendix 3 – General Fund Budget Strategy

Strategic Financial Context

- There are major changes to the functions and funding of local authorities as detailed in the July and November 2012 revenue budget updates and reports to Policy & Resources Committee. These, alongside reduced central government support, will result in substantial changes to the General Fund budget and revenue resources. The main changes are:
 - Change from formula grant funding to a Business Rate Retention model supported by a new Revenue Support Grant which will reflect reducing central government spending totals;
 - Localisation of a Council Tax Support Scheme and an associated 10% reduction in resources;
 - Major resource changes emanating from top-slicing national resources for the New Homes Bonus, Early Intervention services (2 year olds) and services to schools (LACSEG);
 - Impact of functional changes including Public Health, Police & Crime Commissioners and administration of a Council Tax Support Scheme and Local Discretionary Social Fund.

Budget Principles and Priorities

- The budget principles applied to the budget strategy for 2013/14 have been designed to support the council's Corporate Plan priorities as far as possible within resource constraints, including:
 - to prioritise services and resources, through service pressure funding, for the young, elderly and vulnerable to continue to tackle inequality;
 - to provide resources to enable a fair and means tested low income council tax discount scheme that has taken full account of equalities considerations alongside resources to support financial inclusion, discretionary funds and a Local Discretionary Social Fund;
 - to promote efficient use of public money and sustainable use of resources through support for key programmes e.g. Value for Money projects;
 - to continue to support partnership working with public, private and third sector organisations to ensure effective engagement of people and partnerships across the city.

- The budget report for 2012/13 included proposed savings for 2013/14 and these provided a clear starting point for the development of the overall budget package. These savings have been reviewed and revised where appropriate and relevant consultation on planned service changes undertaken.
- In July, Policy & Resources Committee agreed to task officers with identifying 10% savings options for the 2014/15 budget. At that time the required level of savings was estimated at 6% and therefore 10% proposals would provide a range of options to ensure effective choice and prioritisation based on the following themes: -
 - the continuation and expansion of the council's Value for Money programme;
 - the implementation of the council's agreed City Commissioning Plan.
- However the significant changes to the expected resource position for 2013/14 has meant all savings proposal for 2014/15 have been reviewed to see what can be fast-tracked and implemented in 2013/14 to support the overall budget position. Savings proposals for 2014/15 budget will now come forward to this committee during 2013.

Commissioning approach

- As mentioned above, 2013/14 proposals developed last year were expected to substantially meet the savings requirement for the year. The recently changed financial reality means that further savings need to be found quickly and without the appropriate lead-in time needed for many commissioning changes. However, a commissioning approach has been adopted where appropriate, particularly across social care and housing areas and four cross-cutting areas for commissioning focus have been identified. These areas are expected to provide the most significant financial and non-financial benefits in support of Corporate Plan priorities.
- The approach for the 4 areas is set out below. The Lead Commissioners have focused on city wide strategic issues and prioritised areas that can impact on future budget 'gaps' and savings proposals. This has involved identifying those areas where improved outcomes, spend-to-save investment, and changes to impact chains can have the greatest impact on related activity, investment, spend and savings in these areas.

Priority Commissioning Area - Extra Care Housing

- Brighton & Hove has an increasing population of over 85's which will continue to place considerable strain on BHCC resources. Although we have a relatively young population in the city our demographics show our over-85 population is on the increase, which means there is greater demand on social services, the NHS, and third sector as they help deal

with the associated problems older people can face. We are also seeing a higher level of more complex cases.

- The recent published White Paper 'Caring for our future: reforming care and support' sets out the vision for a reformed care and support system; it also offered local authorities the opportunities to bid for additional DH funding. An Extra Care Steering Group is already working across ASC and Housing and has started the work required to successfully win current and future bidding processes. In addition to this, BHCC still needs to explore other opportunities that will ensure that resources are used in the best possible way to promote the personalisation agenda, VFM, better outcomes and a better experience of care and support.
- Brighton and Hove has more people in residential care than other comparable authorities and whilst we have developed other community options and numbers have been reduced, we continue to be top quartile in relation to numbers. Adult Social Care (ASC) has looked at local data and national benchmarking and the key findings are:
 - Admissions to permanent residential and nursing home care in the city have reached a plateau over the past 3 years;
 - Length of stay for older people appears to be around 21 months in a nursing home and 33 months in a residential home with a combined figure of 29 months. National research indicates the national average is around 24 to 28 months combined;
 - BHCC have a legacy of some people being placed over 10 years ago in a care home with more analysis being undertaken on this;
 - First quarter data 2012/13 indicates permanent admissions have again begun to fall;
 - Analysis of the most recent year's data indicates about 15% of people admitted that year died within the year.
- We need to continue to develop services to give older people greater choice other than residential care services. Therefore we have been developing extra care housing and other forms of supported accommodation for adults/older people to demonstrate our commitment to provide additional options in the city. There needs to be a focus on developing the units as defined in the strategy if we are to be successful in meeting the demands of the service. Thirty six units in 2013/14 would cost approx £620k increasing by a further 50 units for 2014/15 and 2015/16 and would save approx £850k per year.
- This rethink recognises the important role of older people's contribution to society which is a shift away from our traditional model of care of providing intensive homecare or residential care. Linking the extra care model with personalisation, the community asset agenda, allocations policies and housing strategy aims to:

- Provide more affordable services
- Improve value for money and achieve better outcomes
- Integrate older people into our communities (social inclusion)
- Put people in charge of the services they use (personalisation)
- This links strongly to the BHCC Corporate Plan priorities of tackling inequality and creating a more sustainable city.

Priority Commissioning Area - City Regulation & Infrastructure

- BHCC has implemented a new structure for City Regulation & Infrastructure where the commissioning responsibilities will be developed in specific areas including Waste and Parks, Planning & Public Protection and Transport. The Transport portfolio encompasses strategies and major infrastructure projects, transport planning, public transport, road safety, parking and highway maintenance.
- This new structure, particularly across transport, will provide opportunities for us to revisit our contracts and the ability to share services, pool resources and work in partnership with adjacent local authorities including the SE7 group; a partnership of 7 local authorities that have committed to working together to improve the quality, achieve savings and generate more efficiency through our contracts, staffing and facilities.
- The revenue funding support for transport has not kept pace with the increase in capital funding and there is a large gap between the level of capital funding and the revenue resources available to deliver it ('capital rich and revenue poor'). Therefore the focus in this area is one of continued investment and maintaining or increasing current resourcing levels.
- Our current capital investment programme comprises:
 - Local Transport Planning (LTP):
 - 12/13 £6.5m
 - 13/14 £6.3m
 - 14/15 £7.5m
- Alongside the LTP the Transport Team have been successful in securing a further £9.5m Capital & Revenue Grant for specific projects including:
 - The Local Sustainable Transport Fund (LSTF) has a combined capital and revenue budget of £4m + £2m (matched funding)
 - Better Bus Area (BBA) has a budget of £3.5m.
- With the recently announced Devolved Local Transport Fund there is an opportunity for a further £7m per annum with the Local Enterprise

Partnership from 2014/15 bid, the design process is currently being developed towards bidding for this additional funding.

- We are currently formulating additional bids to deliver Intelligent Transport Systems against two specific but similar themed funding streams:
 - BHCC is one of the thirty councils who have been successful in securing £25k from the Technology Strategy Board (TSB) to complete a feasibility study showing how we could integrate our transport, communications and other infrastructure to improve the local economy, increase quality of life and reduce the impact on the environment.
 - BHCC are also submitting a proposal for a large-scale ‘future cities demonstrator’ showing how the city’s multiple systems will be integrated and how challenges in the city will be addressed. If successful with this bid, BHCC will be awarded £24m funding to implement our proposal. This project will work jointly with Public Health; Environmental Health; Economic Development and Culture to test and validate cross-cutting delivery models and new solutions for connecting and integrating Brighton & Hove City systems with the aim to developing:
 - A One Planet Smart City with a coherent integration of systems where the aims and objectives of raising prosperity and social well-being is balanced with management of the environment and economic growth. All overseen by a governance and engagement system that facilitates collaboration and co-production for the goal of a one planet city.
 - Solutions to common (national & global) problems around the detrimental impacts of traffic including congestion and air pollution and their impact upon public health, quality of life, environment and local economy.

Priority Commissioning Area - Stronger Families, Stronger Communities – the Brighton and Hove ‘troubled families’ programme:

- Brighton and Hove is signed up to the government’s Troubled Families initiative which aims by the end of this Parliament to ‘turnaround’ the lives of the 120,000 families they estimate to be eligible for local programmes because they are involved in crime and anti-social behaviour, or have children not in school and have an adult on out of work benefits.
- We take a broader view. We are concerned with families facing multiple problems and we’ve agreed a 4th ‘local’ eligibility criteria for both families with children and households without dependant children. The programme is taking a twin track approach:
 - Promoting a whole family/multi-professional approach by establishing a new Integrated Team for Families, building on the

- successful Family Intervention Project and deploying the first tranche of the government's payment by results funding
 - Producing a strategy for whole systems change, joined up services and financial savings across the council and partners.
- The programme supports:
 - the council's corporate plan commitments to reduce inequalities and promote participation;
 - the city's Sustainable Community Strategy priorities especially promoting enterprise and learning, reducing crime and improving safety, improving health and well being and strengthening communities and involving people.
- The programme will have identified and engaged with the full year-one cohort of 225 families by the end of January 2013, enabling a detailed family/household needs assessment to be completed. A local costing tool, based on accepted national models, is being developed to provide the data to estimate efficiency savings for 2014/15 for the council and partner agencies.

Priority Commissioning Area - Sports & Leisure

- With the overwhelming success of the London 2012 Olympic and Paralympics Games fresh in the minds and hearts of so many of our residents, there has never been a better time to focus on the impact of sports and participation. The profile and attractiveness of being involved in sports has been raised nationally in a way that has not been equalled in many of our lifetimes, and may never be again. In the history of the Paralympics movement, there has never been such a positive and widespread public engagement with the Games and in particular the individual stories of the competitors; a positive focus on the abilities of people with disabilities.
- Many of our sports, leisure and cultural providers are keen to build on this momentum and we will see a range of initiatives focussing on all levels of participation over the next 12-18 month period. Next year is set to be the year of youth activity. Brighton and Hove Albion will be launching an international Football World Cup for young people at the end of July 2013, with an ambition to become an annual event with equal participation of girls and boys teams. July will start with the international Dance World Championships coming to the city, an event of long standing attracting competitors from all over the world. Our own Take Part Festival takes place just before these two high profile events, creating an opportunity to focus on local participation as a lead into the two championships. BHCC will also be investing in and supporting the Rugby World Cup bid.
- In Brighton and Hove an estimated 43,632 adults are obese and 6,500 are morbidly obese. An estimated 14,000 children and young people aged 2-19 years are overweight or obese. This is predicted to increase to 16,400 by 2020. Excess weight is a major risk factor for diseases

such as type 2 diabetes, cancer and heart disease. In addition, the prevalence of mental illness in Brighton and Hove is higher than the average for England for both common mental health problems, such as anxiety and depression and severe mental illness, such as schizophrenia or bi-polar disorder.

- There is a raft of actions and measures in place already to deliver results in these priority areas, from the close working with Freedom Leisure to ensure affordable and attractive opportunities that are extensively marketed, to the more targeted initiatives delivered by our own sports development staff. There are large scale and high profile initiatives such as the international events mentioned above which aim to have a cascading impact and there are schemes just to encourage more walking. The transfer of Public Health functions and responsibilities to the council and the oversight of the Health & Wellbeing Board will also strengthen our ability to design and commission more effective services to improve results in this area.
- We are already capitalising on our assets in an innovative and productive way, where we may not have cash budgets, we do have high land values for example. The development plan for the Circus Street site includes the delivery of a dance centre for the city, to be run by the National Dance Agency South East Dance, based here. The schedule for the development would see the centre up and running by 2015. Further opportunities will be explored in this area because of the potential impact on reducing medium to long term health and social care costs.

Value for Money (VFM) and Customer Access Programmes

VFM Overview

- The council's Value for Money approach has successfully promoted and embedded a value for money culture across all services and has delivered very substantial financial gains as well as non-financial benefits. The programme includes significant transformation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT to reductions in management and administration costs.
- These programmes are often challenging and complex and carry demanding financial savings targets alongside significant non-financial benefits. Their potential impact on service delivery, including staff and customers, and the efficiency of the organisation mean that they must be well-planned, have effective project management support and be properly resourced to ensure safe delivery. The 2012/13 revenue budget included a further £0.750m one-off resources to ensure that VFM Programmes were effectively planned and supported. Additional resources of £1.2m have been included in the budget for 2013/14 to ensure that progress continues at the same rate.

- In the current financial year the VFM Programme is expected to achieve approx £9.998m against an original target of £6.933m. Children's Services are expected to exceed their target by over £3m due to their approach on focussing on prevention and strengthening process. Adult Services have also exceeded their target through continued focus on personalisation. All other areas are on target to achieve the challenging VfM targets. For the 3-year period to 2013/14, the VFM Programme is set to exceed the original revenue target of £18.855m by £4.223m. Further application of systems thinking (business transformation) alongside continued developments to current programmes are expected to identify savings deliverable in 2014/15 and beyond.
- As the programme goes forward, there are a number of areas where we plan to re-commission what we do and this takes time to do properly, including undertaking effective consultation, engagement and equalities impact assessments. To support the VFM Programme and other changes, the council will be developing a longer term investment plan (over 3-7 years) which will help to deliver savings on the revenue budget through:
 - More efficient working practices and office spaces;
 - Channel shift for customer access (e.g. to on-line services);
 - Reduced building costs and associated reduced energy emissions and carbon costs;
 - Reduced maintenance costs.

VFM Investment

- Investment in supporting resources for the VFM programme is critical for delivery of financial gains. Principally, investment is used to secure sufficient temporary project management, expert advice, business analysis or other skills to enable programmes to move forward at a fast pace. The programme is also supported by the Programme Management Office which holds a small pool of project management expertise which is efficiently managed and allocated to various related corporate priorities and VFM projects as the need arises.
- As set out in the budget report, to support continued delivery of the VFM Programme and Customer Access initiatives, the following investment is included in the 2013/14 budget proposals:
 - £1.200m total one-off reserves to continue to support core VFM transformation programmes – this will supply necessary project management support to all programmes;
 - this includes £0.525m to support the associated Customer Access Programme – this supports project management, business analysts and Customer Experience Management (CEM) and Web development costs.

- There are related capital and revenue investments for the Workstyles VFM programme and the ICT Strategy, including investment in the 'Link' wide area Public Sector Network.
- The current VFM Programme includes the following priority areas:

VFM - Adult Social Care:

- Value for money in this area is focused on introducing new models of delivery and 'Personalisation' to provide greater choice (i.e. Self Directed Support and Personal Budgets) and more effective 're-ablement' of people needing care. This ensures that people can continue to live independently at home, particularly after hospitalisation, and do not require long term residential or nursing care. The programme does not change the eligibility criteria for access to Adult Social Care. The Adult Social Care programme includes implementation of improved assistive technology, including Telecare, to further reduce the cost of care provision.

VFM - Children's Services:

- The project aims to improve prevention, planning and delivery of care across all levels of need, primarily aimed at preventing children and families reaching the highest levels of need which are very expensive to provide. The project has progressed very well and has over-achieved by £4m compared with the originally anticipated financial gains since 2010/11.
- The VFM programme for Children's services protects and develops family support services to help reduce the numbers of Children in Need and the numbers of Children who are Looked After. The programme is focused on driving an early intervention strategy enabling families in need to care for their children, especially when they have multiple support needs. Effective early intervention should reduce the numbers of children in need and those that become looked after, leading to better outcomes for children and reduced spend while ensuring we continue to meet our child protection duties.
- The programme will now link in with the Stronger Families, Stronger Communities initiative to continue to apply a VFM approach across this new workstream.

VFM - ICT

- This project is concerned with improving ICT investment decisions and reducing infrastructure costs across the council. Technical solutions to support the 'Workstyles' approach (see below) and associated mobile and flexible working have now been tested and successfully implemented. This is critical to leveraging savings in the property estate in future.
- Other areas include reviewing telephony provision and associated contracts and reducing the overall number of ICT applications and licenses, particularly where systems can be redesigned to share the

same common data. The council is also working across the region with other authorities to look for efficiency and sharing opportunities and is leading on the ICT work for the South East 7 (SE7) cluster.

Procurement of modern voice and wide area network services is the primary focus as these will enable the authority to achieve medium term savings across services and transformation programmes (e.g. through Workstyles). Substantial capital investment is therefore required to support the ICT Strategy and enable future savings which has significant implications for the capital programme.

VFM - Procurement

- Within the procurement part of the VFM Programme the successful piloting of category management in ICT and Fleet led to the implementation of a 'category management' approach for all council buying and a new Procurement Team structure has been in place since 1 September. Category Management involves focusing on higher value procurement categories and reviewing all associated contracts and spend to look for opportunities for amalgamation, renegotiation of terms, and/or restructuring of contracts (e.g. perhaps because the contract is used differently in practice to the original specification).
- Experience during 2011/12 showed that there are complexities in stripping out procurement efficiencies from areas where spending has simply been reduced or stopped. Therefore, procurement targets are now treated as 'non-cashable' and the savings are retained by service areas to put forward as savings or reinvest as appropriate. However, procurement savings are still monitored centrally wherever possible. A monitoring target for non-cashable savings for 2013/14 is being determined by analysing potential contract renewals and new procurements and will be finalised for the February Policy & Resources report.
- The project will ensure that the council is able to make the best use of its considerable buying power and will link with other South East authorities where practicable.

VFM – Workstyles, Customer Access and Business Transformation

These 3 programme areas have strong interdependencies and need to work together to deliver the maximum benefits for customers and value for money. Brief information is given below.

VFM - Workstyles

- The Workstyles project is about making more efficient use of the council's property estate by improving office working environments and using new IT to enable more flexible and mobile working. The provision of modernised offices within Bartholomew House together with a new Customer Service Centre has enabled the move of over 300 staff out of Priory House, saving £300,000 per annum on lease rentals and other running costs.

- Phase 2 of the Workstyles programme was agreed by Cabinet in December 2011. Savings relating directly to property costs are assumed to be £270,000 per annum by 2013/14, growing to ongoing savings of over £400,000 per annum on full completion. The investment will also enable significant processing and productivity gains to be achieved, which will help services to meet other savings requirements. The resulting reduction in energy consumption will also avoid higher costs in the future as energy prices continue to increase. Phase 2 also includes a second Customer Service Centre (in Hove) to further improve customer facilities.
- Phase 3 options were considered by Policy & Resources Committee in October 2012 and put forward options primarily for Hove Town Hall and Kings House. These options are currently being worked up in more detail.

VFM - Systems Thinking (Business Transformation) Reviews:

- Systems Thinking is simple in concept and is about methodically challenging and reviewing the way work is done to look at whether it: a) meets customer requirements effectively (i.e. meets 'value demand'), and b) includes any work that does not add value to the service delivered (so-called 'failure demand'). The reviews are aimed at increasing the work on value demands and reducing or eliminating failure demands. Although simple in concept it is complex in practice due to the wide variety of services, systems and working practices across the council.
- The council has commissioned external experts to help it develop a methodology that can be applied to any service. This approach has been trialled in HR and Finance. Two temporary officers have been appointed and will help to roll-out the learning and methodology to priority areas; mainly those services affected by Workstyles and Customer Access initiatives.
- As with procurement, the savings that Systems Thinking enables are not usually available corporately but will occur within services. The savings are therefore treated as non-cashable but will be monitored corporately.

VFM - Customer Access Programme

- Work continues to explore options for improving the customer experience and to implement these where practicable and cost-effective. Most of this work is focused on improving on-line information and facilities and included a re-launched website. The Customer Service Centre at Bartholomew Square is now well-established with its 'meet and greet' approach and is continuing to receive good feedback from customers.
- Work to embed the 'Customer Promise' has continued into a second phase, and continues to improve the customer experience and

positively touch people in the city. Results from the Wave 2 City Tracker survey in 2012 confirm an increase in people that are satisfied with council services. A new website is planned for April 2013 so it can continue to meet customers' needs and encourages more use of quicker online transactions and services. It will be a more robust website so we can take advantage of digital technologies into the future.

