



**Brighton & Hove
City Council**

BUDGET COUNCIL ADDENDUM

4.30PM, THURSDAY, 22 FEBRUARY 2018

COUNCIL CHAMBER - HOVE TOWN HALL

ADDENDUM

ITEM		Page
76	ADOPTION OF SPECIAL PROCEDURES FOR BUDGET COUNCIL	1 - 10
	Budget procedural notes to be adopted and events diagram (copies attached).	
77	GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19	11 - 22
	Green Group Amendments No's. 1 to 6 (copies attached).	
78	SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL	23 - 32
	Report of the Executive Director for Finance & Resources (copy attached).	

Note:

A Guidance Note on Setting a Lawful Budget has been included with the Agenda papers (pages 357 – 367) and the procedural notes will be moved by the Mayor at the meeting for approval.

22 February 2018

Budget Council 22 February 2018: Adoption of Special Procedures: Setting a lawful budget for 2018/19

Introduction

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the **Council tax by 10 March 2018**. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice in particular from legal and finance to ensure that proposals are in order;
- although the Council corporately sets the budget the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.

Before Budget Council

- The Administration's budget will have been worked up including all amendments from Budget Policy, Resources & Growth Committee with full service, financial and legal implications. They will have been incorporated in full into the main papers despatched for Budget Council.
- Other Groups' amendments were also evaluated by finance officers to determine the service, financial and legal implications of implementing those proposals. The proposals will have been held confidential from the other political parties by the finance officers involved and all proposals had to have been **"signed off" by finance officers no later than 12 noon 5 working days before Budget Council. (i.e. by 12 noon Thursday 15th February 2018).**
- Only the Chief Executive and Executive Director for Finance & Resources (with appropriate officers from the finance team) were aware of the full range of amendments being proposed and they would not be shared with any parties until after they had been given to the Group Leaders on the 19th February.

- The Chief Executive shall have a “brokering” role if this would appear to facilitate agreement on particular amendments or proposals.
- The Mayor will refuse to accept any amendment subsequently moved that has not been “signed off” by the Executive Director for Finance & Resources.
- All amendments are shared **at 12noon on Monday 19th February** between the Group Leaders by the Head of Democratic Services.
- There will be a meeting of Group Leaders (attended by the Chief Executive, the Executive Director for Finance & Resources and other relevant officers) **at 5:00 pm on Wednesday 21st February** with a view to exploring agreement on proposed amendments.
- There will be a second meeting of Group Leaders, with relevant Officers as mentioned above, on **Thursday 22nd February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 21st February, it is not needed.
- Any variations to the amendments or any new amendments arising from the Leaders meetings shall be limited to grouping and repackaging of amendments or other changes providing that they do not, in the opinion of the Executive Director of Finance & Resources, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

Should Council fail to set the Council Tax on the 22nd February 2018, a further meeting will need to be held prior to 2nd March; and a reserve date of **Tuesday 27th February is being held**. There is one significant practical implication; the contractor who prints and sends out the Council Tax bills has a slot booked to process the city council’s bills on the 3rd March and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis
Executive Lead Officer for Strategy,
Governance & Law
(Monitoring Officer)

David Kuenssberg
Executive Director for
Finance & Resources
(Chief Finance Officer)

22 February 2018

Brighton & Hove City Council

Budget Council 22 February 2018:**Setting a Lawful Budget for 2018/19****Introduction**

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the Council tax before the 10 March 2018. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council. In practical terms this means the Council needs to reach a final position to meet billing deadline requirements before the 6th March 2018.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice in particular from legal and finance to ensure that their proposals are in order;
- Although the Council corporately sets the budget the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- Wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.
- The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 impose an obligation on the Council to amend standing orders to require the vote of Members on the budget to be recorded. The votes on the amendments and the substantive budget will be conducted by electronic voting and the individual votes will be reflected in the minutes.

Please also note that the formal council tax resolution will incorporate the following recommendations:

That Council notes:

- 1) That for the avoidance of doubt, all Amendments considered and approved by the council represent resourcing decisions only. Where possible, the necessary lead-in time to undertake statutory and/or other appropriate consultation with staff and/or service users, together with appropriate one-off resources, has been identified in support of each Amendment, however, even where this has not been possible this does not absolve the council from undertaking statutory or other appropriate consultation before proposals can be implemented;
- 2) The Equalities Impact Assessments to cover all budget options and their cumulative effect as set out in Appendices 11 and 12;

Budget Council 22 February 2018

To help Members at Council on 22 February 2018 the procedure to be followed in respect of the Budget debate, (subject to Council approval) is set out below:-

74. Declarations of Interest.

75. Mayor's urgent communications:

76. Adoption of Special Procedures

The Council will be asked to agree that Council Procedural Rules be suspended in accordance with council procedural rule 1.7 to the extent that it is necessary to enable the business of the meeting to be dealt with as set out in agenda items 77 – 79 below.

77. General Fund Revenue Budget, Council Tax & Capital Investment Programme 2018/19

78. Supplementary Financial Information for Budget Council

79. Housing Revenue Account (HRA) Budget & Investment Programme 2018/19 and Medium Term Financial Strategy

A. The Administration's Budget Proposal based on a 5.99% Council Tax Increase incorporating a 3% Precept Ring-fenced for Adult Social Care:

(i) The **Mayor** will invite **Councillor Morgan** and **Councillor Hamilton** to move and second the Administration's Budget based on a 5.99% Council Tax increase incorporating a 3% precept for Adult Social Care.

Councillor Morgan will have unlimited time and Councillor Hamilton will have 5 minutes within which to move and second the budget proposals, and to refer to the prevailing financial conditions in relation to the budget.

B. The Conservative Group's Response:

(ii) The **Mayor** will invite **Councillor Wealls**, and **Councillor Janio** to respond to the budget proposals.

Councillor Wealls will have unlimited time and Councillor Janio will have 5 minutes within which to refer to the prevailing financial conditions in relation to the budget.

C. The Green Group's Response and Amendments 1 – 6:

- (iii) The **Mayor** will invite **Councillor Sykes** and **Councillor Mac Cafferty** to move and second the Green Group's six amendments to the budget proposals.

Councillor Sykes will have unlimited time and Councillor Mac Cafferty will have 5 minutes within which to move and second the amendments and to refer to the prevailing financial conditions in relation to the budget.

[The Chief Finance Officer / Monitoring Officer shall have discretion at any stage to remind Members of the proposed substantive budget motion and its implications following acceptance of any amendments.]

D. Council Debate:

- (iv) The **Mayor** will then allow Councillors to debate the 2018/19 Budget proposals for the General Fund Revenue Budget, Council Tax, & Capital Investment Programme and the Housing Revenue Account Budget & Investment Programme and Medium Term Financial Strategy; based on a Council Tax increase of 5.99% (items 77 - 79), and the amendments (as detailed in the addendum papers).

NOTE: Speakers are limited to three minutes each unless otherwise specified or extensions granted.

[The Chief Finance Officer / Monitoring Officer shall have discretion at any stage to remind Members of the proposed substantive budget motion and its implications following acceptance of any amendments.]

E. Administration's Right of Reply:

- (v) At the conclusion of the debate the **Mayor** will invite Councillor **Mitchell** to give a final right of reply on behalf of the Administration and she will have up to 5 minutes in which to respond.

Following this,

- (i) The Mayor will request that the main screen is lowered so that the outcome of the voting can be shown (Note: This will mean a delay of approximately 45 seconds).
- (ii) There will be a slight delay between each vote to enable the results of the previous item to be recorded into the system for the minutes once they have been shown on the screens.

F. Voting on the amendments:

(vi) The Mayor will then put the amendments to the vote (up to a maximum of 6 separate votes) in the following order:

- (i) The Green Group's amendments (total of 6);

Following the conclusion of the voting on the amendments The Chief Finance Officer will confirm how the individual amendments that have been carried affect the council tax proposal as necessary.

There may be a need for a short adjournment to allow for the preparation of the council tax resolutions to reflect the budget proposals as amended / if amended to be printed and circulated prior to the substantive vote.

G. Substantive Votes:

(vii) The **Mayor** will put the substantive motions (as amended) (if amended) relating to the General Fund Revenue Budget, Council Tax & Capital Investment Programme 2018/19 to the vote as follows:

1. Budget 5.99% with a 3% Precept for Adult Social Care

1.1 *The Chief Finance Officer will clarify the amendments that have been agreed and how they affect the budget proposal which will then be put to the vote.*

1.2 **Item 77** General Fund Revenue Budget, Council Tax & Capital Investment Programme 2018/19 based on a budget and council tax increase of 5.99% (incorporating a 3% precept for Adult Social Care); recommendations (1) to (10); as detailed in the extract from the Policy, Resources & Growth Committee;

together with;

Item 78 Supplementary Financial Information for Budget Council recommendation (2.1); and the council tax resolution on pages 29 - 30 of the addendum; or as circulated.

1.3 **Note:** *Should the budget of 5.99% be approved, then the Mayor will move to Item 79 on the agenda.*

1.4 If the vote on the Budget is carried the Mayor will then put the Housing Revenue Account Budget to the vote as detailed in (2) below.

1.5 If the vote on the budget is lost then the Chief Finance Officer and/or the Monitoring Officer will outline the Council's position and consult the Mayor.

1.6 **Note:** There may then be a need for an adjournment.

Followed by:

(viii) The **Mayor** will put the substantive motions (as amended) (if amended) relating to the Housing Revenue Account Budget & Investment Programme 2018/19 and the Medium Term Financial Strategy to the vote as follows:

2. Housing Revenue Account Budget & Investment Programme 2018/19 and Medium Term Financial Strategy

2.1. *The Chief Finance Officer will clarify the position should the amendment have been agreed and how it affects the budget proposal which will then be put to the vote.*

2.2. Item 79 Housing Revenue Account Budget & Investment Programme 2018/19 and Medium Term Financial Strategy recommendation (1) as detailed in the extract from the Policy, Resources & Growth Committee and appendix 1 to the report.

H. Close of Meeting:

(ix) The Mayor will then close the meeting.