- Following a telephony project, Teams that receive a high volume of telephone calls have made improvements to how they manage incoming calls, making it easier for customers.
- A second Customer Service Centre at Hove Town hall is planned for February 2013, building on the successful design of Bartholomew House. This year, we have become an Approved Centre of the Institute of Customer Service (ICS), which formally recognises how we raise customer service standards through the development of staff.
- The next phase of the Customer Access Programme will develop our digital access for customers and enable better ways of responding to customer enquiries using a Customer Experience Management (CEM) system. The implementation is being planned over two years alongside other transformational projects. CEM is being implemented in Environment first and will be followed by other service areas. CEM will allow us to create a common customer experience for routine transactions to reduce the number of times a customer repeats information, and helps us share information between relevant services. For customers, we would like it to lead to a 'My Account' service and the creation of single points of contact. Initial plans include online appointments / bookings, and automated web forms, which will reduce the need to send in written information or call up services. This will help the council avoid duplication between services and more automation will result in quicker and more efficient transactions.
- The CEM project is proposed to run in conjunction with work to refine how we handle post and create more paperless systems and a re-design of Face to Face access to ensure that we find the best way for customers to liaise with officers in person, whether this is in community buildings, central offices, home visits or other outreach services.

VFM - Client Transport:

- This new programme in 2012/13 focuses on client transport for Children's and Adults services. Scheduling software is being trialled which is expected to rationalise the routing and make better use of transport fleet.
- Savings are expected in 2013/14 and beyond through better use of fleet, reducing taxi hire and minimising vehicle replacement.

VFM - Management & Administration

- Management and administration is an important aspect of service delivery and enables front-line staff to be effective and focus on service delivery. However, these costs are an overhead and any value for money review should of course challenge these costs and ensure that they represent good value. This project was designed to examine operational decision-making structures and management hierarchies to ensure they are consistently lean, efficient and reflect the council's drive to reduce bureaucracy and increase transparency.
- This initiative was supported by a Voluntary Severance Scheme focused on, but not exclusive to, these staff groups. Services have worked hard to meet the aims of this project and ensure that, where there were applicants for voluntary severance, they restructured or redesigned services to enable as many posts as possible to be deleted. To date, approximately £3.4m full-year savings have been achieved against a target of £3.5m. A further savings target of £0.450m was added in 2012/13 of which approx £0.275m has been achieved to date. Options for meeting the additional and outstanding targets are being considered by the incoming Chief Executive.
- The financial gains for individual projects are set out in the table below.

VFM Project	2012/13 Savings target	2012/13 Forecast	2013/14 budget savings	Total 3-Year Savings
	£m	£m	£m	£m
Adults Social Care	1.172	1.212	1.784	6.316
Children's Services	0.301	3.365	2.660	7.148
ICT	0.361	0.322	0.410	0.732
Procurement *	1.341	1.341		1.341
Procurement (2011/12)	0.355	0.355	-	0.355
Workstyles	0.270	0.270	0.440	1.000
Client Transport	0.000	0.000	0.110	0.110
Management & Admin	2.633	2.633	-	2.633
Systems Thinking *	0.500	0.500	-	0.500
Service Redesign **	-	-	3.000	3.000
Total VFM Projects	6.933	9.998	8.404	23.135

* Note: Savings relating to Procurement and Systems Thinking are non-cashable and are retained by service areas. These projects are therefore designed to 'enable' services to deliver their full savings proposals through the measures described elsewhere in the budget report.

** The 'Service Redesign' VFM programme will be backed by a proposed Voluntary Severance Scheme and associated resources as set out in the budget report.

- Services have re-prioritised existing staffing and resources to ensure effective support for the delivery and implementation of VFM projects. The projects also include other 'invest-to-save' resources and costs where these are essential to lever in the substantial value for money gains.

Fees and Charges approach and corporate policy

- Fees and charges budgets are assumed to increase by a standard inflation rate; 2% for 2013/14. The Council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the standard rate of inflation, statutory increases, or actual increases in the costs of providing the service as applicable. Non-statutory increases above the standard rate of inflation and/or changes to concessions or subsidies should be reported to and considered at the relevant service committee.
- Fees and charges are a very important source of income to the council and represent approximately 1/3rd of General Fund resources, enabling important services to be sustained and provided. A wide range of services are funded or part-funded from fees and charges and are included in the reports detailed below. Benchmarking with comparator authorities shows that Brighton & Hove recovers 13% of its entire gross expenditure through fees & charges which is ranked highest out of 14 'nearest neighbour' authorities. The budget strategy aims to ensure that fees & charges are maintained or increased as a proportion of gross expenditure through identifying income generating opportunities, ensuring that charges for discretionary services or trading accounts cover costs (e.g. building control and licensing), and ensuring that fees & charges keep pace with price inflation and/or competitor and comparator rates.
- Where appropriate, details of fees and charges changes for 2013/14 are therefore being presented to the relevant service committee prior to Budget Council. In addition, an overarching review of fees and charges has been undertaken to ensure there is no disproportionate or cumulative equality impact of proposed changes to fees and charges on vulnerable, minority or other groups. Timetabled fees and charges reporting is shown below:

Fees & Charges area	Meeting	Date
Private Sector Housing – HMO Licensing	Housing Committee - Licence valid for 5 years; no proposed changes to licence fees for 2013/14. Last increase April 2011 (Housing CMM 5Jan11)	18 Jan 2012 (no change to fees)
Royal Pavilion and Museums	Economic Development & Culture Committee	20 Sept 2012

Fees & Charges area	Meeting	Date
Licensing and Enforcement	Licensing Committee	22 Nov 2012
Venues,	Economic Development & Culture Committee	10 Jan 2013
Libraries	Economic Development & Culture Committee	10 Jan 2013
Seafront and Outdoor Events	Economic Development & Culture Committee	10 Jan 2013
Children & Young People	Children and Young People Committee	13 Jan 2013
Parking Tariffs, and Highways	Highways Committee	15 Jan 2013
City Services	Policy & Resources Committee	17 Jan 2013
Adult Social Care Non-residential care services	Adult Care & Health Committee	21 Jan 2013
Environmental Health, Trading Standards, Planning and City Parks	Environment & Sustainability Committee	6 Feb 2013

Investing in Priorities - Service Pressure Funding

- The budget strategy provides for continued investment in areas that will:
 - support the achievement of Corporate Plan priorities, in particular tackling inequality through providing for vulnerable adults, children and young people;
 - enable further value for money and sustainability savings to be levered in through invest-to-save initiatives;
 - meet known demographic or other exceptional cost pressures to avoid severe impacts on front-line service budgets.
- The budget estimates for service pressures have been reviewed since July and the latest estimates for demographic growth and other service pressures remains at £4.35m. The current trends on the council's corporate critical budgets have been taken into account in determining the level of service pressures. The proposed allocation of Service Pressure investments to cover eligible demographic and cost pressures is as follows:
 - £0.500m on children's social care to protect investment in preventative measures;

- £1.000m on Adult Social Care particularly in relation to demographic pressures on Learning Disability transitions and Mental Health services;
 - £1.000m on Homelessness in relation to increased numbers of acceptances and rising prices of accommodation;
 - £0.450m to cover reductions in housing and council tax benefit admin grant to avoid impacting on this welfare related service;
 - £0.420m for energy costs to avoid impacts on critical service budgets;
 - £0.250m to support the Wide Area Public Sector Network to lever in medium term savings in future;
 - £0.150m to support corporate procurement and associated legal support which will avoid higher potential costs;
 - £0.100m to fund the Carbon Reduction tariff to support sustainability and avoid impacts on critical service budgets.
- The remaining balance of £0.480m will need to cover other pressures across services and will be allocated following a further review of the 2012/13 budget position at month 9.

Key Elements of the Budget Strategy

- In developing proposals, services have considered Corporate Plan priorities and ensured that their budget strategies enable continued support for achievement of these priorities. The overall budget strategy also supports Corporate Plan priorities through service pressure investment, capital investments and decisions on savings proposals. The Corporate Plan priorities are:
 - **Tackling inequality**
 - **Creating a more sustainable city**
 - **Engaging people who live and work in the city**
 - **A responsible and empowering employer**
 - **A council the city deserves**
- The budget strategies of the main service areas at appendix 4 will set out how the priorities are supported and the related investments, developments, improvements and proposals that impact on achievement of the priorities. The key elements of the budget strategy in support of the above priorities are set out below.
- **Prioritised investment:** the Budget Challenge process provided high level comparative cost and performance information for members to review against the context of proposed savings. A number of services were shown to be high cost but often this reflects previous decisions, particularly with regard to social care and housing, to protect

investment in these areas. All services demonstrated a strong understanding of value for money and their unit costs and the information has been used by services to help identify areas where further efficiencies may be possible and where costs need to be challenged. Having taken this information into account and the requirement to continue to support Corporate Plan priorities, investment and savings proposals will result in the changes shown in the table below if approved:

2013/14 BUDGET - Budget Strategy changes from 2012/13 to 2013/14					
	2013/14 Planned Budget £'000	2 year inflation and pressure funding	2 year Savings (incl. FYE)	Net chang e over 2 years	% chang e over 2 years
Commissioner - Children's, Youth & Families	19,972	2,346	-3,159	-813	-4.1%
Commissioner - Learning and Partnerships	4,646	488	-1,733	-1,245	-26.8%
Delivery Unit - Children's & Families	34,646	1,878	-2,714	-836	-2.4%
Total People - Children's Services	59,264	4,712	-7,606	-2,894	-4.9%
Commissioner - People	1,539	81	-853	-772	-50.2%
Delivery Unit - Adults Assessment	61,175	5,673	-7,115	-1,442	-2.4%
Delivery Unit - Adults Provider	12,550	132	-1,911	-1,779	-14.2%
Total People - Adult Social Care	75,264	5,886	-9,879	-3,993	-5.3%
Commissioner - City Regulation & Infrastructure	3,005	190	-489	-299	-10.0%
Delivery Unit - City Infrastructure	20,900	584	-4,459	-3,875	-18.5%
Delivery Unit - Planning & Public Protection	4,722	36	-899	-863	-18.3%
Delivery Unit - Housing & Social Inclusion	521	211	0	211	40.5%
Commissioner – Housing	15,648	1,432	-2,245	-813	-5.2%
Total Place	44,796	2,453	-8,092	-5,639	-12.6%
Commissioner - Sports & Leisure	1,148	47	-178	-131	-11.4%
Commissioner – Culture	1,891	63	-48	15	0.8%
Community Safety	2,163	237	-187	50	2.3%
Delivery Unit - Tourism & Leisure	2,765	95	-960	-865	-31.3%
Commissioner - Communities & Equalities	2,905	115	-355	-240	-8.3%
Total Communities	10,872	557	-1,728	-1,171	-10.8%
Delivery Unit - City Services	12,240	193	-1,908	-1,715	-14.0%
Resources	17,886	1,430	-3,376	-2,107	-11.8%
Finance	5,019	102	-747	-645	-12.9%
Total Resources and Finance	35,145	1,725	-6,031	-4,467	-12.7%

- This clearly demonstrates that the budget strategy will protect investment in the following areas through relatively lower resource reductions, principally through allocation of service pressure funding:
 - Children's Social Care
 - Adult Social Care
 - Housing Strategy (including homelessness)
 - Community Safety

This will ensure that the key priority of Tackling Inequality can continue to be supported and that investment in services for vulnerable people, groups and families is prioritised.

- **Value for Money programme:** this is a key part of the budget strategy as described above and will deliver a further £8.404m savings in 2013/14. It includes a mixture of initiatives that either deliver savings directly or those that 'enable' savings to be achieved further down the line. These are broadly split as follows although some programmes contain elements of both:
 - Cashable Savings programmes:
 - Children's Social Care
 - Adult Social Care
 - Client Transport
 - Management & Admin staffing
 - Workstyles
 - ICT
 - Service Redesign
 - Non-cashable 'Enabling' programmes:
 - Procurement
 - Business Transformation (Systems Thinking)
 - Customer Access
 - Workstyles (Productivity element)
 - ICT (Productivity element)

Note: non-cashable does not mean that cash savings will not be achieved. It simply means that the saving cannot be formally identified and taken out of service budgets at this stage. These savings will generally become cashable over time and usually appear as savings measures in future service budget proposals.

- **Preventative Services:** investment in preventative services has been protected as far as possible recognising that to withdraw investment is likely to lead to greater medium term costs. This includes no reductions

in support for carers; no changes to eligibility criteria across social care; no reductions in spend from the preventing homelessness grant; and carefully managed efficiency savings across other areas including Supporting People, and Children's and Adults Social Care (via the VFM programmes). The investment in support for the Stronger Families, Stronger Communities initiative and opportunities to develop closer working with Public Health services will also support innovation across preventative services.

- **Income generation** is a key element of the budget strategy and can be important for protecting investment in essential services. Areas that have developed proposals for generating more income include:
 - Tourism & Leisure
 - Life Events
 - Corporate Services
 - Housing Strategy
- **Partnership working** with the community and voluntary sector remains central to the council's approach to commissioning of services. The council will continue to work with the sector to continue to improve efficiency and reduce duplication where possible and to focus work on priority outcomes. The close working with SE7 authorities will continue and will look to maximise opportunities for sharing or reducing costs and jointly developing innovative solutions to improve services, reduce costs or resolve common problems.

For 2013/14 significant reshaping of services is expected and careful planning and consultation is required to ensure that priority outcomes can be delivered. At the same time the council will continue its customer access approach including reviewing public access points to services in the community including housing offices and libraries to identify opportunities to co-locate services. This would provide more joined up services to customers, reduce building-based overheads and reduce carbon emissions.

Service Budget Strategies 2013/14

2013/14 Savings Proposals - Overall Summary

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	241,163	-4,184	-5,294	-4,260	-292	4,350	-9,680	-4
2013/14 Full year Effect	241,163	-4,934	-5,394	-4,337	-292	4,350	-10,607	-4

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals								
People - Children's Services	62,602	-152	-2,660	-1,026	0	500	-3,338	-5
People - Adult Social Care	79,963	-3,525	-1,784	-390	0	1,000	-4,699	-6
Place Housing General Fund	16,082	-400	0	-513	0	1,000	87	1
Place - Other Services	29,145	0	0	-510	-8	0	-518	-2
Communities	16,795	-107	0	-80	-150	0	-337	-2
Resources & Finance	31,369	0	-850	-1,241	-134	400	-1,825	-6
Corporate Budgets	8,207	0	0	-500	0	1,450	950	12
Total	244,163	-4,184	-5,294	-4,260	-292	4,350	-9,680	-4

Budget Strategy for Services for Children

A major reorganisation of social care that was implemented in August 2011, after a comprehensive staff and stakeholder consultation exercise, merged what were previously three area-based teams into one; introduced a triage system, providing advice to those making referrals; invested heavily in early intervention or *early help*, as it is becoming known, by moving resources from other parts of the system; and, redefined management functions to give a focus on outcomes.

This has impacted on the number of Looked After Children and at the start of September 2012 we see the lowest numbers of children in the local system for many years with around a 15% reduction on numbers engaged with the formal children's care services year-on-year, albeit this is from a high starting position relative to comparable authorities. As the numbers of cases managed reduces, this drives down institutional costs such as space needed, staffing and so on. The relatively high turnover of social work staff means that any associated reductions in the number of social work posts required should be manageable through natural turnover. As at Month 7, there is a £3m underspend projected across Children's budgets which primarily reflects overachievement of Value for Money programme targets.

Work in education to bring children back to the city and to place them in local special schools has halved the numbers 'out of city' over the last three years. There has been a significant reduction in the need and use of Home to School transport as pupils are supported to become independent travellers. Officers have worked closely with the Schools' Forum¹ to make the best possible use of DSG and, alongside this, as we have made these reductions the amounts distributed to schools has grown by over 7% from 2010 to 2013.

Children's Services accounts for around 30% of the Council's General Fund revenue budget and so reducing costs in this area is of paramount importance as the Council adapts to the spending constraints placed upon it by central government. Over the last two years, the budget strategy in children's has been to look to redesign how services are commissioned and delivered, building on the very successful value for money programme now in its third year.

Finally, we will need to develop our approaches to families in multiple deprivation (FMD), working with the national "*troubled families*" initiative. This is a payment by results programme (PBR) and so requires investment in order to secure the future rewards grants from central government. With the Stronger Families, Stronger Communities programme only just underway, it is not possible at this stage to identify savings in 2014/15 at this time but it is expected to have a positive impact on our long term finances.

Priorities Supported by the Budget Strategy

Tackling inequality

Services to children remain focused on keeping children safe and intervening as early as possible when issues are identified. Robust plans for those coming to the notice of

¹ Schools Forums are legally constituted consultative bodies with representatives from across all phases of education

social care help prevent them and their families falling further into the social care safety net. Many of these children come from our poorest families and/or have special needs identified. Our priority is always to work with the most vulnerable and, through our work, focus on building independence and sustainability in all we do. Social care focuses on the most vulnerable. A range of universal services allows us to identify and focus our limited resources on those most in need. Our section 75 arrangement with health visitors integrated into our Children's Centre service ensures we see all under-5's in the city and target evidence based interventions to those most in need. The expansion of free childcare to the 20% most disadvantaged two year olds will further improve outcomes for children. We are also redesigning services to children and young people requiring behavioural support. This will be impacted on by the FMD work.

Outcomes from our nurseries and schools are good overall, whether judged by Ofsted or observations at 5, simple test results at 11 and GCSE passes at 16, and we are continuing to strive for further improvement. We are committed to using our resource to both improve outcomes for all and to narrow the gap between the highest and lowest performing groups.

Creating a more sustainable city

Work with schools through our capital programme, not considered here, focuses on sustainability issues whenever refurbishments or other changes are required. The new schools buildings presently being commissioned will reduce running costs significantly, for example. Measures to reduce home to school transport costs will also reduce overall journeys and therefore carbon emissions.

Engaging people who live and work in the city

Through a variety of commissioned services, children's services makes a significant contribution to the work of the third sector and the vibrancy of the city. A key decision to be made in this financial planning cycle is the extent to which the council can continue its commitment to youth and community work, most of which is non-statutory. This commitment is clearly a political imperative, and consideration will need to be made as to how we contribute to this aspect of the city in the future in the most effective way.

A responsible and empowering employer

The Council both employs staff directly in this area, for example, in the Children & Families Delivery Unit but also indirectly, for example in schools. We also have around 270 staff seconded into our services from the NHS. With the move to Clinical Commissioning Groups, and the uncertain future of at least one of the local health delivery Trusts, this area will require continuing review. Discussions are underway with the Sussex Community Trust clinical management about service design and the costs of accommodation and clinical governance.

We are a major employer in the city, and one of the largest employers of graduates. As such, our workforce makes a significant contribution to the wellbeing of the city not just in health terms but also in terms of spend.

A council the city deserves

We have detailed above the contributions made by children's to the vibrancy of the city, but also to the wellbeing of our residents. The value for money programme has brought clear benefits which we have been able to extend across a wide range of services as

we look to redesign the ways in which we engage with our communities. Our teams are engaging with and have embraced the Workstyles initiative in relevant locations and are developing new efficient working methods to take advantage of co-location, electronic document management technologies and customer access changes.