Note: The Mayor may adjourn the meeting at any time.

Abraham Ghebre-Ghiorghis
Executive Lead Officer for Strategy,
Governance & Law
(Monitoring Officer)

David Kuenssberg
Executive Director for
Finance & Resources
(Chief Finance Officer)

Additional guidance note regarding voting on amendments:

1. If amendment 1 is **not** carried, then amendments 2 and 3 are automatically lost.
2. If amendment 1 is carried, then amendments 2 and 3 will need to be voted on separately.
3. If amendment 2 is **not** carried, then amendment 3 automatically falls.
4. Amendments 4, 5 and 6 have no impact on each other and therefore stand-alone regardless of the outcome of the voting outcomes on each of the amendments.

Green amendment 1 – Needs to be carried for amendments 2 & 3 to be voted on.
Green amendment 2 – Relies on amendment 1 being carried.
Green amendment 3 – Relies on amendments 1 and 2 being carried.
Green amendment 4 – No impact on other amendments
Green amendment 5 – No impact on other amendments.
Green amendment 6 – No impact on other amendments.

The Chief Finance Officer / Monitoring Officer may advise the Mayor of the need for a short adjournment, in order to adjust the budget model in light of any amendments just agreed.

The Budget resolutions shall not be treated as concluded until any consequential adjustments are agreed.

Abraham Ghebre-Ghiorghis
Executive Lead Officer for Strategy,
Governance & Law
(Monitoring Officer)

David Kuenssberg
Executive Director for
Finance & Resources
(Chief Finance Officer)

Budget Process 2018 – Order of Events at Budget Council

1

- Introduction from the Mayor and Approval of Procedure for the meeting

2

- Each Proposer (unlimited time) and Seconder (5 minutes) to introduce proposals and move amendments (in order of Labour & Co-operative, Conservative, and Green Groups)

3

- Full Council Debate (3 minutes per speaker)

4

- Right of Reply from Cllr Mitchell (5 minutes)

5

- Recorded Vote on each amendment (Green 1-6)

Short Adjournment prior to Vote on Substantive Budget Proposals

6

- Recorded Vote on substantive Council tax budget of 5.99% (as amended / if amended)
- If carried move to 7
- *If the budget is not approved, the Mayor will call a short adjournment.*

Following approval of the General Fund Revenue Budget , Council Tax, and Capital Investment Programme 2018/19

Item 79 will be put to the vote by the Mayor

7

- Recorded Vote on Housing Revenue Account Budget and Investment Programme 2018/19 and Medium term Financial Strategy (as amended / if amended)

Agenda items 77 & 78**GENERAL FUND REVENUE BUDGET, COUNCIL TAX
AND CAPITAL INVESTMENT PROGRAMME 2018/19****BUDGET AMENDMENTS****Green Group Amendment 1**

It is proposed that the following additional resources are raised towards the General Fund revenue budget for 2018/19 through changes to recurrent income:

- Amend the forecasts of income from on-street and off-street parking, based on current in-year financial performance, increasing the projected annual income by £0.140m and thereby increasing the parking surplus. The surplus, as required by regulations, is used to fund qualifying expenditure under section 55 of the Road Traffic Regulation Act 1984, as amended. As qualifying expenditure currently exceeds the parking surplus by over £1m, this will reduce the level of General Fund resources required to support qualifying expenditure by £0.140m in 2018/19;
- Change CON29R land search charges to reflect practice in other Local Authorities. Currently BHCC does not differentiate between residential and commercial properties when providing these searches. The proposal is to (a) Increase CON29R from £100 to £120 (before VAT) with respect to residential properties, (b) Set CON29R at £150 (before VAT) with respect to commercial properties. This will increase income, and therefore the contribution toward associated costs and overheads, by £0.060m. Increasing the contribution toward costs and overheads will reduce the General Fund resources required to support this budget area by £0.060m.

These proposals will increase income (actual and forecast) and as a secondary consequence will release recurrent General Fund resources of £0.200m for the General Fund in 2018/19.

Comments of the Chief Finance Officer:

With regard to parking income forecasts, the projected underspend in 2017/18 is forecast to be £1.563m as at Month 9, which is an increase of £0.834m from the Month 7 forecast which underpinned the draft budget proposals. This improvement has been taken into account and the final savings proposals for 2018/19 have been revised upward and now include savings of £0.797m in recognition of the improved parking income performance. The total savings proposed for 2018/19 are lower than the current in-year underspend in consideration of the following forecast risks:

- A substantial proportion of the in-year underspend is caused by over-achieved income from 5 new parking schemes. Prudence is required in estimating future income as experience shows that demand for permits and parking activity in new zones can settle at a slightly lower level over time.
- An additional level of contributions for parking suspensions (£0.347m) has been received in 2017/18 which is unlikely to be repeated at this high level.
- There is a 'stretch target' of £0.500m for Procurement & Contract Management savings. The largest area of contracting across the council relates to social care, however, evidence in care markets suggests that the extra procurement and contract management effort may serve only to contain costs rather than always create cashable savings. Other options therefore need to be kept open to mitigate risk. One such option is to count some of the benefit from renegotiated banking contracts (for parking operations) against this corporate target (up to a maximum of £0.250m). A potential double-count could therefore occur.
- On-street Parking is a very large income source (over £21m) and therefore the risk of volatility and its impact on the council's overall financial position must be considered. For example, an unseasonably wet summer can have very significant financial consequences (as experienced in the past) and it would be imprudent to be over-optimistic about income projections and push them to their limit.
- Debt recovery and collection of fines is also volatile in parking operations due to the level of challenge and appeals and can change substantially from year-to-year. Again, prudence is required to provide risk mitigation of abnormally high bad debt provisions.