People - Children's Services - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	62,602	-152	-2,660	-1,026	0	500	-3,338	-5
2013/14 Full year Effect	62,602	-152	-2,660	-1,026	0	500	-3,338	-5

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals	22,632	0	-2,660	0	0	0	-2,660	-12
Commissioner - Children, Youth & Families Delivery Unit - Children & Families	5,127	-71	0	-626	0	500	-197	-4
Commissioner - Learning & Partnership	34,843	-81	0	-400	0	0	-481	-1
Total Children's Services	62,602	-152	-2,660	-1,026	0	500	-3,338	-5

PEOPLE – Children’s Services - 2013/14 Savings Proposals

COMMISSIONER - CHILDREN, YOUTH & FAMILIES							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
LAC & Child Agency Placements	16,924	VFM saving programme to move 26 Full time equivalent (FTE) placements to lower tariffs and deliver an overall reduction of approx. 34 FTE placements.	VFM Programme	The planned Vfm target for 2013/14 was £900k but can now be stretched to £2.66m based on current trends (as reported in TBM). This will be achievable assuming initiatives in development stages are implemented in a timely and effective way and result in the desired impact. There are, however, some significant risk factors. Locally residential placements are at an historical low (but not when benchmarked with comparable authorities) and may not be sustainable at this level. Pressure on disability services may generate a need for additional placements. Factors outside of our control include a new responsibility for all Local Authorities to meet the full costs of all young people remanded aged under 18.	EIA 1	-2,660	-2,660
						-2,660	-2,660

DELIVERY UNIT - CHILDREN & FAMILIES

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Childcare sufficiency and quality	487	Move early education related costs to the Dedicated Schools Budget. Reduce running costs by providing more information to providers on-line rather than face to face. Further reduce funding from this General Fund source for voluntary providers and childcare sufficiency. No longer fund a mobile toy library for childminders	Other Efficiency Gains	Minimal impact on outcomes for children. The financial sustainability of childcare providers was improved as a result of the additional DSG funding for 2 year olds reported elsewhere.	EIA 2	-134	-134
Graduate Leader Fund	195	Aim to increase funding from the DSG subject to approval and consultation with the Schools Forum. If not, this will reduce funding to early years childcare providers employing graduates.	Other Efficiency Gains	No impact if DSG funding agreed. If the funding is not agreed this could lead to a reduction in graduates employed in childcare settings.	EIA 2	-50	-50
Citywide Children's Centre Management costs	191	A budgeted contribution to management costs for the Head of the Children and Families Delivery Unit can be removed and absorbed within central management budgets.	Other Efficiency Gains	None	EIA 3	-22	-22
Family Information Service	241	Reduction of one member of staff and in running and publicity costs due to more information and queries being answered on the website. No longer pay for Ofsted registration and insurance renewals for At Home Childcarers.	Other Efficiency Gains	Minimal impact on outcomes for children. Information provided alternatively on-line; change advice sessions provided to parents from drop-ins to appointments; possible increase in fees to parents from At Home Childcarers.	EIA 2	-52	-52
Children's Centre Nurseries	633	Increase occupancy as a result of the increased DSG funding for two year olds, review staffing structures, review fees to include higher charges for children under 3 to reflect higher staff ratios	Other Efficiency Gains	Minimal impact on outcomes for children. Higher fees for children under 3 will make childcare less affordable, however, families on low incomes can claim Childcare Tax Credit and families on benefits will be entitled to free childcare places from September 2013.	EIA 3	-75	-75

Children's Centres	2,881	Efficiency savings in running costs based on underspends in previous years; funding for childcare places for disadvantaged two year olds now funded from the two year old budget; charging midwifery for accommodation; no longer funding receptionists in linked site (non-designated Children's Centres); and, reduction in overall Children's Centres' staffing.	Other Efficiency Gains	Will keep all Children's Centres open in 2013/14 with minimal changes to services so should not have an impact on the outcomes for children.	EIA 3	-273	-273
Youth Service	949	Back office efficiency savings	Commissioning	No adverse impact on outcomes for children or council priorities.	EIA 4	-41	-41
Youth Employability Service	800	Back office efficiency savings	Commissioning	No adverse impact on outcomes for children or council priorities.	EIA 5	-30	-30
Extended Schools - Start Up	185	Restrict sustainability grants to the schemes supporting the most disadvantaged children.	Other Efficiency Gains	Less affordable out of school childcare places for low income families.	EIA 2	-20	-20
						-697	-697

COMMISSIONER - LEARNING & PARTNERSHIP

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Home to School Transport-denominational	2,985	Residual element of the £68K denominational transport saving as per report to Children & Young People's Cabinet Member Meeting 12/09/11.	Commissioning	Full consultation taking place. Equalities Impact assessment will be completed as part of consultation. If agreed some young people/ families will make own arrangements to travel to faith schools. Financial cost to parents. No funding of transport to some children attending faith schools.	Equalities issues addressed in EIA produced for 2012/13 saving.	-28	-28
Music & Arts Study Support	574	Saving to be met from increase in fees; reshaping of leadership team; possible staff turnover, remodelling of provision; and, potential reduction in service offer.	Commissioning	The LA receive a grant from the government for music. This grant is to be reduced by £69k. On top of this grant, the service receives additional funding from the council. It is proposed that in 2013/14 this funding is reduced by £53k as per the 2-year programme of savings set out last	EIA 6	-53	-53

Budget Strategy for Adult Social Care

Strategic Financial Context

Adult social care continues to deliver services through personalised care and support plans, prevention and supporting carers.

There are important demographic changes in the population of Brighton & Hove which affect our spend. In summary these are:

- A reducing number of Over 65s, but an increased proportion of Over 85s with high and complex needs.
- A growing number of young adults with a complexity of need including mental health, Substance Misuse and homelessness.

Through Personalisation we are continuing to increase choice to individuals about their care and we are supporting them to live as independently as possible.

The focus on adult social care services has been on commissioning. We have re-tendered homecare services and we will continue with this approach for care homes and community meals. We carefully consider the unit cost and the value for money services offer, and where these are provided in house we need to demonstrate the rationale for retaining these services, focussing on effectiveness and efficiency, and how they complement other provision in the city. This has enabled the Council to maintain eligibility criteria under Fair Access to Care at the current level – “substantial and critical” rather than to tighten this.

Through the Extra Care Steering Group, work is underway to identify suitable sites to allow choice and value for money options for providing care and support and we will continue to promote other forms of supported living including the “shared lives” initiative.

The multi agency work on “Troubled Families” and Adults will in the longer term see savings delivered across key partner agencies and local authorities. This work is part of the Stronger Families, Stronger Communities work described elsewhere.

We need ensure that the quality of services provided in the independent sector is maintained both through ensuring adequate funding and through tight quality control and monitoring by the council.

In the coming two years we will see proposed changes in legislation coming into force. The draft care and support bill will likely put the safeguarding of vulnerable adults into a legal framework. There are other aspects of the draft bill including well-being, advice and information, support needs of broader communities and legal entitlement for carers.

Until the bill is enacted we will not know the details of the new duties and functions we will need to provide.

Tackling Inequalities

Adult Social Care services remain focused on supporting the most vulnerable people in the city, promoting independence to enable people to fulfil their potential. Working with

colleagues in mental health services under formal S75 arrangements, we work and support the most complex people in the city through a range of interventions from a clinical nature through to helping people get back to work.

Low level preventative services focus on people accessing mainstream services and support around financial inclusion and isolation.

Creating a more sustainable city.

Recent commissioning, such as homecare is based on geographical data and reduces travel across the city and future developments are based on efficient and sustainable options. Developments such as Extra Care Housing will include sustainable specifications to reduce future energy costs and carbon emissions.

Engaging People who live and work in the city.

Through our commissioning activity, significant contributions have been made by users of services, third sector, providers and representatives e.g. health watch.

The 'local account' on performance and priorities published for the first time on adult social care via the web provided some responses for future development of the local account and a wider stakeholder event is planned for early in the new year. The Local Account summarises what Adult Social Services have done over the past year, how successful they have been and what their future priorities are and is used, in part, by the Care Quality Commission to judge and rate services.

There are also partnership boards and other groups for services or client group issues.

Responsible and empowering employer

Adult Social care staff are both employed in the council and mental health trust. These staff provide high level specialist input and front line care and support staff to care and deliver its key objectives for social care as well as consider how best to shape services to meet with needs of local residents in a cohesive way.

A council the city deserves

As with Children's Services, the Adult Social Care value for money programme has brought clear benefits which we have been able to extend across a wide range of services as we look to redesign the ways in which we engage with people in need. Our teams are engaging with and have embraced the Workstyles initiative in relevant locations and are developing new efficient working methods to take advantage of ICT investment, new telephony opportunities and customer access changes.

PEOPLE - Adult Social Care- Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	79,963	-3,525	-1,784	-390	0	1,000	-4,699	-6
2013/14 Full year Effect	79,963	-4,275	-1,884	-390	0	1,000	-5,549	-7

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals								
Commissioner - People	1,789	-200	0	-50	0	0	-250	-14
Delivery Unit - Adults Assessment	64,817	-2,460	-1,784	-340	0	942	-3,642	-6
Delivery Unit - Adults Provider	13,357	-865	0	0	0	58	-807	-6
Total Adult Social Care	79,963	-3,525	-1,784	-390	0	1,000	-4,699	-6

PEOPLE – Adult Social Care - 2013/14 Savings proposals

COMMISSIONER - PEOPLE							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Commissioning support to Director of Adult Social Care statutory role including contracts	950	Review of support services to include commissioning, performance and development and contract management	Other Efficiency Gains	Costed options to be developed. Will reduce commissioning and contract management capability commensurate with need.	Equalities issues to be addressed once plans are developed	-50	-50
Commissioned services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs. Focus on prevention/early intervention.	Commissioning	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/ contract sums.	EIA 8	-150	-150
Commissioned Community Meals service providing 85,000 meals per annum.	243	Review and re-specify Community Meals in the context of personalisation and the range of options that are currently available. The design process has included the Adult Social Care & Health Overview & Scrutiny Committee which held a workshop in January 2012.	Commissioning	A phased reduction of subsidy will provide time for the use of personal budgets to change and for meals to be targeted to the most vulnerable.	EIA 9	-50	-50
						-250	-250

DELIVERY UNIT - ADULTS ASSESSMENT							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Meeting assessed needs through	incl below	Jointly commissioned with	Commissioning	Allows vulnerable adults to	EIA 10	-2,140	-2,140

<p>Extra Care Housing within the overall housing commissioning plans</p>		<p>housing to deliver extra care capacity to meet the need identified in the city. Plan to reduce the number of people placed in residential care- options to include the use of Sheltered Accommodation/ Extra Care Housing, 'Shared Lives' and other accommodation. Proposal includes an additional £500k target over what was originally planned, which will require an accelerated approach.</p>				
<p>The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria</p>	<p>incl below</p>	<p>Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service Key areas:- - Supporting move on to greater independence by increasing low level supported living options and modernising 'shared lives'. - Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements.</p>	<p>Commissioning</p>	<p>EIA 11</p>	<p>-150</p>	<p>-150</p>
<p>These services provide the statutory duty under the NHS and Community Care Act (1990) to assess needs and to provide services to meet those assessed needs.</p>	<p>52,601</p>	<p>Community Care. Scope potential to increase move-on by: - further focus on reablement activities - short term interventions</p>	<p>VFM Programme</p>	<p>EIA 12 & 13</p>	<p>-1,784</p>	<p>-1,884</p>

			<ul style="list-style-type: none"> - prevention activities - better use of Telecare - better use of in-house residential services - improved short term services - continuing to maximise sources of funding/income. 	<p>residential/ nursing homes. Dependent on reviews and provider services. Further savings to include Supported Living Strategy (under development) which will require new services to be developed. May require further spend-to-save funding to develop Telecare solutions.</p>		
Joint commissioning provider arrangements	3,738	Look at options for re-modelling staffing arrangements in Assessment Services	Other Efficiency Gains	Efficiency review of integrated staffing and management arrangements	Equalities issues to be addressed once plans are developed	-340
Meeting assessed needs through Home Care	Incl within Community care	Home Care recommissioned to a new specification and contract let from 1 June 2012. Ongoing impact following introduction of the Electronic Care Monitoring System.	Commissioning	New contract gives the opportunity to revise the rates structure and ensure the correct incentives.	EIA 14	-170
						-4,584
						-4,684

DELIVERY UNIT - ADULTS PROVIDER

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Small registered residential homes and supported living, includes Respite Services and Shared Lives scheme	4,509	Develop proposals for the in house service to implement the Learning Disabilities accommodation and support strategy and consult on the options. In house service to refocus on short term crisis intervention and those with the most complex needs. Potential	Commissioning	Delivers improved VFM. Tackling inequality by providing more homes and enhanced independence for people with learning disabilities who have highest level of needs. Focuses the accommodation service on a smaller number of houses to	EIA 11	-465	-465

<p>Services provided during the day for older people and older people with mental health needs to enable them to continue living independently and to provide carer relief</p>	<p>2,305</p>	<p>capital receipts for the Council when properties become vacant which may need to be reinvested in alternative service provision. -reduce unit costs - In-house service to focus on those with the most complex needs.</p>	<p>Commissioning</p>	<p>improve sustainability. Detailed implementation plans will need to be in place.</p>	<p>EIA 15</p>	<p>-150</p>	<p>-150</p>
<p>All current in house provider services including residential accommodation, community based services and day provision</p>		<p>Day Activities. Option appraisal is in development with focus on in-house building based day activities and contract for services provided in the independent sector. Proposal to be developed for consultation.</p>	<p>Commissioning</p>	<p>Commissioning plan being developed. Tiering activity, providing building based services for people with highly complex needs and carer support and a 'hub and spoke' model for other people assessed as needing support. Implementing the Embrace model to provide universal support to communities. (NB Excludes mental health services which are subject to a separate joint commissioning plan with the NHS)</p>	<p>EIA 16</p>	<p>-250</p>	<p>-1,000</p>
		<p>Explore future models for delivery of services that deliver statutory services in the most cost effective way, and explore models of provision for non statutory services for vulnerable people. The savings associated with this could be across both the provider and assessment service.</p>	<p>Commissioning</p>	<p>Improves VFM by exploring different ways in which statutory services could be delivered.</p>	<p>EIA 16</p>	<p>-865</p>	<p>-1,615</p>
						<p>-865</p>	<p>-1,615</p>
<p>TOTAL SAVINGS - ADULT SOCIAL CARE</p>						<p>-5,699</p>	<p>-6,549</p>

Place Budget Strategy – General Fund Housing & Other Non-Housing Strategic Financial Context

As mentioned in the budget report, the government deficit reduction programme is likely to place pressure on local authorities in terms of being able to maintain universal and discretionary services such as those provided under the Place budget.

However, the role that this area can play in stimulating local economic growth and the impact for jobs and the financial incentives for business rates retention e.g. through the ultrafast broadband bid, the Technology Strategy Board bid, and the city deal shortlist will be important for the council and the city as a whole.

There is also a key role to play with regard to carbon reduction and energy resilience both of which could result in considerably higher costs to the council in future.

The joint commissioning work by housing with adult social care and mental health providers to support cost reductions for those services through procurement of housing units and use of the Supporting People funding is also important to enable the authority to maintain investment in other services as grant reduces.

There are significant pressures on housing and therefore strategies to manage homelessness, particularly as welfare reform changes and shortages in affordable housing begin to impact, will be of primary importance.

Tackling inequality

The investment, regulation and service provision funded under the 'Place' budget has a direct impact on the economy of the city and underpins the social and environmental well-being of all of our residents, businesses and working communities. With the national economy continuing to flat-line for the foreseeable future and the Localism Act placing a stronger onus on local authorities to stimulate economic well-being, the significance of the council's Place budget reaches beyond statutory service provision. Every pound invested from the capital programme and the revenue resources committed to service provision affords an opportunity to advance the prosperity of the city against the backdrop of an increasingly competitive world. In particular, it presents a major opportunity to address inequality by creating training opportunities and jobs in both quantum and quality.

Proposed investment in existing public and private housing can make a major contribution to the quality of life and public health of lower income households and neighbourhoods. New housing investment can also address high levels of need for affordable homes. Appropriately targeted, new housing provision may also reduce costs in other council budgets, notably Adult Social Care and local public health service provision, shifting the balance of care away from residential care homes and nursing homes, whilst improving well-being and independence. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating local jobs and supply chain business opportunities.

Working with the Homes & Communities Agency (HCA) and their Registered Providers in the city, the budget strategy is to enable affordable housing supply to meet identified local needs and priorities. In enabling the 2011-2015 Affordable Housing Development

Programme, 515 new affordable homes will be delivered across 19 sites in the City. Funding of £440k has been secured to clear 9 garage sites on HRA land for development of approx 30 new affordable homes.

Creating new affordable homes also attracts a New Homes Bonus from government payable over 6 years. 57 new affordable homes created in 2012/13 are estimated to generate over 6 years a total of £119,700 of income. Funding of £675k has also been secured from the HCA to bring 45 long term empty private sector homes in the city back into use. Bringing empty private sector homes back into use also generates income to the General Fund.

It is estimated that by 2030 there will be a 35% increase in people aged over 85. In response, the team is working closely with the Adult Social care service to provide more extra care homes for older people. This provides an alternative to intensive residential care which many older people do not require.

Notwithstanding the aim to increase affordable housing supply, the Council has insufficient homes to meet the demand for Council tenancies including for vulnerable people. In order to manage need the team lease temporary accommodation providing a variety of homes. Up to a third of the homes leased provide accommodation to meet referrals for accommodation from Adult Social Care, Children's Services, the Community Safety Team and Housing Management. The budget strategy is to reduce costs by taking long term lease agreements with private sector landlords based on forecasts of need from referring services. It has been estimated that long term leasing of homes for some 312 households has saved the Council £4.86m pa to date.

The Supporting People programme continues to be important for enabling people to live independently where they would otherwise need to move to more expensive supported or residential accommodation. It has been estimated that for every £1 spent in the city on Supporting People services, a saving of £3.24 is achieved across Adult Social Care, CYPT and Health budgets. Efficiencies will continue to be achieved across Supporting People contracts but ensuring that the programme can continue to meet its enabling priority and reduce costs across the whole system.

The Housing Options service budget strategy aims to both meet statutory homeless obligations and also to target early interventions to help vulnerable adults in the City. In so doing it aims to reduce incidences of vulnerable adults deteriorating and imposing potentially higher intervention care costs on health and social care services.

Creating a more sustainable city

'One Planet Living' is an approach developed by Bio-regional that provides a vision of a sustainable world, in which people everywhere can enjoy a high quality of life within the productive capacity of the planet. It uses ten principles of sustainability as a framework and the council is committed to developing a Sustainability Action Plan that can support these principles. The related actions and investments are described throughout the budget report and appendices and are an important aspect of the budget strategy. However, significant elements of the approach are undertaken in partnership across the city and through the City Sustainability Partnership.

Given the constraints of our local environment and the impact of climate change, the budget strategy aims to focus on the sustainable development of the city. Against the backdrop of long term rising energy prices, promoting and investing in lower carbon city infrastructure systems such as public transport, cycling, ultrafast broadband/wi-fi,

energy efficient lighting, water and waste, offers the potential to reduce the carbon impact of the city and also the long term cost of living and working in the city.

Much of the Place budget is expended on the key physical infrastructure systems of the city – transport, housing, sites and business premises, parks and open spaces, waste and cleansing. The way this infrastructure is designed, managed and maintained has the potential to reduce Council costs and also shows the authority to be leading by example.

The transport budget strategy aims to support greater accessibility, encourage more sustainable journeys by walking, cycling and using public transport as well as improving public health through more active travel measures and reductions in congestion, pollution and transport related carbon emissions. The budget strategy also aims to ease pressures on revenue highway maintenance budgets by targeting Local Transport Plan (LTP) capital spend in such projects as Brighton Station Gateway, Valley Gardens and others funded through LTP. Capital will not only ease some of the pressure on revenue budgets but will further look to achieve improved layouts and traffic arrangements and further ensure the council retains the skill and expertise required to deliver such complex projects.

The budget strategy also includes revenue and capital investment in Private Sector Housing as follows:

- Integrated Housing Adaptations Team - enabling independent living through disabled housing adaptations and assistance;
- Supporting Home Improvement Agency - Improving conditions in the private rented & owner occupied homes through private sector housing renewal advice, assistance and enforcement;
- Improving conditions in HMOs through renewal assistance, enforcement and licensing;
- Reducing fuel poverty and CO² emissions through home energy efficiency measures.

The cost-benefit of such investments includes reduced care costs through adaptations for older people by enabling them to maintain independence and reducing the need or frequency of care visits or indeed avoiding hospital referrals. The Private sector housing improvements in 2011/12 also saved 353 tonnes of CO².

Engaging people who live & work in the city

The Place budget is in large part expended on the provision of 'universal services' consumed by a majority of residents and businesses. These services and accompanying investment invariably have a strong and visible impact on local communities as neighbourhoods, transport corridors, parks and public spaces as well as places of work and business notably including the city's tourist economy. In the context of localism, neighbourhood planning and community cohesion agendas, the spending impact of the Place budget is likely to have a significant and widespread impact on the city.

Government reforms to the business rate system are unlikely to change the quantum of funds making up the council's expenditure budgets, but they are likely to drive a greater interest amongst local businesses on budget priorities and the impact of spend. The

regulatory impact of Place services continues to attract government scrutiny where it is perceived to be inhibiting economic opportunity. A proposed review of regulatory services and its impact on business will inform a refresh of the City Economic Strategy and holds out the potential to enhance the reputation of the council with a variety of key business sectors.

A responsible & empowering employer

The management and budget strategy seeks to drive innovation in service delivery and investment. It also sets out strong objectives in quality assurance and value for money. Some of this will be achieved through benchmarking. Aligning skills sets to new and emerging management and delivery challenges will also be vital. This approach should ensure that council services can vie for 'best in class' and as a consequence promote better job security and forge a stronger commitment from managers and staff in continuous service improvement.

A Council the city deserves

During difficult economic times and public expenditure constraint, the council's Place services have a responsibility to lead by example in terms of customer service, performance, quality assurance and value for money. Place making services and investment can also play a major role in elevating the reputation and status of the city and directly contribute to a triple bottom line of economic, social and environmental well-being.

Place - Housing General Fund Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	16,082	-400	0	-513	0	1,000	87	1
2013/14 Full year Effect	16,082	-400	0	-513	0	1,000	87	1

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals								
Commissioner - Housing	15,561	-400	0	-513	0	1,000	87	1
Delivery Unit - Housing & Social Inclusion	521	0	0	0	0	0	0	0
Total - Housing	16,082	-400	0	-513	0	1,000	87	1

PLACE - GF Housing 2013/14 Savings Proposals

COMMISSIONER - HOUSING						
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Full Year effect of 2013/14 savings £'000
Supporting People	11,213	Efficiency savings.	Other Efficiency Gains	These have already been built into business plans with providers at minimal risk.	EIA 17	-494
Preventing Homelessness	1,300	Efficiency savings.	Other Efficiency Gains	No significant impact on planned service provision.	EIA 17	-19
Temporary Accommodation	174	Increased income from private sector leasing and reduction of spot purchase accommodation.	Commissioning	Increased property leasing (up to 100 homes) will be required to improve income and reduce reliance on expensive Bed & Breakfast accommodation. The risk of delivering on the saving will be mitigated through the creation of a Framework Agreement with private sector landlords.	EIA 17	-150
Private Sector Housing Renewal	1,465	Refocus of private sector renewal service on highest priority areas, achieving additional income to cover our costs where possible & appropriate	Commissioning	Achievement of any additional income to cover appropriate costs is aligned to any implementation of additional Houses in Multiple Occupation (HMO) licensing in 2012/13.	EIA 17	-250
						-913

TOTAL SAVINGS - GF HOUSING

-913

Place - Other Services Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Total Savings Proposals	29,145	0	0	-510	-8	0	-518	-2
2013/14 Full year Effect	29,145	0	0	-510	-8	0	-518	-2

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings								
Commissioner - City Regulation & Infrastructure	3,005	0	0	0	0	0	0	0
Delivery Unit - City Infrastructure	21,383	0	0	-475	-8	0	-483	-2
Delivery Unit - Planning & Public protection	4,757	0	0	-35	0	0	-35	-1
Total City Regulation & infrastructure	29,145	0	0	-510	-8	0	-518	-2

PLACE - Other Services 2013/14 Savings Proposals

DELIVERY - CITY REGULATION & INFRASTRUCTURE							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Parking & Traffic	-14,062	Efficiency saving based on review of the enforcement contract and the potential to terminate the vehicle pound earlier.	Other Efficiency Gains	No direct service impact; assumes that negotiations with contractor can be satisfactorily concluded.	No Equalities implications.	-40	-40
Cityparks	4,354	Rationalise public subsidy to cricket facilities and encourage more resilient long term funding solution reflecting patronage compared to other subsidised recreation facilities.	Fees & Charges	Requires consultation with clubs and groups to help minimise impact.	No Equalities implications.	-8	-8
Cityparks		Replace bedding plants with perennial planting except at Old Steine and Floral Clock	Other Efficiency Gains	None	No Equalities implications.	-85	-85
Waste PFI	11,925	There have been ongoing reductions in waste levels (residual waste per household has dropped from 610kg per household in 2008/09 to 602kg/hh in 2010/11). The councils (ESCC and BHCC) also benefit from the share of the electricity generated from the Energy Recovery Facility and fed into the national grid.	Other Efficiency Gains	None	No equalities impact.	-350	-350
						-483	-483

DELIVERY UNIT - PLANNING & PUBLIC PROTECTION								
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings brought forward from 2014/15 £'000	Full Year effect of 2014/15 B/F savings £'000	
Environmental Health & Licensing	1,753	Saving from deletion of a vacancy (SO1/2) in Health & Safety team (transferred from Environmental Protection)	Other Efficiency Gains	There will be some reduction of programmed inspections, however, the service will comply with Department for Work & Pensions and Health & Safety Executive advice.	EIA 19	-25	-25	
Trading Standards	496	5% efficiency saving from succession planning budget	Other Efficiency Gains	The business advice line will cease but this will be mitigated through other on-line advice and engagement with businesses as far as possible.	EIA 20	-10	-10	
						-35	-35	
TOTAL SAVINGS - PLACE - OTHER SERVICES							-518	-518

Place - Housing Revenue Account (HRA) Budget Strategy

Strategic Financial Context of the HRA

The HRA budget is a ring-fenced account which covers the management and maintenance of council owned housing stock. A local authority's HRA must be in balance meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable.

The introduction of self financing of the HRA from 1st April 2012 means that the authority needs to ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock. Self financing has given authorities the freedom to plan for the longer term and has given greater emphasis to the 30 year business plan.

The Commissioning framework for the HRA aims to reduce management unit costs to enable re-investment in services to reduce inequality (support) and improvements to homes and neighbourhoods (investment). As the HRA is a ring-fenced account, any savings achieved are reinvested into council housing services. However, the significance of the HRA budget reaches beyond housing service provision, and provides the opportunity to tackle inequality, create jobs and training opportunities, and improve the lives and well-being of residents. This in turn can reduce pressures upon social care and other general fund budgets.

Benchmarking against comparator organisations and an analysis of the outcome of the HQN value for money review has identified a savings target of £1.028m over 2 years to ensure that the service provides value for money. The savings target is split over the two years as:

Target 2013/14	£0.590m
----------------	---------

Indicative Target 2014/15	£0.438m
---------------------------	---------

HRA Revenue budget strategy

The strategy responds to the housing commissioning framework by focusing on reducing revenue costs to increase investment in the capital programme in 2013/14 by:

- reducing housing management costs by £0.220m through the implementation of the customer access phase 3, centralisation of office management and reduction in the management of temporary accommodation following the transfer of these properties to Brighton & Hove Seaside homes.
- reducing maintenance unit costs through service efficiencies in the repairs contract and gas servicing and maintenance contract saving £0.370m

The revenue savings of £0.590m for 2013/14 will be used to support service pressures in priority areas (£0.364m) and investment in the capital programme (£0.259m). Service pressures for 2013/14 are:

- The introduction of benefit reductions for those tenants that are classified as under occupying and changes to disability allowance from April 2013 may

have a significant impact on collection rates, so £0.070m will be included in the budget to increase the contribution to the bad debt provision.

- £0.200 m for measures to tackle financial exclusion through the development of a range of specialist money and debt advice services to support households in financial difficulty. This investment will help to sustain income collection to the HRA
- Investment of £0.094m in staff to support the management of capital and service contracts and reduce the need for expenditure on specialist consultant support

The HRA revenue strategy focuses upon investment to deliver corporate priorities as follows:

Tackling Inequality

Investment in providing specialist support services for vulnerable council housing residents on low incomes including the development services which promote financial inclusion. The current economic climate and social welfare reforms present challenges for the HRA in relation to maintaining income collection performance. Through the development of the Community Banking Partnership model, specialist money advice and financial literacy and community banking interventions to help to sustain current income collection whilst also having an impact on the local economy which goes beyond client households. Recent research published by Citizens Advice shows that tenants could be £10 per week better off as a result of financial skills training from their landlords;

Investment through EU 'Interreg' grant funding in the 'Learning Cities' project to deliver interventions to council tenants that enhance the employability of individuals, and so improve their and their families' life chances;

Continued investment in specialist tenancy management and support services to support vulnerable council housing residents, and services which tackles anti-social behaviour;

No increases in the service charges for communal cleaning, supporting people, TV digital aerials or garages and car parks. Heating charges will increased by inflation but consumption will be reviewed to ensure residents are charged based on latest estimates of usage.

Creating a more sustainable city

The Housing & Social Inclusion service is developing a Sustainability Action Plan according to One Planet Living principles. Actions to be delivered in 2013/15 will include working with the Sustainability working group on:

- Pilot smart meter loan scheme and behavioural change campaign leading to lower energy usage, reduced carbon emissions and lower fuel bills from council managed housing;
- Providing energy advice to council tenants from operatives as part of the annual gas check.

Engaging people who live and work in the city

Establishing the new tenant scrutiny panel to ensure that tenants and leaseholders have a stronger voice in the management of council housing

Continuing to maximise the social value arising from investment in the Repairs and Improvement Partnership with Mears, through provision of local jobs, raising the aspirations of young people through apprenticeships, and creating local supply chain opportunities. As well as the successful scheme delivering 20 apprentices per year this includes:

- ⇒ 95% local employment
- ⇒ 28 local businesses employed as subcontractors
- ⇒ Partnership with City College to enable 35 construction students to gain experience refurbishing empty homes
- ⇒ Estate Development Budget run as a not-for-profit business model

HRA Capital budget strategy

The capital strategy will focus on meeting corporate plan priorities through investment in building new homes, and improving the quality and sustainability of the existing housing stock. The HRA capital strategy aims to ensure that every pound invested reaches beyond the housing service and contributes to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability.

The majority of the capital programme is funded from 'contributions from the revenue account'. All rental income is recorded as revenue but a proportion of rent covers the capital investment in homes and this is transferred to fund the capital programme through the 'contributions to the revenue account'. The capital programme is funded from a variety of sources including revenue surpluses, borrowing, capital receipts from Brighton & Hove Seaside Homes, reserves and other grants.

Tackling Inequality

The Capital budget strategy focuses upon:

- Investment in building new affordable homes in HRA land and specific garage sites. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating jobs and supply chain business opportunities
- Continuing the improvement in the quality of existing council homes by achieving the Brighton & Hove Standard (Decent Homes Standard) across the housing stock by the end of 2013. Research by Nottingham Trent University has estimated that every pound spent on Decent Homes improvements creates £1.46 in local spend through orders to tradesmen and suppliers in the area

- Increased investment in adaptations to enable council tenants to live independently in their homes. Adaptations to housing are aligned with adult social care's focus on prevention and re-ablement, which minimises delayed discharges and avoidable admissions to hospital and reduces the burden on health and social care budgets.
- Action to increase asset value, tackle over-crowding, and improve well-being through continuation of the loft conversion / extension programme
- Tackling health inequalities through an ongoing strategic programme to tackle damp and condensation

Creating a more sustainable city

The capital programme will focus on improving the sustainability and energy efficiency of the housing stock by:

- Tackling fuel poverty through continued investment in providing modern, energy efficient heating for council housing residents
- Improving the sustainability and energy efficiency of the housing stock in the line with the One Planet Living Sustainable Action Plan. This would include insulation improvements, Over-cladding projects, solar PV and improvements to communal lighting
- Investing in estate regeneration and building new council homes to high sustainability standards

Engaging people who live and work in the city

The budget strategy continues to provide £0.540m for the tenant-led estate development budget. This budget is now operated using a not-for-profit model to maximise social value. The lift replacement programme was accelerated and investment increased as a direct response to the 2012/13 budget consultation. Budget consultation during October and November will also inform our discretionary capital spend.

Place - Housing Revenue Account Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	20,819	0	0	-590	0		-590	-3
2013/14 Full year Effect	20,819	0	0	-590	0		-590	-3

PLACE - Housing Revenue Account Savings Proposals 2013/14

DELIVERY UNIT - HOUSING & SOCIAL INCLUSION								
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Housing Management	8,981	HRA Customer Access Review phase 3 - full year effect of staff restructure which was implemented in July 2012.	Other Efficiency Gains	Target savings will enable the service to reduce management unit costs to ensure value for money in line with comparable housing providers.	EIA 18	-130	-130	
Housing Management	1,915	A review of HRA budgets through zero based budgeting and centralisation of office management purchasing.	Other Efficiency Gains	Savings in running costs & supplies & services	No equalities issues	-60	-60	
Property & Investment	7,797	Mears Partnership contract - repairs service. Savings from service efficiencies and reduction in unit costs.	Other Efficiency Gains	A reduction in maintenance unit costs with no change to service.	No equalities issues	-300	-300	
Property & Investment	2,048	Reduction in the cost of the Gas Servicing & maintenance contract.	Other Efficiency Gains	Open Book Audit agreed at the end of last financial year, 2011/12 has achieved savings in this contract during 2012/13 which will continue in 2013/14.	No equalities issues	-70	-70	
Housing Management - Temporary Accommodation	78	Reduction in the management of HRA temporary accommodation properties following the leasing of these properties to Brighton & Hove Seaside Homes.	Other Efficiency Gains	Reduction in Management Unit costs	No equalities issues	-30	-30	
	20,819					-590	-590	
TOTAL SAVINGS - PLACE - HOUSING REVENUE ACCOUNT							-590	-590

Communities Budget Strategy

Strategic Financial Context

The Communities budget strategy is described under functional areas to aid clarity. There are a number of budget areas that have sat together as part of the Communities Directorate budget over the previous two year period. The Communities Directorate has now been disaggregated on a temporary basis pending more permanent work on staffing and service area structures which is likely to take place in the next financial year. For the purposes of the budget setting for 2013/14 these areas will be reported on jointly, albeit in discrete areas.

There are a number of issues affecting Tourism and Venues budget areas in particular as we move into budget setting for 2013/14 and beyond:

- Many of the budgets rely on income generation which is subject to economic conditions and other variable factors such as the weather. This variability is, however, not reflected in the inflationary increase which is applied to income targets.
- The scope for investing in these services to protect and enhance future income streams is constrained by the council's overall financial position;
- The budgets in these areas are small but have a significant impact on other areas. The impact of reductions can have a disproportionate effect as partner income is also threatened. Other council current and future income such as that from parking and business rate performance, would also be threatened by reduced visitor and business activity in these areas.

Communities & Equality

The small Communities & Equality team has been transferred into the Policy & Performance team and management savings achieved as a result. The proposed saving to the discretionary grant budget is through a freeze in grant levels to 2012/13 levels however the council's significant investment in the 3 year strategic grants programme is being sustained in order to promote a vibrant community and voluntary sector in the city, sustain vital infrastructure and contribute to community resilience.

Culture, sports, tourism, heritage and libraries

There are several aspects to the strategy proposed as the way ahead for the next 3-5 year period in budget setting in this area. In summary these are:

- developing new models of provision
- increasing income
- supporting other service areas to make savings.

On a more detailed level, the strategy looking forward would include the following:

The joint development work between the Royal Pavilion and Museums and the Brighton Dome and Festival that has already proved so successful both financially and otherwise, including the joint tendering for catering provisions, joint applications for lottery money and the joint development of a masterplan for the Royal Pavilion Estate.

Linked to the wider work outlined above; negotiation of a temporary alteration to the lease arrangements with the Brighton Dome and Festival and support for the capital development work being led by the Brighton Dome and Festival with the purpose of securing a sustainable future for the suite of Grade 1 listed buildings.

The work on the citywide re-provision of visitor services detailed in the budget papers for 2013/14.

Business modelling work on the operation of the Brighton Centre and Visit Brighton.

Finalisation and launch of the Seafront Strategy to provide a framework for continued marketing of seafront sites for investment and development on both a temporary and permanent basis.

Library services are pursuing a strategy to work with other service areas in the council to help them achieve their objectives and deliver efficiencies. This is through the development of Libraries as Community Hubs, with libraries being the main access point for other services in the community. Efficiencies could result in other services from the sharing of facilities and resources and a shift to accessing more services online.

Sports and cultural provision in particular to work in a targeted way to support the achievement of commissioning priorities in other areas as described in more detail in the over-arching Budget Strategy at appendix 4.

Community Safety

It is anticipated that some community safety funding will by 2014/15 (and potentially in 2013/14) have transferred to the Police and Crime Commissioner for Sussex who will select her priorities for allocation. We will need to work with the newly elected Commissioner to ensure that funding is retained in Brighton & Hove for those crime reduction/community safety activities that are essential to the city.

Home Office regulations are awaited which will tell us which funds will transfer, but we anticipate those to be the Building Safer Communities Fund (£287,390), some parts of the Drugs Intervention Programme allocation and money for dealing with domestic and sexual violence.

Communities - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	16,795	-107	0	-80	-150	0	-337	-2
2013/14 Full year Effect	16,795	-107	0	-80	-150	0	-337	-2

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals								
Commissioner - Communities and Equalities	2,957	-52	0	0	0	0	-52	-2
Community Safety	2,163						0	0
Commissioner - Culture	1,916	-25	0	0	0	0	-25	-1
Commissioner - Sport and Leisure	1,178	0	0	-30	0	0	-30	-3
Delivery Unit - City Services - Libraries	5,616	-30	0	0	0	0	-30	-1
Delivery Unit- Tourism and Leisure	2,965	0	0	-50	-150	0	-200	-7
Total Communities	16,795	-107	0	-80	-150	0	-337	-2

COMMUNITIES 2013/14 Savings Proposals

COMMISSIONER - COMMUNITIES & EQUALITIES							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
City Communities Fund	30	This budget provides a contingency fund, established in 2011/12, to support one-off community based activity that did not fit within the cycle of existing grant rounds. This support was previously met through flexibility in the Communities & Equalities budget and is not currently fully committed. The proposal therefore removes flexibility rather than necessarily impacting directly on activities.	Commissioning	£10k will be retained to meet current known and ongoing commitments. There may be reduced flexibility to support other activities which do not fit into the main grants programme but it is expected that this can be absorbed within Communities & Equalities budget flexibilities if absolutely necessary.	EIA 21	-20	-20
Grants to Community/ Voluntary Sector	1,630	A Freeze in discretionary grants at 2012/13 levels.	Commissioning	Financial pressures in Third Sector organisations experiencing escalating running costs and declines in other income and sources of support.	EIA 22	-32	-32
						-52	-52

COMMISSIONER - CULTURE							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Pride	25	Remove budget for financial support to Pride	Commissioning	There would be no ability to support the event with direct financial support - either to pay for any infrastructure or to commission any additional community or cultural activity. However, the support in kind for the event would remain, including appropriate officer time and expertise. One-off investment of £25k will also be provided in 2013/14 to enable Pride to defray costs of developing a sustainable long-term	EIA 23	-25	-25

DELIVERY UNIT - TOURISM & LEISURE

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Visitor information Services relocation	252	Reprovision of Visitor Information Services: Work is underway to enable the Brighton Centre Box Office to function as a Visitor Information Centre. This would be alongside the development of partnerships with a range of city wide businesses to co-locate public visitor information satellite points and the development of a body of Greeters and volunteer ambassadors.	Other Efficiency Gains	There would be a negligible impact on visitor figures.	EIA 27	-50	-50
Seafront Properties	-1,279	Additional income from seafront sites, for example, the Wheel and marketing of Peter Pan site. This income is still subject to market conditions and the income relating to the Peter Pan site subject to lease agreement negotiation and the development timetable.	Fees & Charges	This is consistent with the emerging Seafront Strategy.	No equalities issues	-50	-50
Royal Pavilion and Museums	-2,217	Increase in admission income at Royal Pavilion. This figure is based on performance to date this year, agreed admission charges for next year and plans for events and social media based marketing. It must be noted that this income is always dependent upon external factors such as the economic climate, visitor trends, the weather etc.	Fees & Charges	This measure will meet savings targets, but also foregoes the ability to reinvest in delivery of museum services and programmes.	No equalities issues	-100	-100
						-200	-200

TOTAL SAVINGS - COMMUNITIES 2013/14

-337	-337
-------------	-------------

Finance & Resources Units – Budget Strategy

Strategic Financial Context – Finance & Resources

The main factors affecting Finance & Resources Unit businesses are as follows:

- Proposed changes to the system for funding local government will mean the risks in relation to business rates collection and financial planning will be very different from the present arrangements.
- There are major changes impacting on the Benefits (City Services) service as a result of the introduction of the Universal Credit, proposals for localisation of support for council tax, and the administration of a Local Discretionary Social Fund.
- The council taxbase is being adversely affected by increases in student numbers and single person discounts with limited growth in new homes, however collection performance overall remains high.
- Key elements of the council's transformation programme including Value for Money, Workstyles and Customer Access are supported corporately by Resources and Finance staff. These are key to delivering not only cash savings but also to reducing carbon emissions, improving productivity through ICT and flexible working, and modernising our customer access approach. These are complex business cases to develop and deliver and require appropriate resources to assure implementation through effective project and change management.
- While Finance & Resources savings focus on improving efficiency and productivity, there is some concern that some proposals may simply push (and increase) costs to other services unless managers and services are able to be self-sufficient in areas such as Finance and HR and are able to maintain ICT systems and contracts without resorting to external support. These risks need to be managed carefully.