Given these factors, Members are advised that an increase in the forecast for 2018/19 of £0.140m is possible but for the reasons given above would be considered an optimistic forecast and would therefore increase potential risks to the council's overall financial position if a combination of the risks outlined above came to pass.

Increasing Land Charges fees further runs an increased risk of impacts on demand given the availability of competitor services. However, the evidence from this year is that demand is reasonably inelastic (slow to react) and a fee increase would be likely to generate increased income. Some risk must however be provided for to ensure a prudential budget estimate. Provision for a demand risk at 50% of the assessed increase in income would be prudent and, taking this into account, £0.060m is a reasonable assessment. This will contribute further to costs and overheads within the service and release General Fund resources as noted above which will be added to the General Fund contingency.

Agenda items 77 & 78

GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 2

Should Amendment 1 pass, it is proposed that the resources this makes available to the General Fund contingency be used as follows in the 2018/19 budget:

- Reverse the proposed cut to the Clermont Family Assessment Centre at a cost of £0.075m;
- Reverse the proposed cut to Day Options for people with Learning Disabilities at Wellington House, at a cost of £0.050m;
- Fund £1.120m of unsupported borrowing over a period of 40 years in respect of assets with an estimated life of 40 years to be used as set out in Amendment 5, at a capital financing cost of £0.065m;
- £0.010m for additional cycle parking facilities.

Comments of the Chief Finance Officer:

The application of available resources as proposed above, including the funding of increased capital financing costs is possible subject to decisions on other amendments (1 & 5). If this amendment falls, amendment 5 will also fall and £0.200m would be retained in contingency. If this amendment is carried but amendment 5 falls, £0.065m will be retained in contingency.

Agenda items 77 & 78

GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 3

It is proposed that the following changes are made to the General Fund Capital Programme allocations for 2018/19:

- Reduce the capital allocation to refurbish Hove Station footbridge to £0.200m, which sum will still allow surveys and inspections to be undertaken to inform the required business case. This will release £0.300m;
- Reduce the capital allocation to Brighton Town Hall Workstyles by £0.750m, which still leaves a total capital allocation of £1.500m for the Brighton Town Hall Workstyles scheme. This will release £0.750m;
- Raise additional unsupported borrowing of £1.120m, to be repaid using revenue funding of £0.065m identified in Amendment 2 above.

These proposals will generate a total capital sum of £2.170m. The proposed use of these funds is set out below.

- Of the re-allocated capital amount, £0.075m to be used towards key sustainability feasibility studies as follows:
 - Provide the necessary match funding required to pursue District Heat initiatives at a cost of £0.025m;
 - Provide the necessary funding to research the installation of a Solar Farm on the BHCC estate at a cost of £0.025m;
 - Provide funding to revisit and update for the current context of food waste collection initiatives previously researched by this council, at a cost of £0.025m.
- Of the re-allocated capital amount, £0.100m to be used to provide continuity funding for the Warm Safe Homes grant, part of the revised Disabled Facilities Grant;
- In order to enable the implementation of the Notice of Motion (NoM) regarding 'council owned short-term homelessness accommodation' agreed by full Council on 14 December 2017, use the proposed unsupported borrowing (£1.120m) together with the remaining re-allocated capital resources (£0.875m), in accordance with the terms of the NoM, to undertake work towards purchasing property in the city to be used for emergency accommodation.

Comments of the Chief Finance Officer:

The proposal to redirect capital resources as indicated above is a choice for Members. Allocating resources away from the Footbridge and Brighton Town Hall schemes may affect their viability and/or may require alternative resources to be identified in future if these remain a priority for Members. The schemes are likely to require the current level of investment, or more, in order to be viable.

The proposed allocation of capital resources to feasibility studies is allowable and the other uses proposed are acceptable, including the use of additional unsupported borrowing, subject to meeting the conditions of the Notice of Motion and approval of related amendment 2.

Specifically, the Notice of Motion approved by full Council on 14 December 2017 requires modelling of any scheme to purchase property and stated:

'That this modelling [of a "spend to save" purchase of emergency accommodation] be reported to the Policy, Resources & Growth Committee, in order to explore acquiring such accommodation, including detail on possible timetables, plus any policy changes and delegated powers needed to enable purchases to take place.'