Key Changes arising from this Budget Strategy

- There will be reductions in the benefits service to compensate for the loss of Housing Benefit Administration grant from central government.
- We will need to address the 10% funding reduction from central government on the council tax support scheme (£2.6m) following the localisation of the scheme and national funding reductions. We are required to protect pensioners and other vulnerable groups and at the same time support incentives to work aligned to Universal Credit.

Supporting the Corporate Plan Priorities

The level of resource that the council chooses to invest in support services and City Services functions will be directly influenced by the council's overall ambition, the complexity of its operating environment, its appetite for risk and the maturity and capability of management to be self-sufficient in key areas (i.e. HR and finance) without

additional central or external support. Corporate Plan priorities are supported by the proposals as follows:

- **Tackling inequality**

- City Services and the Finance Unit have played a key role in developing the localised Council Tax Support Scheme which has been designed to ensure equality of treatment across all groups. A full and detailed Equality Impact Assessment including extensive consultation has been undertaken to ensure that the impact of the scheme is minimised in relation to vulnerable groups.
- The effective deployment of discretionary funds and the proposed Local Discretionary Social Fund and other financial inclusion resources will serve to help the most vulnerable members of society and aid those in crisis.
- A key risk is that the move to Universal Credit with all its complications, the new community right to challenge, community right to bid, community governance, issues around academies and free schools and a range of other legislative and central government driven initiatives will require additional legal support and advice which may impact on achievement of savings.
- There will also be changes to the way that care proceedings are dealt with which are expected to create additional pressure for at least the first 2 years through reducing care proceedings from an average of 50 weeks to 26 weeks following the national Family Justice Review. In addition case law has recently changed to mean that authorities now need to make a new type of application where a plan for a child to be adopted can no longer be fulfilled.

- **Creating a more sustainable city**

- Reducing property and carbon related costs through the implementation of the Corporate Landlord approach and continued implementation of the Integrated Workstyles VFM programme to maximise the use of administrative office space and reduce carbon footprint.
- Continued improvement in ICT infrastructure, including Electronic Document Management (EDRM) and the associated continued 'channel shift' to on-line services will further improve sustainability and reduce power demands, storage space and consumables such as ink and paper.
- The Policy and Sustainability teams provide advice and expertise that help the council and partners develop policies and initiatives that promote sustainability across the city. For example, development of a Strategic Action Plan for the One Planet Living programme will help deliver this important priority.
- Savings proposals may have some impact on capacity in this area but support for key priorities such as One Planet Living will be prioritised.

- **Engaging people who live and work in the city**
 - The Policy and Performance team will continue to develop the consultation and engagement strategy across the wide range of communities and stakeholders to support this priority. This includes work previously undertaken by the Communities & Equalities team to ensure an appropriate balance of consultation and engagement.
 - Some savings are proposed in this area that will impact on capacity and will require resources to be focused on key priority areas.

- **A Responsible and Empowering Employer**
 - The council workforce is the prime enabler which delivers the Corporate Plan. The 'People Strategy' will deliver a new strategic framework for employment, behaviours, performance, management and development. Human Resources will lead the implementation of the People Strategy commitments alongside the Senior Management Team.
 - The importance of strong Human Resource support, in a challenging climate, remains critical. The function will continue to focus expertise on supporting key organisational change activity and maintaining constructive relationships throughout.
 - Savings proposals, which were previously fast-tracked to January 2013 and therefore don't appear in these proposals, will impact on capacity but resources will be prioritised to support those services facing the most significant challenges whilst striking a balance to support continued organisational development.

- **A council the city deserves**
 - Most of the savings proposals in relation to Finance & Resources relate to objectives under creating 'a council the city deserves'. The primary focus is to ensure that these corporate services can:
 - Support other services and the authority to meet its Corporate Plan priorities and associated outcomes for the residents of the city by providing effective support services, strategic and expert advice, and good customer service;
 - Achieve better Value for Money themselves, year-on-year, through technology, process redesign and fundamental challenges to the models of service delivery, for example through Business Transformation (Systems Thinking) reviews. Benchmarking of corporate services is critical to evidence continued improvement;
 - More importantly, to ensure better Value for Money for the wider authority by researching, advising on and assisting in the implementation of major transformation programmes such as Workstyles, Customer Access initiatives and Business Transformation.

- The approach to savings being taken by Finance & Resources includes the following:
 - **Are services essential?:** Challenging the need to continue support for non-critical service areas including, for example, removing support to some partnership initiatives and reducing some areas of democratic support and costs;
 - **Improving Value for Money:** Continued drive to improve Value for Money of services by using available technology to improve efficiency and productivity and using Business Transformation (Systems Thinking) reviews to ensure systems and processes are deployed to best effect, particularly from a customer perspective. This will be applied to review and improve everything from income collection of localised business rates to financial and performance monitoring to delivery of the HR function;
 - Improving contract management and procurement to drive out efficiency savings and costs from current contracts in everything from facilities management to IT contracts to external audit fees;
 - **Risk-based priorities:** Using an uncompromising risk-based approach to prioritise resources and service delivery. This applies across all areas but particularly in professional services such as Finance & Audit, HR and Legal Services. These services will continue to improve efficiency as above but this cannot deliver savings of the magnitude required. Re-prioritisation of services is required to ensure that reduced professional staffing capacity does not result in higher risk, complex areas being left unsupported. There will be diminution of services to lower risk areas that professional services will attempt to mitigate through training and other resources (e.g. e-Learning and Intranet Resources);
 - **Income Maximisation:** Exploring opportunities to generate income from providing shared or external services, and;
 - Increasing fees and charges for non-statutory services but taking care to avoid diminishing returns being experienced through a negative impact on demand for services. There are also proposals to develop new paid-for services to generate further income. This applies particularly across Life Event services.

Resources & Finance - Summary Budget Savings Proposals

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	31,369	0	-850	-1,226	-134	400	-1,810	-6
2013/14 Full year Effect	31,369	0	-850	-1,318	-134	400	-1,887	-6

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals								
Delivery Unit - City Services	7,307	0	0	-540	-113	0	-653	-9
Resources - Human Resources & OD	3,782	0	0	0	0	0	0	0
Resources - Property & Design	3,265	0	-440	-140	-15	0	-595	-18
Resources - Communications	469	0	0	-26	0	0	-26	-5
Resources - ICT	5,604	0	-410	-89	0	250	-249	-4
Resources - Legal & Democratic Services	3,151	0	0	-80	-6	100	14	0
Resources - Policy Performance & Analysis	2,501	0	0	-30	0	0	-30	-1
Finance	5,290	0	0	-321	0	50	-271	-5
Total Resources & Finance	31,369	0	-850	-1,226	-134	400	-1,810	-6

RESOURCES & FINANCE – Savings Proposals 2013/14

DELIVERY UNIT - CITY SERVICES							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Benefits-Statutory service administering the payment of Housing and Council Tax Benefit. Service also includes recovery of overpayments and investigations into fraud.	3,955	Reduce the cost of the Benefits service by redesigning the team, taking into account social fund administration requirements. Improved efficiencies in the recovery of rent rebate overpayments.	Other Efficiency Gains	The downsizing has to be carefully managed. Grant assumptions appear to be based on falling caseloads that are yet to materialise. The service will be under extra pressure, at least in the early part of the year, as it introduces changes in council tax, NNDR and council tax support as well as potentially providing a social fund service. Universal Credit is due to be introduced from April 2014. This will reduce caseload but only after a period of transitional pressure. There is a risk in delivering these savings without detriment to customer services during a period of such considerable change.	EIA 28	-150	-150
		Further downsize the services by reducing by 5-8 posts (in addition to the above) and improve service efficiencies	Other Efficiency Gains	Potentially significant impact on service and potential to cause delays in dealing with applications and caseload if changes are not implemented successfully. Risk of not being able to deliver the service efficiencies. Potential delays in the introduction of welfare reforms will impact.	EIA 28	-150	-150
Revenues-Statutory service administering the collection of Council Tax and National Non Domestic Rates. Service also includes recovery, inspectors and bailiffs.	1,228	Increase business rate collection	Other Efficiency Gains	Some investment will be required but this will be more than offset by improved collection. The target is relatively modest at this stage.	EIA 29	-200	-200

Life Events	1,293	Develop woodland burial site	Fees & Charges	Increased access to a range of services and provide choice. Contributes to corporate sustainability outcomes	EIA 30	-98	-98
		Merging of Electoral Services and Local Land Charges and review of processes to achieve savings and maximise income opportunities.	Other Efficiency Gains	Continued efficiencies delivered in this area and identifying opportunities for improvements.	EIA 31	-15	-15
		Reorganise Registration and Bereavement Service resources to optimise income generation.	Other Efficiency Gains	There will be limited access times for the statutory certificate search but improved service for other aspects of registration, generating a higher income.	EIA 32	-25	-25
		Income generation within Bereavement Services	Fees & Charges	Fees and charges are set at a competitive level to ensure value for money. Continued benchmarking.	EIA 33	-15	-15
						-653	-653

RESOURCES - PROPERTY & DESIGN

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Property Services-Mainly statutory property services - Asset Management Plan and statutory Corporate Property Officer.	3,276	The implementation of a new Phase of the Workstyles programme	VFM Programme	Detailed plans were agreed by Cabinet (December 2011). In total this phase is expected to reduce buildings by approximately 10, consisting of the closure & sale of freehold buildings and vacation of leasehold properties & relocating services. This generates cost savings and carbon reduction. The saving here is shown both net of the investment costs required to deliver the saving and is only a part-year saving due to the long lead in times for such a complex project.	EIA 34	-200	-200
		Implementation of Corporate Landlord model	VFM Programme	There will be economies of scale on reactive maintenance, smart procurement, and facilities management following a risk assessment of service levels. This saving	No equalities issues	-105	-105

				covers existing Property & Design budgets and consolidated spend. Further decisions will be required to appropriate land and buildings corporately from previous service ownership.			
Procurement of corporate contracts - reduced specification for waste, security and cleaning.	VFM Programme			The scope of the contracts will be expanded to include other corporate buildings not already part of these contracts and not currently benefitting from the economies of scale. The specification will contain reduced frequencies e.g. bin collections or office cleaning which would have a particular impact on Workstyles where cleanliness of desks is important and this would need to be carefully managed.	No equalities issues	-55	-55
Additional income	Fees & Charges			Increase building surveying team to increase capacity to undertake projects and fee earning capacity for works that would otherwise go to external consultants. This is dependent on a continued volume of work being available with the internal team being the preferred provider.	No equalities issues	-15	-15
Closure of low VFM buildings	VFM Programme			Closure of buildings - Revenue savings resulting from the closure of Portslade Civic Offices as part of the Portslade Town Hall site redevelopment. Proposals were agreed by Cabinet in March 2011. The saving is dependent on successful site sale in current market conditions.	No equalities issues	-40	-40
Closure of low VFM buildings	VFM Programme			Closure of buildings - Revenue savings from the targeted closure of operational buildings where similar facilities are available locally. There is a risk of service loss, vacant buildings being subject to vandalism and bad appearance if the buildings cannot be swiftly disposed.	No equalities issues	-40	-40
Reduced level of planned maintenance	Other Efficiency Gains			The funding is only sufficient annually for urgent and essential repairs and excluding the annual routine maintenance contracts, reducing the budget further will increase	No equalities issues	-110	-110

					the pressures to priority work and could over time add to the maintenance backlog, building up a potential maintenance issue for the future. However, reduction of buildings through Workstyles may mitigate this.				
		Reduction of energy consumption in non-public areas of corporate buildings	Other Efficiency Gains	Other Efficiency Gains	Better management of energy consumption, including making better use of heating management systems. There is a risk that this may not result in the required carbon reduction.	No equalities issues	-30	-30	
								-595	-595

RESOURCES - COMMUNICATIONS

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Communications - promoting Brighton & Hove City Council - informing residents, increasing community engagement and improving access to services	444	Review and prioritisation of comms activities across the council in line with council priorities - with a significant reduction in non-essential comms activity. Communications spend across the council in 2011/12 was approx £2.9 million.	Other Efficiency Gains	A reduction in overall communications activity could result in residents being less informed about council services and reduce behavioural change in some key areas e.g. customer access, welfare reform, public health, community safety, major projects and developments, etc. This risk increases as tough decisions need to be communicated and services look for support in a difficult economic climate.	EIA 35	-26	-26
						-26	-26

RESOURCES - ICT							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
ICT-Provides ICT services, support and development across the Council, Councillors and schools.	5,518	Redesign of management and support services and explore opportunity for sharing services with partners in 2013/14.	VFM Programme	This change will support the ongoing transformation of the Council.	No equalities issues	-80	-80
		Review and upgrade telephony services across the Council.	VFM Programme	Reduction in Centrex lines and cheaper methods of aggregating mobile/fixed call costs through infrastructure upgrade and contract renewal opportunities.	No equalities issues	-93	-93
		Reduction in applications which hold repeating/similar data records.	VFM Programme	Results in reduced category spend on licensing, support and maintenance charges.	No equalities issues	-37	-37
		Review licensed Microsoft platforms, tools and software products	VFM Programme	Reduction in desktop/server licenses resulting from Workstyles. Dependant on successful delivery of Workstyles Phase 2.	No equalities issues	-20	-20
		VFM review of council-wide category spend to ensure contract expenditure is consistent with the corporate ICT Strategy.	VFM Programme	Will result in reduced category spend outside of ICT, resulting from rationalisation of hardware and software purchasing, licensing, support and maintenance charges. This would require all ICT contract holders across the Council to negotiate reductions and exploit opportunities for rationalisation.	No equalities issues	-180	-180
		Redesign of management and support services following deployment of PSN, LAN, Voice and Workstyles Infrastructure.	Other Efficiency Gains	Saving is dependent on the cost of the alternative sourcing models and possibilities for shared services.	No equalities issues	-43	-86
		Removal of buildings client resource for electrical and network activity.	Other Efficiency Gains	Health and safety risks need to be understood and mitigated against. Increased dependence on external suppliers to undertake client function with buildings works planners.	No equalities issues	-22	-43

	Reduction against desktop estate through reduced demand on desktop replacement	Other Efficiency Gains	Requires resource investment to establish business case and impact on staff.	No equalities issues					-12
	Reduction in ICT Category spend through centralised budget codes and increased governance over ICT hardware, software and voice budgets	Other Efficiency Gains	Results in reduced category spend outside of ICT, resulting from rationalisation of hardware and software purchasing, licensing, support and maintenance charges.	No equalities issues					-12
									-25
									-499
									-576

RESOURCES - LEGAL & DEMOCRATIC SERVICES									
	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000		
Service (including brief description) Legal & Democratic Services-Provides legal, constitutional and Monitoring Officer support to the Council. Supports the democratic decision making process, Member development, administration of Members allowances. Supports the Council's Overview and Scrutiny function	3,151	Legal Services - Deletion of vacant part-time lawyer post in Property, Reorganisation savings of Major Projects & Property, Delete vacant hours in Environment Team, Reduce budget available for Head of Law Support.	Other Efficiency Gains	Completion of re-structure	No equalities issues	-40	-40		
		Democratic Services - reshaping of support to Member administration, development and administration.	Other Efficiency Gains	Completion of redesign	No equalities issues	-16	-16		
		Scrutiny-Review income streams from HRA and Health to ensure support costs to these areas are fully recovered.	Fees & Charges	None	No equalities issues	-6	-6		
Overview & Scrutiny	235	Rationalise use of staff resources and maximise income from providing related services to Council and external clients.	Other Efficiency Gains	There will be reduced capacity to do mainstream overview & scrutiny work	No equalities issues	-24	-24		
						-86	-86		

RESOURCES - POLICY PERFORMANCE & ANALYSIS

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Information, performance and business planning core budget	440	Reduce core budgets that support performance and risk management, business planning and shared information management within the council.	Other Efficiency Gains	Savings risk impaired support for council teams and city partners with significant implications for service delivery, strategic planning and performance improvement. Reputational risk for the council with city partners if not managed successfully.	EIA 36	-30	-30
						-30	-30

FINANCE

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Internal Audit-Provides Internal Audit services including risk management, anti fraud and corruption work.	582	Increased service income from for example provision of service to SDNPA. Decrease of supplies and service budget.	Other Efficiency Gains	The increased income is being generated by absorbing the additional work for SDNPA across the current internal audit service. This may impact on delivery of services to the council as the service to SDNPA must be honoured in accordance with the terms of the contract.	No equalities issues	-25	-25
Audit fees	385	A saving has been assumed on the scale fee from 2013/14 based on the Audit Commission's externalisation and retendering exercise.	Other Efficiency Gains	We have minimal ability to influence the fee rates other than to ensure we are not billed extra for not meeting audit requirements. The saving assumed will need to be confirmed but is the best estimate of future Audit Fees following the abolition of the Audit Commission (excluding its residual function) and the	No equalities issues	-96	-96

Financial Services	3,423	We will improve the efficiency of Creditor payments	Other Efficiency Gains	appointment of private sector providers (Ernst & Young in BHCC's case). There is no other impact from this saving.	No equalities issues	-20	-20
		We will improve the efficiency of debt collection across the council	Other Efficiency Gains	We would explore further centralisation of debt collection across the council to try and achieve both staffing efficiencies and also improved consistency and best practice. The savings on collection performance would be more important than the direct savings on staffing efficiencies and so there would need to be a carefully managed transition to guard against costly deterioration of performance.	No equalities issues	-50	-50
		We will continue to improve the efficiency of the accountancy service.	Other Efficiency Gains	We can make some savings following the introduction of International Financial Reporting standards which significantly increased our workload (albeit mainly supported through one-off monies). Our investment in e-learning packages and systems development means we can drive further efficiency savings. We will reduce our subscriptions to benchmarking and technical support advice. We are already lowest quartile for costs.	No equalities issues	-70	-70
		Continued efficiency drive in the delivery of the wide range of financial services to internal and external customers.	Other Efficiency Gains	Saving from absorbing the impact of delivering financial services to new Public Health services transferring to the council. Potential negative impacts from this proposal include reduced support to financial monitoring and reporting.	No equalities issues	-60	-60
TOTAL SAVINGS - RESOURCES & FINANCE						-321	-321
						-2,210	-2,287

Corporate budgets - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	8,207	0	0	-500	0	1,450	950	7
2013/14 Full year Effect	8,207	0	0	-500	0	1,450	950	7

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Proposals	10,194	0	0	-150	0	0	-150	-1
Concessionary Fares	3,487	0	0	-350	0	0	-350	-10
Insurance	9,454	0	0	0	0	0	0	0
Financing Costs	-479	0	0	0	0	0	0	0
Corporate Vfm Savings	3,837	0	0	0	0	1,000	1,000	26
Contingency & Risk Provisions	-14,274	0	0	0	0	450	450	3
Unringfenced Grants	171	0	0	0	0	0	0	0
Levies to External Bodies	-2,303	0	0	0	0	0	0	0
Other Corporate Budgets	-1,880	0	0	0	0	0	0	0
Contributions to / from (-) reserves	8,207	0	0	-500	0	1,450	950	12
Total Corporate Budgets								

CORPORATE BUDGETS Savings Proposals 2013/14

DELIVERY UNIT - HOUSING & SOCIAL INCLUSION								
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Concessionary Bus Fares	10,194	The saving can only be achieved if the level of the November inflation index falls for the fixed deals with the major operators and trip numbers on other routes fall as anticipated. The inflation index will be available in mid December.	Other Efficiency Gains	The service is statutory and the council has to fully fund the reimbursement of the bus operators for concessionary trips in line with the scheme agreed by the council so any failure to deliver this reduction will have to be met by savings elsewhere in the budget. There is a risk that inflation will not fall by as much as anticipated following an unexpected increase in October after several months of decline.	No equalities issues	-150	-150	
Insurance	3,487	The council is currently fully retendering all insurance services and had previously allowed for an increase in costs due to market conditions. It is now anticipated that both a good claims history and strong risk management will mitigate the increased costs. The outcome of the tendering exercise will be known early in the new year.	Other Efficiency Gains	Insurance cover will be maintained through insurance premiums paid or self-insurance depending upon which option provides the best value for money for the council. Any actual changes to costs as a result of the tendering exercise will be built into the February budget report.	No equalities issues	-350	-350	
	13,681					-500	-500	
TOTAL SAVINGS - CORPORATE BUDGETS							-500	-500

Capital Investment Programme 2013/14 to 2015/16

Capital Investment Programme	2013/14 £000	2014/15 £000	2015/16 £000
<u>Approved Schemes</u>			
People	-	-	-
Place - General Fund	5,437	1,901	1,712
Place - HRA	5,816	-	-
Communities	5,226	13,647	-
Resources & Finance	1,689	33	-
<u>Identified Schemes Not Yet approved</u>			
People	10,900	5,750	5,750
Place - General Fund	2,400	-	-
Place - HRA	25,907	27,934	21,615
Communities	2,130	-	-
Resources & Finance	4,000	2,000	2,000
<u>Funding to be Allocated</u>			
People	2,928	2,637	2,375
Place - General Fund	7,049	8,179	8,200
Place - HRA	-	-	-
Communities	-	-	-
Resources & Finance	3,050	3,750	3,750
Total	76,532	65,831	45,402
<u>Funded by:</u>			
Government grants (unringfenced)	13,457	13,996	13,455
Government grants (ringfenced)	4,476	1,801	580
Capital receipts	182	33	-
Capital receipts (BH Seaside Community Homes)	1,134	4,982	3,625
Capital reserves	3,075	-	-
HRA reserves	2,150	-	-
External contributions	2,387	2,269	-
Direct revenue funding	1,749	1,420	1,420
Revenue contribution to capital (HRA)	18,680	17,368	19,622
Council borrowing	17,607	19,062	1,500
Total Funding	64,897	60,931	40,202

Capital programme funding gap	11,635	4,900	5,200
Planned net receipts – ringfenced for Workstyles project	(2,728)		
Planned net receipts – to support capital programme	(4,915)	(710)	(710)
Planned Contribution to Accelerated Workstyles	1,638		
Planned Contribution Brighton Centre Redevelopment	1,100	550	550
Capital funding shortfall	6,730	4,740	5,040

Capital funding shortfall should Patcham Court Farm receipt not be delivered.	9,730	4,740	5,040
--	--------------	--------------	--------------

Carbon Budget	Budget lead	2011/12 Carbon Footprint (CO2 tonnes)	2011/12 Spend (net £)	2012/13 Carbon budget target (CO2 tonnes)*	2013/14 Carbon Budget target (CO2 tonnes)**
1) Total Corporate emissions (incl gas, electricity and oil)		12,073	£2,129,784	11,590	11,126
a) Woodvale Crematorium	Angela Dymott	473	£67,794	Not set in 12/13	454
b) Wayfield Avenue Resource Centre	Valerie Pearce	213	£45,263	Not set in 12/13	205
c) Hove Town Hall	Denise D'Souza	1,086	£205,968	Not set in 12/13	1,043
d) Bartholomew House	Angela Dymott	257 #	44,357 #	Not set in 12/13	247
e) Brighton Centre	Adam Bates	2,066	£320,090	Not set in 12/13	1,984
2) Landlord Housing emissions (incl gas and electricity)	Jugal Sharma	6,204	£1,138,311	5,956	5,718
3) Total School emissions (incl gas, electricity and oil)		10,513	£1,902,003	10,092	9,689
f) Blatchington Mill	Gillian Churchill	697	£132,143	Not set in 12/13	669
g) Downs View Special School	Gillian Churchill	245	£39,270	Not set in 12/13	235
h) Coldean Primary	Gillian Churchill	194	£31,019	Not set in 12/13	187
i) Hangleton Infant and Junior Schools	Gillian Churchill	207	£43,734	Not set in 12/13	199
j) Elm Grove Primary	Gillian Churchill	104	£17,601	Not set in 12/13	100
4) Fleet fuel emissions	Gillian Marston	2,251	£1,064,933	2,161	2,075
5) Street Lighting emissions (electricity)***	Mark Prior	5,037	£922,412	4,835	4,642
6) Total work-related travel emissions****	Mark Prior	837	£1,804,138	804	771
Adults Assessment	Brian Doughty	51	£96,661	49	47
Adults Provider	Karin Dival	91	£157,263	88	84
Children & Families	James Dougan	281	£510,357	270	259
Planning & Public Protection	Martin Randall	55	£113,992	52	50
City Services	Valerie Pearce	27	£67,499	26	25
Tourism & Leisure	Adam Bates	13.3	£39,543	12.8	12
City Infrastructure	Gillian Marston	44	£95,518	42	41
Housing & Social Inclusion	Jugal Sharma	50	£125,801	48	46

Caveats:

* Based on 4% reduction on 2011/12 performance. Performance against the 2012/13 budget will be calculated in July 2013.

** Based on a 4% reduction on 2012/13 target (2012/13 actual data will be available in July 2013)

***Excludes traffic signals

****Includes all delivery, resource, finance, commissioning units. Excludes home to school and client travel

Data includes some estimation

Notes:

Carbon budgets are set to reflect what we can feasibly collect data for and includes our baseline emission areas.

2013/14 carbon budgets for specific buildings (a-j) are based on a 4% reduction on the 2011/12 footprint, this will be restated once 12/13 actual data is available

Energy consumption in buildings is based on a mixture of accurate readings and estimated billing and because of this our footprint provides an indication of energy consumption only. The installation of automated meter reading devices will improve the accuracy of our footprints.

Business travel data is problematic due to miscoding, this footprint is as accurate as we currently have and measures have been put in place to improve the accuracy of our footprint going forward

Vehicle Fuel data has improved dramatically over the last 2 years and the Fleet Manager is making continual improvements to data collection that will improve the accuracy of footprint going forward

Carbon budgets for work-related travel will need to be reviewed following council restructure, once formalised.

Schools listed at f-j subject to agreement with headteachers and bursers

Summary Report: Budget Consultation Exercises Autumn 2012

Introduction

Consultation is important to the council and we have tried various methods to consult about council spending in recent years. However, the complexity of council finances and the very wide range of services provided meant that people sometimes found it difficult to understand or to make informed choices. We have therefore tried different approaches to consult about spending this year, using traditional and more innovative methods in our “your money, your services, your say” consultation, including:

- A survey available online and on paper
- An online prioritisation tool
- A more innovative method for involving people in decision making on the overall approaches available to the council for running services.

Purpose of the Report

This report draws on all the consultation activities undertaken within “your money, your services, your say” until the middle of October 2012. It will be updated, if required, in early 2013 ahead of further detailed budget setting activities.

There is a range of other consultation activity taking place that will also have relevance to budget deliberations. These are not included in this analysis but they include:

- Low Income Council Tax Discount scheme consultation
- Proposals for changes to Council Tax Discounts and Exemptions consultation
- Localising the Social Fund consultation

Summary of findings

The priority areas identified by participants were as follows:

High Priority Areas	Medium Priority Areas	Low Priority Areas
----------------------------	------------------------------	---------------------------

<ul style="list-style-type: none"> • Education • Children's Social Services • Public Safety • Leisure, Parks and Open Spaces • Refuse Collection, Disposal and Recycling 	<ul style="list-style-type: none"> • Housing • Libraries • Adult Social Services • Housing Benefit • Capital Investment 	<ul style="list-style-type: none"> • Central Services • Council Tax Benefit • Planning and Economic Development • Highways and Traffic Management
---	--	---

- Most want service funding to be at least maintained, if not increased.
- Service areas where more people (though not the majority) are in favour of cuts are the low priority areas, and where more people are in favour of increases are higher priority areas. Housing is the only exception to this, with it being a medium priority but an area where a relatively high proportion want an increase in funding.
- Justified increases in Council Tax would be acceptable to the majority of participants.
- Residents are very much in favour of the exploitation of fines as a source of revenue – parking charge rises would not be welcome.
- Efficiency and transparency are critical.

Methods and response rates

Paper based survey

A paper based survey was issued to a random sample of 1,000 households across the city in areas identified as being likely to have lower internet access on 10 September 2012. Reminder letters were issued two weeks later. Paper copies of the survey were also available in all publicly accessible council buildings including libraries and benefits offices.

204 people responded by this method.

Online survey

An online version of the same survey was available to anyone wishing to complete it between 10 September and 10 October 2012 on the city's Consultation Portal. Postcards advertising the online survey and budget pages of the council website were issued to a random sample of 1,000 households evenly distributed across the city. Twenty people responded to this postcard campaign by completing the survey online. Posters advertising the survey and budget pages of the council website were displayed in publicly accessible council buildings between September and October 2012.

283 people responded via this method.

Budget literacy and prioritisation tool

The budget pages of the council website, signposted from the poster referred to above, the postcards issued to residents and the flyers about the public consultation event, included a link to an interactive tool. This enabled residents to see how much money is spent on different service areas, where the money comes from and, if they wished, to indicate what priority they would give the service area if they were setting the budget.

569 people used the tool and 219 went on to indicate how they would prioritise service areas via this tool by mid October 2012.

Public event

A public event was held on the evening of 26 September 2012 at the Jubilee Library. This used a deliberative method called Crowd Wise for aiming to achieve consensus. Participants were asked to consider five different principles that the council could adopt when setting the budget and deciding spending priorities before voting on their preferences. The marketing campaign to promote the event included flyers placed in publicly accessible council buildings as well as face to face recruitment in the Jubilee library and in community libraries. One hundred and eighteen people signed up to attend the event.

30 people attended the event, and 26 people cast votes.

Note about interpreting the results

It is not possible to gauge whether respondents are representative of residents in the city (demographic information was sought but not frequently provided) therefore care should be taken when interpreting the results presented here. That said, a total of 732 responses to the various consultations about the budget have been analysed here and there are common themes which can be taken as broadly indicative of resident views.

Results

Paper and online survey

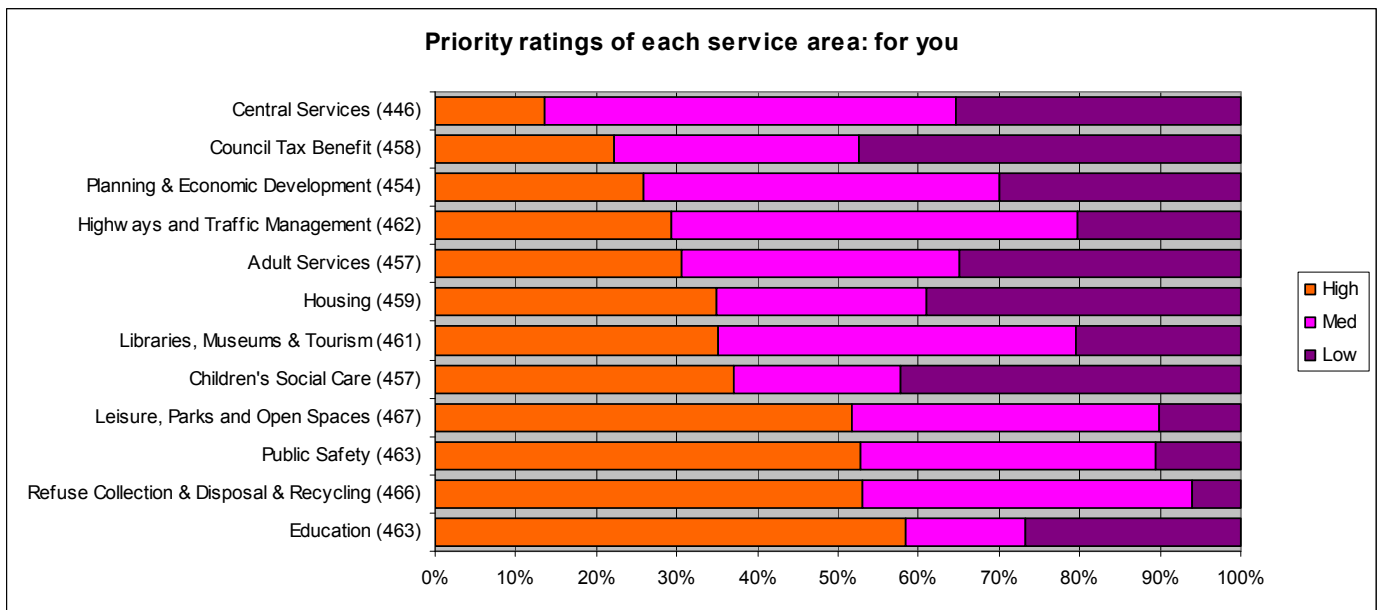
The paper based and online surveys included the same questions so the responses have been analysed together. A combined total of 487 responses were received by the deadline of 10 October 2012.

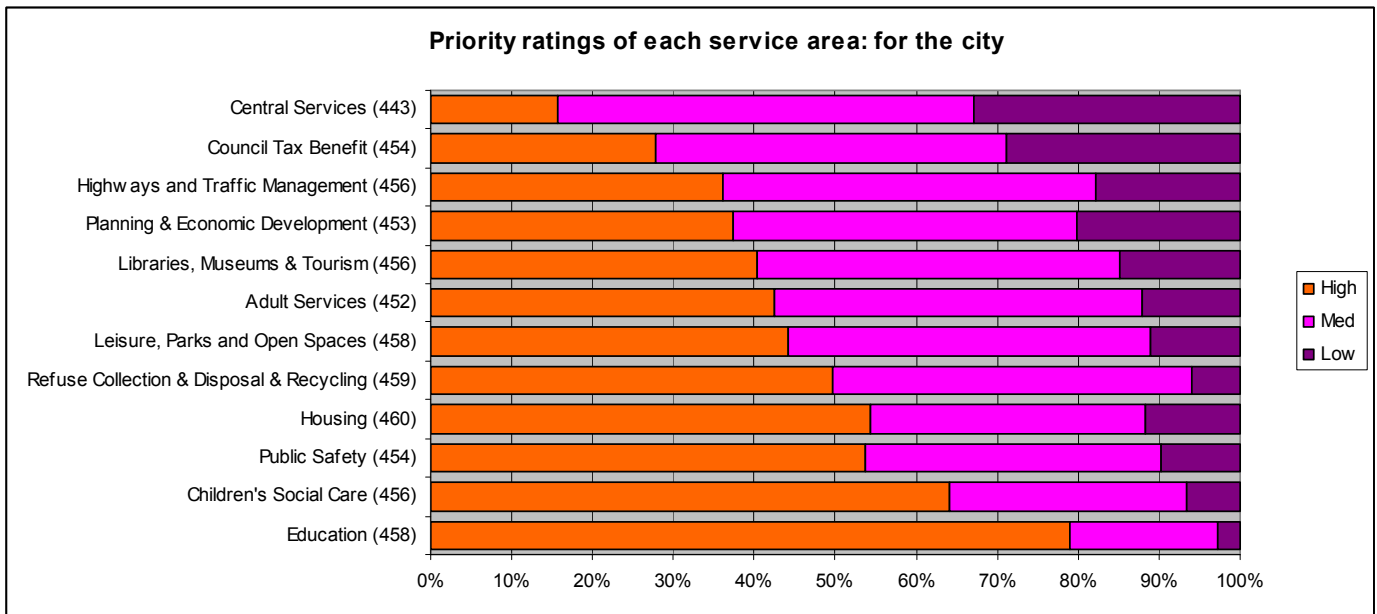
Residents were invited first to rate as high, medium or low, the priority they would give to different service areas for themselves and their family, then to do the same prioritisation exercise for the city.

Not everyone who completed the survey rated every service area so the number of people rating each service is given in brackets on the graphics below. For example, only 446 respondents rated Central Services, whereas 467 rated Leisure, Parks and Open Spaces.

A very small number of respondents only rated services for themselves and their family and did not go on to rate them for the city as well.

The results show that there are differences in how people rate the priority of service areas for themselves and for the city, unsurprisingly with more polarisation when rating services for themselves; if a family is in receipt of Council Tax Benefit we can assume that this would receive a high priority rating from that family, whereas a family not in receipt of it may be more likely to rate it low. However, when thinking about the city as a whole the prioritisation may change.





Higher priority areas:

- Education was the highest priority regardless of whether people were rating it for themselves or the city, with 79% rating it a high priority for the city and just 3% cent rating it low.
- Over 90% rated Children's Social Care, Public Safety and Refuse Collection, Disposal and Recycling as high or medium priorities for the city.
- When rating service areas for themselves rather than the city, Children's Social Care was less important but Refuse Collection, Disposal and Recycling and Public Safety both still had around 90% rating them as high or medium priorities.