Agenda items 77 & 78

GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 4

It is proposed that the following one-off income is raised towards the General Fund revenue budget for 2018/19:

- Given the significant savings generated in the Housing Revenue Account (HRA), in part, enabled by the work of the Corporate Procurement & Contract Management team, it is proposed to charge the HRA revenue budget (by reducing the Direct Revenue Funding budget) an appropriate proportion of the cost of this work for the remaining two years of the Procurement & Contract Management business case. This will generate a one-off resource over two years of £0.060m per year;
- Of the £0.270m one-off resources set aside in the 2018 /19 budget for the cost of the May 2019 local elections, reprofile £0.050m to the 2019/20 financial year.

These proposals will generate one-off income of £0.050m in 2018/19 and income over two years of £0.060m per year.

It is proposed that the resources generated be used as follows:

- £0.060m for two years towards the cost of (a) addressing anti-social behaviour in city centre parks by continuing the use of security patrols at a cost of £0.032m (b) introducing a weekend, year-round Cityparks emptying of litter bins in city centre parks, at a cost of £0.028m. This funding supports the transformation project linked to the new Field Officer role by reducing the likely burden of anti-social behaviour and improving park environments to encourage more diverse use (e.g. reducing rubbish by removing full park bins), allowing the full potential of the Field Officer role to be explored and the final costs of the service to be minimised.
- £0.050m to boost existing Housing First resources to support more rough sleepers into permanent accommodation.

Comments of the Chief Finance Officer:

Modernisation Funds can be used to support either General Fund or HRA services. The resources allocated to support the business case for additional Procurement & Contract Management did not specify or limit any areas of activity and is therefore assumed to cover all areas of council procurement and contract activity including the HRA. Members have effectively chosen to allocate Modernisation Funds (funded by General Fund capital resources) to support both General Fund and HRA activity.

The HRA can properly be charged for services directly relating to landlord activities, which includes procurement and contract management services. This proposal requires amendment to the HRA Revenue Budget (to fund the proposed additional charge) and identification of how the HRA will fund this charge which is provided for by reducing the HRA Direct Revenue Funding budget in order to fund the proposed charge.

It should be noted that the Modernisation Funding potentially released by this amendment is funded from General Fund capital receipts. Government 'capital flexibility' rules stipulate that capital receipts can only be applied to revenue expenditure that will generate ongoing efficiencies and revenue savings for the council. Potential areas for future cost avoidance and/or savings are set out in the amendment. At face value these would appear to be valid assumptions but, if these did not come to fruition, Members are advised that the level of investment is small and the switching of capital receipts with other resources would therefore be possible at this level. This therefore presents a relatively low risk.

With regard to the provision for the cost of elections, the reprofiling of this one-off funding is likely to be possible as the exact timing of when costs will be incurred is not yet known. However, Members should note that this amendment does not create additional resources but merely defers the allocation of £0.050m which would need to be identified from 2019/20 one-off resources i.e. this would create a commitment in 2019/20.

Members are advised that this is an unusual amendment in that it is predicated on identifying future one-off resources. Were this of corporate financial significance this could not be considered acceptable practice. However, £0.050m relative to the significant one-off resources identified of £4.3m, £0.7m and £2.8m in 2016/17, 2017/18 and 2018/19 respectively is considered acceptable when taken together with the proposed rationale for the reprofile of election costs.

It should also be noted that although there is provision within the Housing First contract to extend services, people supported through this route are normally supported for up to 2 years. One-off money for one year only may therefore present some issues however this is considered to be low risk as there should be sufficient turnaround of clients.

Agenda items 77 & 78

GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 5

It is proposed that an additional cut be made to the General Fund revenue budget for 2018/19:

- Remove free parking rights for BHCC Councillors at the Norton Road car park and at the Lanes car park, saving £0.030m.

This proposal will generate recurrent income of £0.030m (net of costs) for the General Fund through increased off-street parking revenues.

It is proposed that the resources generated be used as follows:

- Reduce the proposed saving on Home to School transport by £0.030m.

Comments of the Chief Finance Officer:

Both car parks are popular and often full and therefore the risk of the forecast income not being achieved is considered to be relatively low. Members currently allocated parking spaces or passes are entitled to an alternative annual bus pass. This cost has been taken into account in estimating the potential net income generated.

The impact on Members' ability to undertake council business is a matter for them to consider. However, the use of spaces and passes for councillors is kept under regular review to ensure that they are only issued according to reasonable business need. Spaces and passes save time for councillors, particularly when travelling between venues for different meetings. Removal of these facilities would generally mean the use of buses, cycling or other methods likely to add to travel time. Removing parking spaces and passes may ultimately cause upward pressure on allowances and expenses if alternative travel frustrates the efficient and timely operation of council meetings and other business, and/or increases councillors' expenses.

Agenda item 79

HOUSING REVENUE ACCOUNT AND INVESTMENT PROGRAMME 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY

BUDGET AMENDMENT

Green Group Amendment 6

It is proposed that the following changes are made to the HRA Revenue Budget and Capital Programme 2018/19. The changes concern the sum of £0.170m added to the HRA Direct Revenue Funding revenue budget by amendment at 8th February 2018 PR&G Committee.