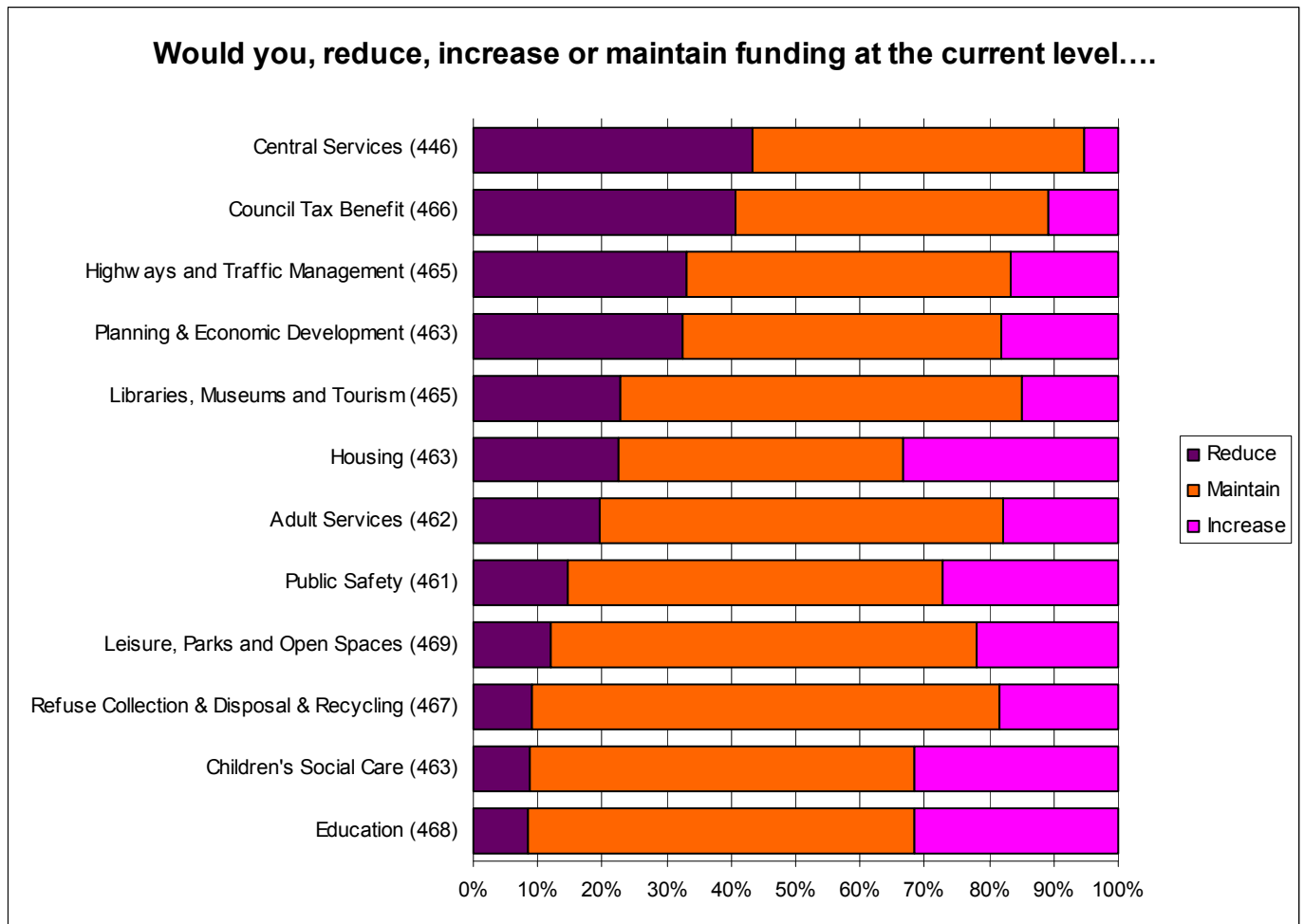
Lower priority areas:

- Central Services was the lowest rated area with around a third of respondents rating it a low priority area and only around 15% rating it as a high priority, either for themselves (14%) or the city (16%).
- For themselves and their families, respondents rated more services as of lower importance with at least a third rating the following low: Council Tax Benefit (47%), Children's Social Care (42%), Housing (39%), Adult Services (35%) and Central Services (35%). For the city, only one service area was rated a low priority by at least a third, Central Services (33%).
- Despite differences in how respondents rated services for themselves and for the city, the same four service areas were rated lowest by respondents regardless. These were Central Services, Council Tax Benefit, Highways and Traffic Management and Planning and Economic Development.

Areas with the widest spread of opinion:

- When rating services for themselves there was more variance than when rating services for the city. As mentioned before, this is likely to be as people rate services that they currently use, or are more likely to use, higher.
- The widest spread of opinions when rating services for themselves and their families were Children’s Social Care (37% high, 42% low), Housing (35% high, 39% low), Adult Services (31% high, 35% low) and Planning and Economic Development (26% high, 30% low).
- Service areas where views were divided over the priority for the city were Planning and Economic Development (37% high, 20% low), Highways and Traffic Management (36% high, 18% low) and Council Tax Benefit (28% high, 29% low).

Respondents were then asked to say whether they would reduce, increase or maintain service area funding at the current level. Results are shown below.



Reduce funding:

Respondents generally didn't want funding reduced with the majority opting to either maintain or increase funding for all areas.

That said, 43% would reduce funding for Central Services, 41% would reduce funding for Council Tax Benefit, 33% would reduce funding for Highways and Traffic Management and 32% for Planning and Economic Development.

Increase funding:

At the other end of the spectrum around a third of respondents wanted to increase funding for Housing (33%), Children's Social Care and Education (both 32%).

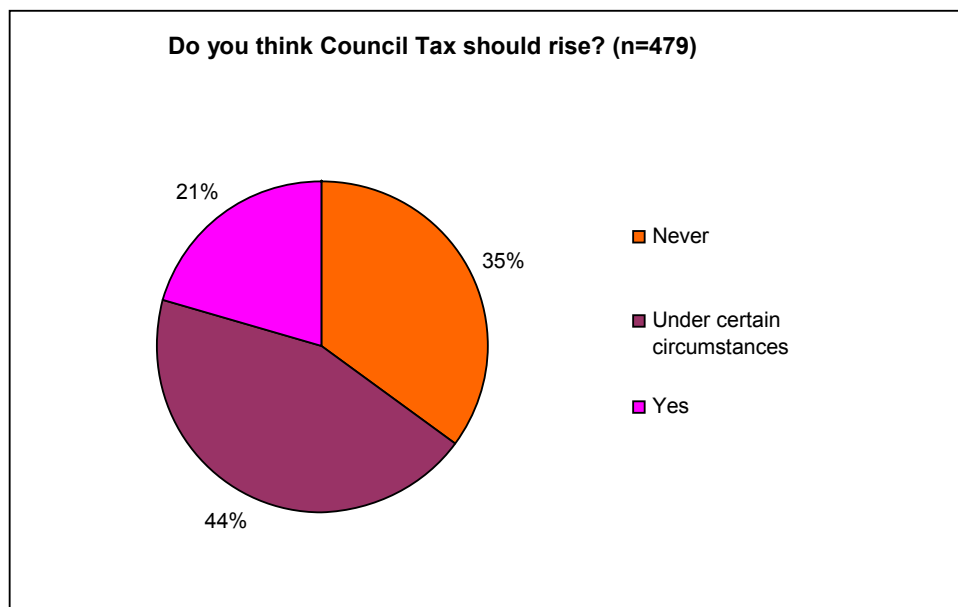
Maintain funding:

The areas where more than 60% were happy to maintain current funding levels were Refuse Collection and Disposal and Recycling (72%), Leisure, Parks and Open Spaces (66%), Adult Services (63%) and Libraries, Museums and Tourism (62%).

Widest spread of opinion on funding levels:

Housing is the area where opinion was most divided with 22% thinking funding should increase and 33% thinking it should decrease.

Respondents were then asked if they felt Council Tax should ever rise to reduce pressure on the council's finances:



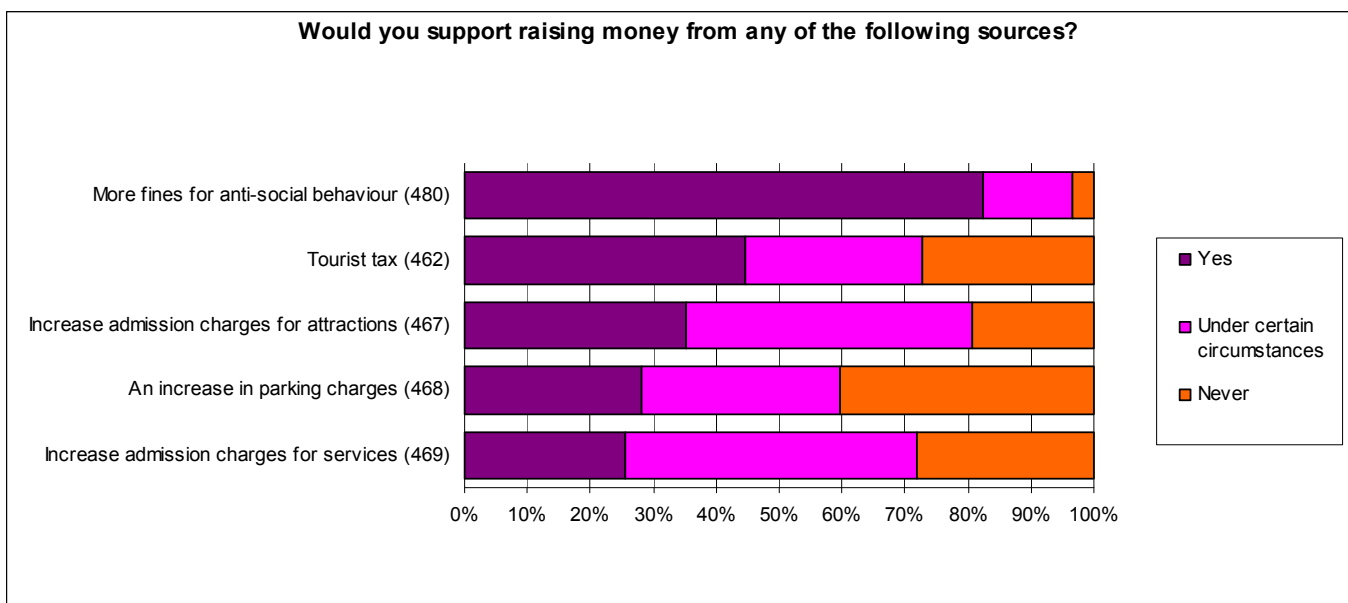
Just over a third of respondents were against any rise in Council Tax, whilst the largest proportion felt an increase could be justified in certain circumstances (44%). In principle then, 65% of respondents could be amenable to a rise in Council Tax.

Analysis of the comments around circumstances in which people would be accepting of an increase has yet to be completed but early

indications suggest that any increase would need to be clearly justified; the most vulnerable members of society would need to be protected, both in terms of affordability and in terms of what the increase was used to fund; and, ideally, noticeable improvements would be made. Means testing, either on income or property value, was another frequently mentioned situation in which people may tolerate an increase in Council Tax.

Many comments related to an appreciation of the need for Council Tax to at least rise in line with inflation to maintain the current levels of service provision.

Respondents were then asked if they would support raising money from any of five different sources.



With 83% of people in favour, fines for antisocial behaviour such as litter, dog fouling and noise were well supported as ways of increasing council revenue.

There was mixed support for the other options respondents were presented with but the least popular suggestion was increasing parking charges, which 40% of respondents opposed.

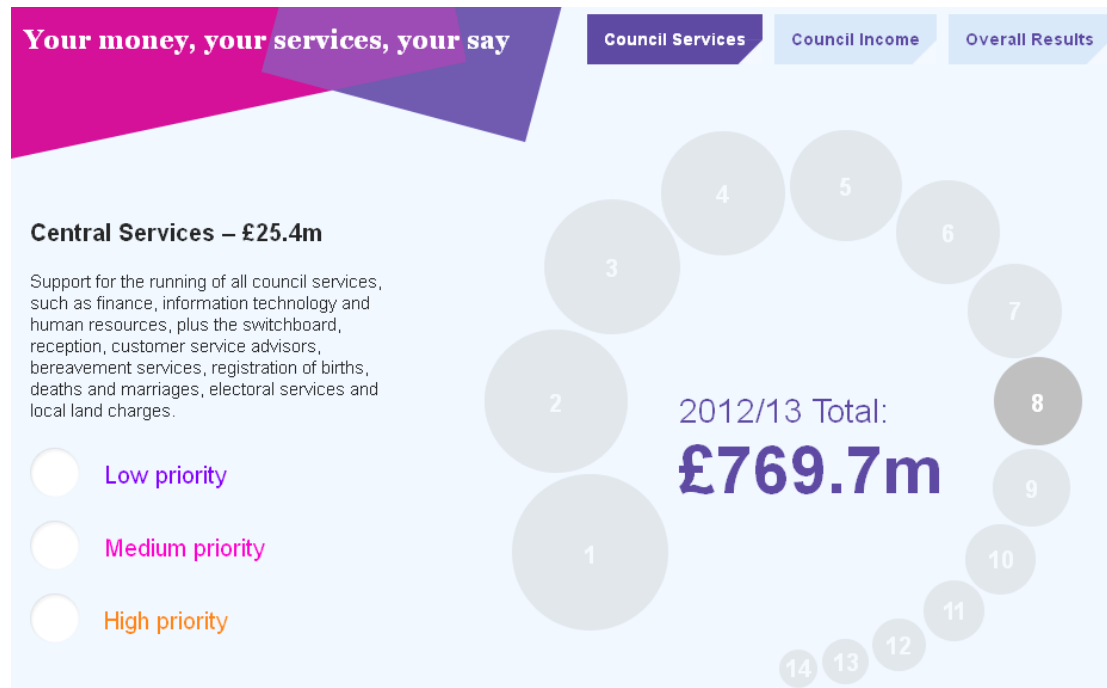
Analysis of respondents' other suggestions for increasing income to support the budget is currently being undertaken and is included in the full report "Budget Survey 2012 'your money, your services, your say'".

Online budget literacy and prioritisation tool

As of mid-October, 569 people have looked at the online interactive budget tool which shows how much money is spent on different service areas. On the first screen, when a user clicks on a particular service

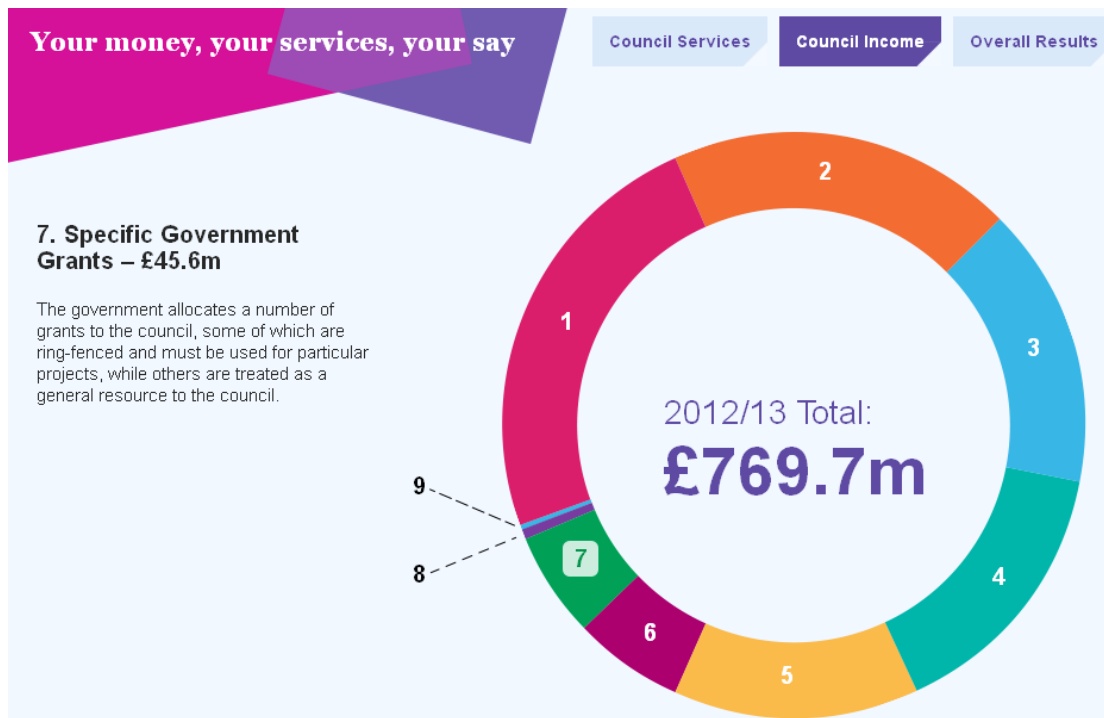
area, details of what each area includes appear, as well as how much the service area cost in 2012/13.

The screenshot below shows the tool when the user has clicked on central services.



Users of the tool have the opportunity to rate the 14 different service areas with a priority rating of high, medium or low. Not all users choose to do this, and the tool is as much about budget literacy as it is about gathering feedback. By mid-October, whilst 569 people looked at the tool (these are individuals looking at the tool rather than the number of visits to the tool website which was 879) 219 have gone on to prioritise service areas.

On the second screen users can find out where council income comes from. In the screenshot below the user has clicked on the circle numbered 7 in the chart, the seventh largest source of income for the council which is made up of specific government grants.

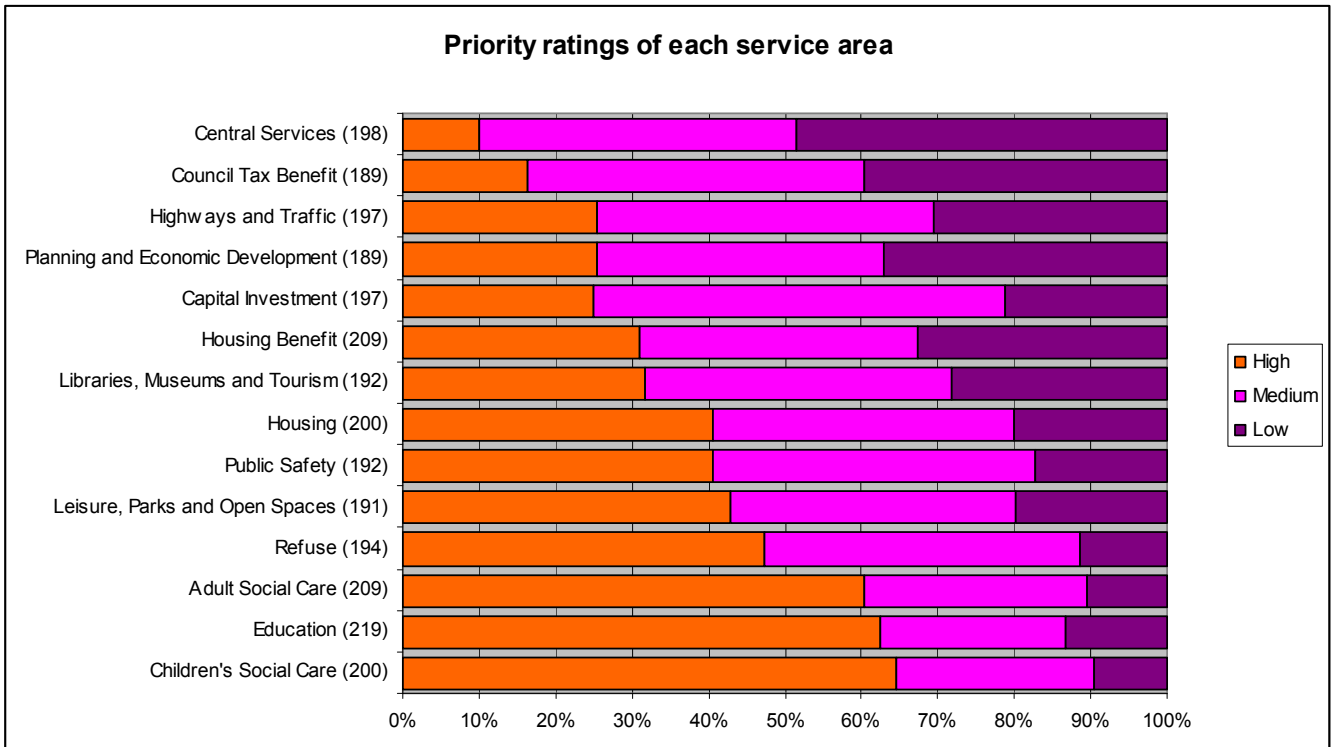


On the final screen of the tool users can see the average results of how users of the tool up to that point have prioritised services.

Not all users who prioritised any services as high, medium or low, prioritised all services – they missed out rating some. So, for example, 219 users have given education a priority status but only 198 users have given Central Services a priority status.

The chart below shows the percentages of all users of the tool (staff and non-staff) rating each service as high, medium or low. The number of people who actually rated the service is given in brackets for each service.

Note that there are two additional service areas to the ones asked about in the survey outlined above, Housing Benefit and Capital Investment. Also the term “Adult Social Services” is used on the tool where “Adult Services” was used in the survey, “Refuse” is used as shorthand for “Refuse Collection, Disposal and Recycling” and “Highways and Traffic” is used instead of “Highways and Traffic Management”.



Higher priority areas:

- The areas that were rated as the highest priority were Children's Social Care, Education and Adult Social Care, each with over 60% of respondents rating them high (65%, 63%, 60%). In each case, over 80% rated them as high or medium priorities.
- Refuse was also rated a relatively high priority with just under half (47%) giving it a high ranking. 89% rated it as either high or medium.
- Public Safety, Leisure, Parks and Open Spaces and Housing were all rated similarly, with at least 80% rating them as high or medium priorities (83%, 80% and 80% respectively).

Lower priority areas:

- There were four areas rated as being a low priority by at least a third of users of the tool: Central Services (48%), Council Tax Benefit (40%), Planning and Economic Development (37%), and Housing Benefit (33%).
- Central Services was the lowest rated area with just 10% of users of the tool rating it a high priority area.

Areas with the widest spread of opinion:

- Libraries, Museums and Tourism was rated high by 32%, medium by 40% and low by 28% revealing little agreement about its status.

- Housing Benefit was rated as being high, medium or low by roughly the same percentage of people, again showing little agreement over the priority status that this area should be afforded. The other benefit users were asked to rate, Council Tax Benefit, was rated as a low priority by 40% and a high priority by just 16%.
- Highways and Traffic was rated high by 25% and low by 30% with the remaining 44% rating it medium.¹
- Capital Investment and Planning and Economic Development were both rated as a high priority by 25% of users. However a larger proportion, 37%, felt that Planning and Economic Development was a low priority than thought it was high.

Differences by BHCC staff users and non-staff users of the tool

The number of BHCC staff users of the tool is relatively low (a maximum of 83 staff prioritised services) which limits the ability to draw meaningful conclusions by comparing staff results to non-staff results. However, analysis of the ratings of council staff against non-staff reveals only minor differences in priority ratings with a couple of notable exceptions, as follows.

- Housing Benefit was rated a higher priority by staff than non-staff with 41% of staff rating it high compared to 25% of non-staff.
- Central Services was rated higher by staff than non-staff, with 17% of staff rating it high compared to six% of non-staff, and 35% of staff rating it low compared to 58% of non-staff.
- Finally, Highways and Traffic was rated a higher priority by non-staff than by staff, with 23% of non-staff thinking it was low compared to 42% of staff.

Public event using Crowd Wise methodology

Following an encouraging engagement process with 118 people fully signed up for the event, the final number attending was 30 which may have been due in part to the very inclement weather at the time of the event.

At the event participants were presented with five guiding principles, or philosophies, that the council could adopt when deciding spending priorities and setting the budget as follows:

A 'Just the basics'

Aside from some services that it must undertake, the council could provide only basic services (like social care, refuse collection, council housing) and charge for everything else as and when you want it.

B 'Prevention rather than Cure'

¹ Totals sum to 99% due to rounding

The council focuses spending on services which tackle problems like anti-social behaviour and alcohol and drug misuse that lead to higher costs for the council in the future.

C 'Keeping services not cutting them'

The council delivers all services on the basis of need without any extra charges. This means people paying for services they may not use but which are vital to others.

D 'Partnership Council'

Services are still provided to businesses and residents but not necessarily delivered directly by the council.

E 'Go for Growth'

The council re-directs more funding, for example on the transport system, to help build the local economy.

Participants were invited to add guiding principles if they wanted. In fact two new guiding principles were created and one, D, was effectively replaced.

The new guiding principles were:

F 'Community Cooperative Coproduction'

Services are still provided to businesses and residents but are not necessarily delivered directly by the council, but rather by co-operatives, with an emphasis on user involvement and empowerment. Services would be run on a not-for-profit basis, with any surplus being reinvested. This could reduce the cost of those services to the council and council taxpayers.

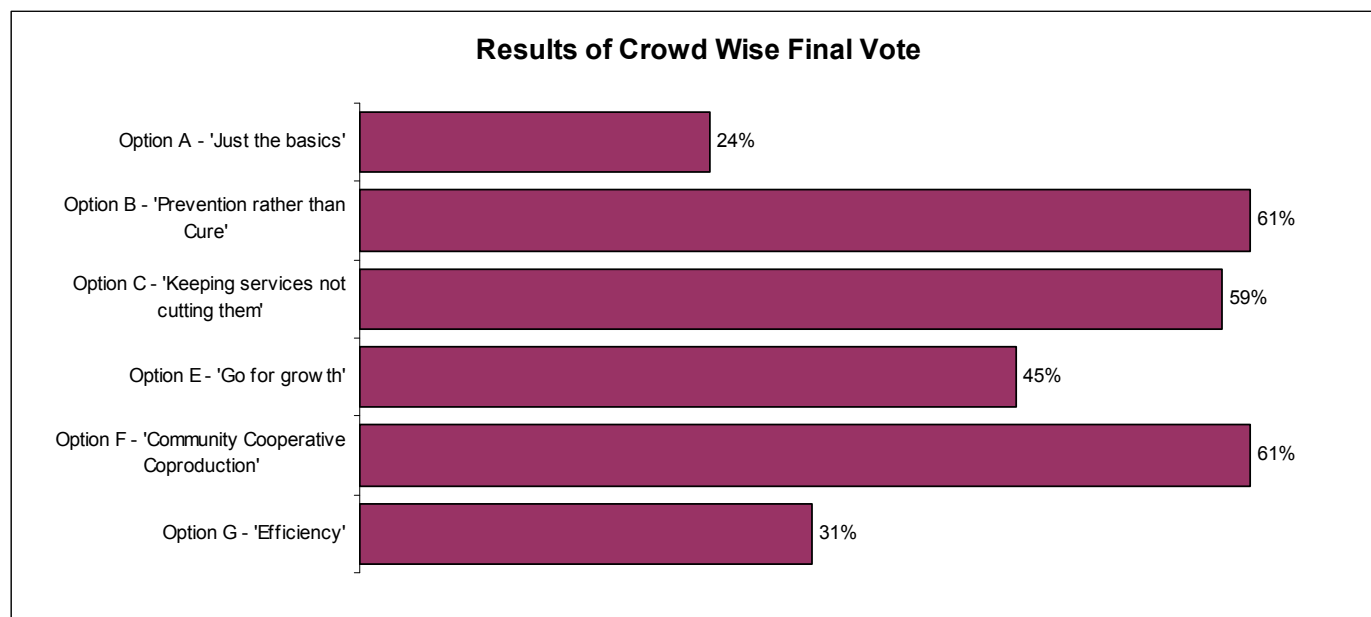
The council would play a supportive role in making sure that services were delivered in a way that best suits local communities and the city.

G 'Focus on Efficiency'

The council is transparent about its spending and seeks to make efficiency savings wherever it can. Examples of where costs could be reduced include: lowering wages to staff, reducing council pensions through staff purchasing their own, reducing spend on items such as stationery and raising revenue through hiring out council venues.

At the end of the event, after lively discussions about the relative merits of the different approaches, participants were asked to put the principles in order of preference. The results of the voting are expressed as percentages. The percentage score for each principle represents the extent to which participants agreed that principle was a preferable one for the council to adopt.

Note that principle D was replaced by F so was not included in the final vote. The results are presented below.



The results suggest that the favoured principles the council should adopt when deciding on spending priorities and setting the budget are a mix of focusing on prevention rather than cure, working with communities and users to co-produce services whilst aiming to keep services rather than cut them.

The discussions on the night built on these principles. The overall guiding principles suggested from the event are therefore:

1. Keep services at roughly their current level, but seek to do them more efficiently.
2. Provide services in an enabling way, both through partnership with users and the voluntary sector, and through emphasising prevention.
3. Provide services on the basis of need, with the prevention of future problems part of that need.

Participants were not opposed to increases in council tax in order to keep services at the level they are currently, and participants realised that focusing on prevention rather than cure might lead to increases in council costs in the short-medium term. There was an appetite for the council to exploit other sources of revenue, aside from council tax.

Common themes

Drawing on all the budget consultation and engagement activities discussed in this paper the common themes emerging are:

- Education and Children's Social Care are rated as top priorities and areas with most support for increasing funding.
- Refuse Collection, Recycling and Disposal, Public Safety and Leisure, Parks and Open Spaces are also relatively high priorities.
- Central Services, Council Tax Benefit, Planning and Economic Development and Highways and Traffic Management are consistently rated as residents' lowest priority areas.
- The majority of people don't think funding for any service areas should be reduced, although efficiency savings should be sought.
- An increase in Council Tax would be acceptable to the majority of participants, as long as reasons are clear and warranted. This could mean that the increase is necessary to maintain services at the current level, to provide services for the most vulnerable, to make a noticeable improvement or as an "invest to save" strategy.
- Residents are broadly in favour of the exploitation of other sources of council revenue, especially fines, but not parking charges.
- A focus on prevention rather than cure is desirable, even if this costs in the short term to save in the longer term. The value of education to most respondents can be construed as part of this focus on prevention.
- Services should be provided on the basis of need, with a focus on vulnerable people, such as older people and those who are out of work – especially in light of changes to the welfare system. The relatively high priority of social services (children's and adults) supports this.
- The council could act as more of an enabler, working with service users and community and neighbourhood groups to enable them to deliver what is needed, adopting a co-production model.
- Efficiency and transparency are critical.

This report will be updated prior to the next meeting of the Policy and Resources Committee in February 2013.

BUSINESS RATES RETENTION – POLICY STATEMENT (Announced 21 November 2012)

The policy statement provides early confirmation of the government's policy decisions on the business rates retention scheme following the technical consultation that took place in the summer, and ahead of the provisional local government finance settlement which will constitute the government's formal response to consultation.

The following key issues are covered in the statement:

- o **Strengthening the incentive**, where the Government has changed the approach to the levy to increase the rewards for growth. The maximum levy will now be 50p in the pound. Based on the latest data available the council will pay a levy of between 10p and 15p in the pound so this change will not impact upon the future finances of the council.
- o **Limiting risk**, where the Government has fixed the safety net at 7.5%, the most generous level within the range consulted upon, which will effectively guarantee authorities 92.5% of their original baseline funding under the scheme. This guarantee will be maintained in real terms, since baseline funding levels will be updated by the Retail Price Index (RPI) for the purpose of calculating eligibility for the safety net. Meanwhile, the Government has reiterated the 50:50 central-local share split. Based on the latest forecasts the council is unlikely to require funding support from the safety net in the medium term however this level was strongly supported in our response to the consultation. However, the Government have agreed to work with the local authorities to model potential safety payments in 2013/14 and if this shows that the current top slice of £245m is overstated then a reduction will increase the amount of RSG the council receives next year.
- o **Establishing start-up funding assessments and baseline funding levels**, where the Government is confirming the approach set out in the technical consultation, with changes to respond to consultees' views in three key areas. The Government will:
 - o limit the funding held back for New Homes Bonus (NHB) payments to the £500 million and £800 million required in 2013-14 and 2014-15 respectively, rather than the full £2 billion;
 - o apply floor damping at authority level rather than service tier level in 2013-14; and
 - o roll 50% of the London transport funding allocation net of the one off top up payment in relation to rail fares into the rates retention scheme by 2014-15, together with 50% of London's Bus

Service Operators Grant every year across the entire reset period.

The impact of the first change is neutral as a higher holdback would have been offset by a temporary grant. The Government will review the figures for the settlement in the light of actual NHB payments for 2013/14. Again if the holdback has been over-stated (it is more than double the level of 2012/13) then a reduction will increase the amount of RSG the council receives next year. The second change is impossible to quantify and the third change is only likely to have a significant impact for councils within London.

o **Volatility and appeals**, where the Government is confirming its proposals to supplement the support provided to authorities experiencing business rates volatility through the general safety net with a downward adjustment to the estimated business rates aggregate to ensure it provides a realistic assessment of authorities' 2013-14 business rates. In addition, the Government will make a further downward adjustment to the estimated business rates aggregate to provide for the impact of future appeals losses, in response to consultees' concerns about this issue. The issue of the financial impact of successful appeals is probably the biggest risk facing the council as it is likely to face more appeals on average than other councils because of the significant increase in rateable values in 2010. Appendix 2 shows how successful appeals have resulted in a significant decrease in rateable value since the start of this year. It is disappointing that it has proved impossible to find a solution that takes account of the impact on individual councils however, a reduced national aggregate is welcome as it should increase the amount of RSG the council receives.

o **Proportionate shares**, where the Government is moving from a calculation based on five years' worth of historical data (2007/08 – 2011/12), to a calculation based on two years' worth of data (2010/11 – 2011/12). This approach balances the need to smooth the effects of volatility with the benefits of using the most recent data available and was proposed by the council in its response to the consultation. The change of methodology has a beneficial impact for the council of just under £0.5m in 2013/14.

o **Pooling**, where the Government has extended the original deadline for expressions of interest, and made a number of amendments to the Local Government Finance Bill during Lords Report stage to simplify the arrangements for designating a pool and the operation of a pool once established. The council is not considering pooling with other local councils for 2013/14.

o **Major precepting authorities**, where the Government can confirm its proposals for sharing business rates between billing authorities and any major precepting authorities in their area, with 20% flowing to county councils, 2% to single-purpose fire and rescue authorities and 40% to the Greater London Authority. The council is not a major precepting authority.

o **Mandatory and discretionary reliefs**, where the Government can confirm that any changes in the cost of existing mandatory and discretionary reliefs between resets will be shared 50:50 between central and local government, in line with the general principle of the rates retention scheme that both risks and rewards should be shared. For the avoidance of doubt, there is no change to the mandatory rate reliefs which eligible ratepayers (e.g. charities) actually receive. This just clarifies the position and was strongly supported in our response to the consultation.

Subject:	Award of Advertising & Sponsorship Contracts		
Date of Meeting:	29th November 2012		
Report of:	Interim Lead Chief Executive's Services		
Contact Officer:	Name:	Jake Barlow	Tel: 290395
	Email:	jake.barlow@brighton-hove.gov.uk	
Ward(s) affected:	All		

Note: The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Procedure Rule 5 and Section 100B (4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that negotiations were ongoing and could only be completed after the despatch deadline.

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 In late 2008 a spend-to-save initiative was agreed to carry out a two stage audit and review of the opportunities for advertising and sponsorship across the city. The review highlighted that there were opportunities for the city to increase its income from advertising and sponsorship, particularly in view of the number of visitors to the city, its unique seafront and cultural & tourism offer.
- 1.2 Cabinet approved the recommendation set out in a report dated 27th May 2010 to commence a tendering process for the management of a range of city wide advertising and sponsorship opportunities to increase the council's income, based on six lots as detailed in the report.
- 1.3 Since the Cabinet decision mentioned in paragraph 1.2, a procurement process has been carried out which resulted in a number of companies bidding to manage the range of advertising and sponsorship opportunities which were tendered. Having evaluated all offers for both quality and cost, a company has been identified as providing the best value.
- 1.4 The proposals for large format advertising (Lot 1) only includes financial offers for the management of existing advertising sites which are already in place. This would include the refurbishment of some existing sites as well as a significantly improved financial offer.
- 1.5 There is the potential for an increase in future revenue as the management contract for Lot 1 requires the successful company to identify potential new opportunities and sites for large format advertising in the city. These would be looked at by the council on a case by case basis and will require advertising consent. This includes planning & highways approval and land owner's consent

to access the site. The management company would be responsible for the submission of all planning applications.

2. RECOMMENDATIONS:

- 2.1 That the Committee delegates authority to the Interim Lead Chief Executive's Services to award the advertising and sponsorship contract for the management of large format advertising sites (Lot 1) in accordance with those parties' proposals set out in Part 2.
- 2.2 That the contract includes existing large format advertising sites and a requirement for the management company to identify and seek advertising and all other necessary consents for new potential large format advertising sites.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 An audit of all existing and potential advertising and sponsorship opportunities in the city was completed in 2010. The findings of this report were reviewed by Cabinet in May 2010 and approval was given to undertake a tendering exercise for advertising and sponsorship. In January 2011 an OJEU notice was published and a competitive dialogue procurement process was undertaken to evaluate potential suppliers.
- 3.2 The tender process included a range of different advertising and sponsorship opportunities. Informal feedback has been sought from planning throughout the procurement process. Having reviewed and evaluated the viability of the different advertising and sponsorship opportunities, the management contract now includes Lot 1:

Management, implementation & sales services of iconic gateway structures incorporating large format advertising on the 5 main routes into Brighton & Hove, plus 48- and 96-sheet advertising on council-owned land at roadside junctions, on roundabouts, and on the periphery of regeneration construction sites.

- 3.4 Part 2 of this report includes the income the council might expect to receive as a result of letting the contracts. This excludes any potential income from new large format advertising sites which would only be included following the application and approval of advertising consent. In deciding whether to approve an application, the planning authority would consider each site in the interests of amenity and public safety which includes the visual effect on the immediate area and highways safety.
- 3.5 The new contract is due to commence in January 2013 and have a contract duration of 10 years as defined in the OJEU advertisement published in January 2011 reference 2011/S 22-035939.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Existing large format advertising sites would not require advertising consent or public consultation. Public consultation will take place as part of the planning approval process for any potential new large format advertising sites.
- 4.3 Permission was granted at Cabinet on 27 May 2010 to proceed with a tender process. At that time, and subsequently throughout the tender process there has been input from legal services, procurement, property services and corporate communications. Additionally advertising & sponsorship proposals have been discussed with planning, conservation and highways teams.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 As part of the procurement process, companies have been asked to provide offers of guaranteed revenue to the council plus a percentage of revenue share therefore there is some uncertainty over the total amount of revenue that will be generated each year. Details of the financial offers are contained within the Part 2 report. The existing sites are currently generating some revenue for various internal departments and the first call on the guaranteed income will be compensation to the departmental budgets where revenue has been foregone.
- 5.2 The revenue budget currently assumes that additional income of £250,000 per annum would be generated by these contracts. The guaranteed income is sufficient to cover existing income streams and there will be further opportunities to generate additional income from the income sharing arrangements and new large format advertising sites mentioned in paragraph 3.4. There will be a shortfall in the current year which needs to be covered from in-year risk provisions and the position for future years will need to be taken into account in the setting of the 2013/14 budget.
- 5.3 Publitas Consulting have advised the council during the procurement process. Their role has primarily been to complete the initial review of possible advertising and sponsorship opportunities and to use their experience with other local authorities to ensure the council receives best value for money.

Finance Officer Consulted: Mark Ireland

Date: 23/11/12

Legal Implications:

- 5.4 This report comes before Policy & Resources Committee partly because the original approval to commence a procurement exercise for advertising and sponsorship was given by Cabinet, and partly because P & R has a general power to discharge any function not specifically delegated to another council committee, of which advertising and sponsorship is an example.
- 5.6 For the purposes of the Public Contracts Regulations, the resulting contract will be Service Concession and therefore outside the full ambit of the Regulations.

Nevertheless, EU Treaty objectives of non-discrimination and openness in the procurement of the contracts still apply.

- 5.7 The contract to be awarded will require the contractor to obtain all necessary approvals for new sites (including, where appropriate, planning, highways and land owner consent) before accessing each site for the installation, repair, maintenance or removal of any advertising material or structure there.

Lawyer Consulted:

Oliver Dixon

Date: 19/10/12

Equalities Implications:

- 5.8 The tender documentation and specification will explain the council's approach and policies in respect of equalities and we will expect all successful companies to observe and respect these policies.

Sustainability Implications:

- 5.9 The tender documentation and specification will explain the council's approach to sustainability and we will expect all successful companies to observe and respect this approach and our sustainability policies.

Crime & Disorder Implications:

- 5.10 There are no crime and disorder implications to consider.

Risk and Opportunity Management Implications:

- 5.11 It is clear that the quality of inventory for advertising and sponsorship in the city is poor, compared to many other cities and our income from this inventory is also minimal. This project aims to increase this income without compromising the city's heritage and physical environment and infrastructure. To this end we are working closely with planning regarding advertising consent.

Public Health Implications:

- 5.12 There are no public health implications

Corporate / Citywide Implications:

- 5.13 As described earlier the completion of the tendering processes should enable the council to increase its income from advertising and sponsorship which in turn will support the council's revenue budget. Any potential visual impact from the installation of new advertising structures in the city will be minimised by carefully evaluating each new site over time. In addition any new installation will be subject, where appropriate, to planning and advertising consent. Other locations that are not subject to planning approval will be agreed by the relevant conservation and highways colleagues.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Alternative options were evaluated at the inception of the project in 2008 when a waiver of standing orders was agreed to appoint Publitas Consulting to work with the council on this project mainly because of their unique position and expert knowledge in this specialist field.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The recommendation should be approved so that we can complete the tendering process and ensure delegated authority to award contracts to the successful companies. This project will ensure that the council receives value for money from advertising and sponsorship of its highways and other infrastructure, land and property portfolio.

SUPPORTING DOCUMENTATION

Appendices:

1. OJEU Notice

Documents in Members' Rooms

- 1.

Background Documents

- 1.

Document is Restricted

Document is Restricted

Document is Restricted