£0.060m of the Direct Revenue Funding budget is potentially allocated through Amendment 4. This leaves £0.110m HRA Direct Revenue Funding, which it is proposed to redirect this budget resource as follows:

- £0.030m (one-off in 2018/19) for a programme of installation of Wi-Fi in sheltered housing schemes and £0.005m recurrent from 2019/20 for ongoing license costs;
- £0.050m (recurrent) to support core Estate Development Budget expenditure;
- £0.030m (recurrent) towards additional staffing resources needed to ensure that the HRA capital New Homes and Buy Back initiatives are implemented according to programme.

Comments of the Chief Finance Officer:

The increase to the HRA Direct Revenue Funding budget was as a direct consequence of the amendment approved by Policy, Resources & Growth Committee on 8th February 2018. Redirecting this resource to fund the proposed items above is allowable as these are legitimate HRA items. This will however have the effect of increasing future years' capital financing costs to the HRA.

Budget Council

22 February 2018

Agenda Item 78

Brighton & Hove City Council

Subject: Supplementary Financial Information for Budget Council**Date of Meeting: 22 February 2018****Report of: Executive Director of Finance & Resources****Contact Officer: Name: James Hengeveld Tel: 01273 291242****E-mail: James.Hengeveld@brighton-hove.gov.uk****Wards Affected: All****FOR GENERAL RELEASE**

Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the East Sussex Fire Authority did not set its council tax precept until Thursday 15th February 2018; which was after the publication of the agenda and the council tax resolution set out in the report could not be finalised until that figure was known.

1. PURPOSE OF REPORT AND POLICY CONTEXT:

1.1 To update Members with further budget information and revisions since the General Fund Revenue Budget, Council Tax and Capital Investment Programme, and Housing Revenue Account Budget and Investment Programme reports were considered at Policy, Resources & Growth Committee on the 8 February 2018.

1.2 The proposed budget is based on the Administration's council tax proposal of 2.99%, including an additional 1% allowed by government in the final Local Government Financial Settlement, together with a further 3.00% increase in respect of an Adult Social Care precept also allowed by government within the final settlement. Incorporating the Police and Fire elements of the council tax, the overall increase for most residents of Brighton and Hove will be 6.00%.

2. RECOMMENDATIONS:

2.1 That Council use the statutory budget calculation and the Council Tax Resolution set out in this report for a 5.99% council tax increase as the basis of debate at the meeting.

3. CONTEXT / BACKGROUND INFORMATION***2018/19 General Fund Budget & Council Tax***

3.1 The new and revised information likely to be covered in this report was set out in paragraph 11.3 of the 8 February 2018 Policy, Resources & Growth committee report and will cover the following:-

- The final Local Government Finance Settlement 2018/19;

- Any other grants announced or confirmed prior to Budget Council;
- The agreed council tax set by the East Sussex Fire Authority & Sussex Police and Crime Commissioner;
- The statutory council tax calculations required under the 1992 Local Government Finance Act;
- The full budget and council tax resolution for Budget Council.

Final Local Government Finance Settlement 2018/19 and updated grants information

- 3.2 The final Local Government Finance Settlement was announced on the 6 February 2018. This included a new allocation of £150 million nationally for a 2018/19 Adult Social Care grant and the council's allocation from this is £0.768m. This amount will be held in contingency to support Adult Social Care services and the allocation of this will be subject to a future report to Policy, Resources & Growth committee. At this time, no detailed information or conditions of use have been notified.
- 3.3 The Discretionary Housing Payments grant has been announced for 2018/19 at £0.837m which is a reduction of £0.295m on 2017/18.
- 3.4 There is an increased allocation for the Housing Benefit Administration grant of £0.012m relating to new burdens and this amount has been included in the service budget.
- 3.5 There is a small increase in the New Homes Bonus grant of £0.004m.
- 3.6 The Environment Agency levy has been confirmed at £0.066m which is £0.002m higher than previously allowed for in the budget and this will be funded from the increased New Homes Bonus grant noted above with the remaining £0.002m being held as pressure funding for grants not yet announced.
- 3.7 The Ministry of Housing, Communities & Local Government has revised the section 31 compensation grants relating to capping business rates increases. This results in an additional £0.125m and this will be set aside in contingency to offset reductions in business rates as a consequence of the cap.
- 3.8 An amended Appendix 1 is included to reflect the changes above.

Other Changes

Treasury Management Strategy

- 3.9 The 2018/19 Treasury Management Strategy and Annual Investment Strategy are being formulated, and a fund selection process is being undertaken by the council's Treasury Advisors. Any changes that arise will be incorporated in the 2018/19 strategy which will be reported for approval at Policy, Resources & Growth Committee on 29 March 2018 and Full Council on 19 April 2018. The existing 2017/18 Investment Strategy will be adhered to until the 2018/19 Strategy is formally approved.

Royal Pavilion & Museums

- 3.10 The 2018/19 budget proposals contain savings of £0.121m in relation to the potential transfer of the Royal Pavilion & Museums service to charitable trust status. The potential transfer has now been deferred pending further assessment of all options for future delivery of the service. This means the proposed saving is unlikely to be achieved. However, as the savings relating to the Royal Pavilion &

Museums transfer were to be reinvested in the service (see Table 6, Page 19 of the General Fund budget report), in accordance with Policy, Resources & Growth Committee decision on 19 January 2017, this has no net impact on the General Fund Revenue Budget proposals for 2018/19. Future years' savings relating to the Royal Pavilion & Museums will be dependent on the outcome of the reassessment of options.

Housing Revenue Account (HRA)

- 3.11 The HRA revenue budget was amended by Policy, Resources & Growth Committee on 8 February 2018 to remove the proposed contribution to Children's Centre Services of £0.170m and apply the released resources to the direct revenue funding of the HRA capital programme. This amendment has been updated and reflected in the body, tables and appendices of the Housing Revenue Account Budget & Investment Programme report (Item 79).

Council Tax

- 3.12 The following table shows the overall council tax proposed incorporating the amounts set by the Sussex Police & Crime Commissioner and the East Sussex Fire Authority.

	2018/19 Band D Council Tax	Change on 2017/18	Percentage change
Brighton & Hove City Council	£1,549.07	£87.57	5.99%
Sussex Police & Crime Commissioner	£165.91	£12.00	7.80%
East Sussex Fire Authority	£91.00	£2.60	2.94%
Total for Brighton & Hove residents	£1,805.98	£102.17	6.00%

- 3.13 The Brighton & Hove City Council Band D council tax change of £87.57 includes £43.84 for the 3% Adult Social Care precept.

Budget and Council Tax Appendices

- 3.14 Details of the additional council taxes paid by residents of Rottingdean Parish and Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in Appendix 14.
- 3.15 The full resolution for Budget Council is included at Appendix 15.

SUPPORTING DOCUMENTATION

Appendices:

1. Revised Movements in Budget allocations 2017/18 to 2018/19.
14. The statutory calculations required under the 1992 Local Government Act.
15. Proposed full resolution for Budget Council.

Documents in Members' Rooms

1. No further documents.

Background Documents

1. No further background documents.

2018/19 BUDGET - Budget changes from 2017/18 to 2018/19

APPENDIX 1

	<i>2017/18 Adjusted Base £'000</i>	<i>Inflation £'000</i>	<i>Service Pressures £'000</i>	<i>Commitments and Reinvestments £'000</i>	<i>VFM & Other Savings £'000</i>	<i>2018/19 Original Budget £'000</i>	<i>Change over adjusted base £'000</i>	<i>Change over adjusted base %</i>
Families, Children & Learning	82,939	1,798	5,798	639	(4,308)	86,866	3,927	4.73
Health & Adult Social Care	49,207	1,263	4,291	568	(3,416)	51,913	2,706	5.50
Economy, Environment & Culture	26,465	587	892	520	(2,170)	26,294	(171)	(0.65)
Neighbourhoods, Communities & Housing	14,787	391	444	(12)	(653)	14,957	170	1.15
Finance & Resources	17,648	319	96	507	(874)	17,696	48	0.27
Strategy, Governance & Law	4,664	79	313	93	(225)	4,924	260	5.57
Total Directorate Spending	195,710	4,437	11,834	2,315	(11,646)	202,650	6,940	3.55
Concessionary Fares	10,946	221	-	(10)	(200)	10,957	11	0.10
Insurance	3,192	-	-	(59)	-	3,133	(59)	(1.85)
Financing Costs	6,700	-	-	220	-	6,920	220	3.28
Corporate VFM Savings	(128)	(1)	-	-	(500)	(629)	(501)	391.41
Contingency and Risk Provisions	1,667	54	-	(471)	-	1,250	(417)	(25.01)
Unringfenced grants income	(15,648)	-	1,050	(2,507)	-	(17,105)	(1,457)	9.31
Levies to External Bodies	203	4	-	(6)	-	201	(2)	(0.99)
Other Corporately-held Budgets	1,510	(27)	-	599	(25)	2,057	547	36.23
NET REVENUE EXPENDITURE	204,152	4,688	12,884	81	(12,371)	209,434	5,282	2.59
Contributions to/ from(-) reserves	(563)			(47)		(610)	(47)	8.35
BUDGET REQUIREMENT	203,589	4,688	12,884	34	(12,371)	208,824	5,235	2.57
Funded by:								
Revenue Support Grant	21,618					14,144	(7,474)	(34.57)
Business Rates Local Share	56,877					57,258	381	0.67
Tariff Payment	(1,500)					(745)	755	(50.33)
Business Rates Levy payment	(122)					(91)	31	(25.28)
Business Rates Collection Fund surplus/(deficit)	(1,684)					(1,690)	(6)	0.36
Council Tax Collection Fund surplus/(deficit)	654					2,091	1,437	219.72
Council Tax	127,746					137,857	10,111	7.91
Total	203,589					208,824	5,235	2.57

APPENDIX 14

CALCULATION OF BRIGHTON & HOVE'S COUNCIL TAX REQUIREMENT AND COUNCIL TAX

CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992

S31A Expenditure	£	£
Gross Revenue expenditure on Brighton & Hove services	701,994,596	
Contingency	1,250,000	
Transfer to business rates collection fund	1,689,520	
Levies	172,826	
Special items	25,718	
Parish precept	45,067	
		705,177,727
Income		
Government Grants, fees and charges	508,153,102	
Business Rates Local Share	56,421,973	
Contribution from reserves	610,000	
Transfer from council tax collection fund	2,090,585	
		567,275,660
Council Tax Requirement (R)		137,902,067

S31B R = Council Tax Requirement	137,902,067
T = Taxbase	88,976.4
R/T =Basic Council Tax	1,549.87

S34 (i) S34 (2)	
B = Section 31B Calculation	1,549.87
A = Total of Special Items (as defined in S35)	70,785
T = Taxbase	88,976.4
B - (A / T) = Council Tax for areas with no special items	1,549.07
(ii) S34 (3)	
C = Section 34 (2) calculation	1,549.07
S =	
Rottingdean Parish special item	45,067
Hanover Crescent Enclosure Committee special item	7,680
Marine Square Enclosure Committee special item	9,958
Royal Crescent Enclosure Committee special item	8,080
TP =	
Rottingdean Parish taxbase	1,562.1
Hanover Crescent Enclosure Committee taxbase	40.7
Marine Square Enclosure Committee taxbase	72.6
Royal Crescent Enclosure Committee taxbase	31.0
C + (S / TP) = Council Tax for areas with special items:-	
Rottingdean Parish	1,577.92
Hanover Crescent Enclosure Committee	1,737.77
Marine Square Enclosure Committee	1,686.23
Royal Crescent Enclosure Committee	1,809.72

General Fund Revenue Budget 2018/19

Formal Council Tax Resolution

1. It be noted that on 25 January 2018 the council calculated the Council Tax Base 2018/19:
 - (a) for the whole Council area as 88,976.4 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)); and
 - (b) for dwellings in those parts of its area to which special items relate:
 - Rottingdean Parish – 1,562.1
 - Hanover Crescent Enclosure – 40.7
 - Marine Square Enclosure – 72.6
 - Royal Crescent Enclosure – 31.0
2. Calculate that the Council Tax requirement for the council’s own purposes for 2018/19 (excluding Parish precepts) is £137,857,000.
3. That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:
 - (a) £705,177,727 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
 - (b) £567,275,660 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (c) £137,902,067 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);
 - (d) £1,549.87 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
 - (e) £70,785 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
 - (f) £1,549.07 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relates;
 - (g) £1,577.92 Rottingdean Parish
£1,737.77 Hanover Crescent

£1,686.23
£1,809.72

Marine Square
Royal Crescent

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the relevant amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for the dwellings in those parts of its area to which one or more special items relate.

Band:	A*	A	B	C	D	E	F	G	H
Parts of the Council's area	£	£	£	£	£	£	£	£	£
Rottingdean Parish	876.62	1,051.95	1,227.27	1,402.60	1,577.92	1,928.57	2,279.22	2,629.87	3,155.84
Hanover Crescent	965.43	1,158.51	1,351.60	1,544.68	1,737.77	2,123.94	2,510.11	2,896.28	3,475.54
Marine Square	936.79	1,124.15	1,311.51	1,498.87	1,686.23	2,060.95	2,435.67	2,810.38	3,372.46
Royal Crescent	1,005.40	1,206.48	1,407.56	1,608.64	1,809.72	2,211.88	2,614.04	3,016.20	3,619.44
All other parts of the council's area	860.59	1,032.71	1,204.83	1,376.95	1,549.07	1,893.31	2,237.55	2,581.78	3,098.14

* Entitled to disabled relief

4. To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Band:	A*	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£	£
Sussex Police & Crime Commissioner	92.17	110.61	129.04	147.48	165.91	202.78	239.65	276.52	331.82

* Entitled to disabled relief

Band:	A*	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£	£
East Sussex Fire Authority	50.56	60.67	70.78	80.89	91.00	111.22	131.44	151.67	182.00

* Entitled to disabled relief

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2018/19 for each part of its area and for each of the categories of dwellings.

Band:	A*	A	B	C	D	E	F	G	H
Parts of the Council's area	£	£	£	£	£	£	£	£	£
Rottingdean Parish	1,019.35	1,223.23	1,427.09	1,630.97	1,834.83	2,242.57	2,650.31	3,058.06	3,669.66
Hanover Crescent	1,108.16	1,329.79	1,551.42	1,773.05	1,994.68	2,437.94	2,881.20	3,324.47	3,989.36
Marine Square	1,079.52	1,295.43	1,511.33	1,727.24	1,943.14	2,374.95	2,806.76	3,238.57	3,886.28
Royal Crescent	1,148.13	1,377.76	1,607.38	1,837.01	2,066.63	2,525.88	2,985.13	3,444.39	4,133.26
All other parts of the councils area	1,003.32	1,203.99	1,404.65	1,605.32	1,805.98	2,207.31	2,608.64	3,009.97	3,611.96

* Entitled to disabled relief

6. In accordance with Section 52ZB of the Local Government Finance Act 1992 the Council determines its relevant basic amount of council tax for the financial year 2018/19 is not excessive.