



**Brighton & Hove
City Council**

BUDGET COUNCIL ADDENDUM

4.30PM, THURSDAY, 28 FEBRUARY 2019

HOVE TOWN HALL - COUNCIL CHAMBER

ADDENDUM

ITEM		Page
72	ADOPTION OF SPECIAL PROCEDURES FOR BUDGET COUNCIL	5 - 14
	<p>The Mayor will move the suspension of Standing Orders and the adoption of Special Procedures for consideration of the Budget proposals Items 73 to 75 (copy attached).</p> <p>An order of events diagram has also been included with the papers.</p> <p>To consider the following amendments to the Budget proposals from the Conservative Group (No's 1 – 3) and the Green Group (No's 1 – 5) relating to Agenda Items 73 – 75 (copies attached).</p>	
73	GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL STRATEGY 2019/20	15 - 34
75	HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY	
	Conservative Group's amendments 1 and 2 relating to Item 73	15 - 22
	Conservative Group's amendment 3 relating to Item 75	23 - 24
	Green Group's amendment 1 relating to Items 73 and 75	25 - 26
	Green Group's amendments 2 – 5 relating to Item 73	27 - 34

Budget Process 2019 – 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 refer to the budget proposals and move amendments (in order of Labour & Co-operative, Conservative, Green and Independent Groups)

3

- Full Council Debate (3 minutes per speaker)

4

- Right of Reply from Councillor Mitchell on behalf of the Administration (5 minutes)

5

- Recorded Vote on each amendment (Conservative Group's No's 1-3; Green Group's No's 1-5)

Short Adjournment prior to Vote on Substantive Budget Proposals

6

- Recorded Vote on Items 73 substantive General Fund and Council tax budget of 2.99% and Capital Strategy 2019/20 (as amended / if amended) and Itemn 74 Supplementary Financial Information
- If carried move to 7 (below)
- *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 Strategy 2019/20 Item 75 will be put to the vote by the Mayor

7

- Recorded Vote on Item 75 Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy (as amended / if amended)

28 February 2019

Brighton & Hove City Council

Budget Council 28 February 2019**Procedural Note for Items 73 - 75****Setting a Lawful Budget for 2019/20****Introduction**

Under section 30 (6) of the Local Government Finance Act 1992 the Council has a duty to set the Council tax before the 10th March 2019. 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 10th March, 2019.

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 6 and 7.

Budget Council 28 February 2019

To help Members at Council on 28 February 2019 the procedure to be followed in respect of the Budget debate, (subject to Council approval) is set out below:-

70. Declarations of Interest.

71. Mayor's urgent communications:

72. 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 73 – 75 below.

73. General Fund Revenue Budget, Council Tax & Capital Strategy 2019/20

74. Supplementary Financial Information for Budget Council

75. Housing Revenue Account (HRA) Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy

A. The Administration's Budget Proposal based on a 2.99% Council Tax:

(i) The **Mayor** will invite **Councillor Yates** and **Councillor Hamilton** to move and second the Administration's Budget based on a 2.99% Council Tax increase.

Councillor Yates 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 and Amendments 1 - 3:

(ii) The **Mayor** will invite **Councillor Wealls**, and **Councillor Janio** to move and second the Conservative Group's three amendments to the budget proposals.

Councillor Wealls will have unlimited time and Councillor Janio will have 5 minutes within which to move and second the amendments and 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.]

C. The Green Group's Response and Amendments 1 - 5:

- (iii) The **Mayor** will invite **Councillor Sykes** and **Councillor Mac Cafferty** to move and second the Green Group's five 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. The Independent Group's Response:

- (iv) The **Mayor** will invite **Councillor Morgan** to respond to the budget proposals.

Councillor Morgan will have unlimited time within which 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.]

E. Council Debate:

- (v) The **Mayor** will then allow Councillors to debate the 2019/20 Budget proposals for the General Fund Revenue Budget, Council Tax, & Capital Strategy 2019/20 and the Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy; based on a Council Tax increase of 2.99% (items 73 - 75), 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.]

F. Administration's Right of Reply:

- (vi) 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) The Chief Finance Officer will have the opportunity to remind the Council of the impact of any of the amendments on the overall budgetary position of the Authority.
- (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.

G. Voting on the amendments:

- (vii)** The Mayor will then put the amendments to the vote (up to a maximum of 8 separate votes) in the following order:
 - (i) The Conservative Group's amendments (total of 3)
 - (ii) The Green Group's amendments (total of 5);

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.

H. Substantive Votes:

- (viii)** The **Mayor** will put the substantive motions (as amended) (if amended) relating to the General Fund Revenue Budget, Council Tax & Capital Strategy 2019/20 to the vote as follows:

1. Budget 2.99%

- 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 73** General Fund Revenue Budget, Council Tax & Capital Strategy 2019/20 based on a budget and council tax increase of 2.99%; recommendations (1) to (7); as detailed in the extract from the Policy, Resources & Growth Committee;

together with;

Item 74 Supplementary Financial Information for Budget Council recommendation (2.1); and the council tax resolution on pages 317 - 318 of the report;

1.3 Note: *Should the budget of 2.99% be approved, then the Mayor will move to Item 75 on the agenda.*

1.4 If the vote on the Budget is carried the Mayor will then put the Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy 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.

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

Followed by:

(ix) The **Mayor** will reconvene the meeting and either put the substantive motions (as amended) (if amended) relating to the General Fund Revenue Budget, Council Tax & Capital Strategy 2019/20 to the vote or should there be further amendments call on the respective proposer(s) and seconder(s) to move the amendments prior to putting them to the vote.

1.6 If the vote on the Budget is carried the Mayor will then put the Housing Revenue Account Budget and Medium Term Financial Strategy to the vote as detailed in **(2)** below.

1.7 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.

Note: There may then be a need for a further adjournment or the **Mayor** may depending on the time choose to adjourn the meeting to the date set for a reconvened Budget Council meeting (Tuesday 5th March at 4.30pm).

2. Housing Revenue Account Budget & Investment Programme 2019/20 and Medium Term Financial Strategy

(x) The **Mayor** will put the substantive motions (as amended) (if amended) relating to the Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy to the vote as follows:

- 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 75** Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy recommendation (1) as detailed in the extract from the Policy, Resources & Growth Committee and appendix 1 to the report.

I. Close of Meeting:

- (xi) 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:

Conservative Group Amendments:

1. Conservative amendments 1, 2 and 3 have no impact on each other and therefore stand-alone regardless of the outcome of the voting on each of the amendments.

Green Group Amendments:

2. Green amendments 1, 2, 3, 4 and 5 have no impact on each other or the Conservative amendments and therefore stand-alone regardless of the outcome of the voting outcomes on each of the amendments. However, the following should be noted: -
 - If Green amendment 1 is carried, in addition to the Conservative amendment 1 being carried, the cumulative reduction in the council's risk provision will be £0.499m, leaving a one off risk provision of £0.853m. This cumulatively increases the risks set out in the Chief Finance Officer's comments in respect of both amendments.
 - If Green amendment 1 is carried, in addition to the Conservative amendment 1 being carried, then not only will the Public Health saving in Sexual Health services of £0.093m be removed but the service budget will increase by £0.060m.
 - If Green amendment 3 is carried, in addition to the Conservative amendment 2 being carried, then the total resources redirected from the Brighton Town Hall development will be £1.436m leaving £0.064m available to support the project.

Note:

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)

**GENERAL FUND REVENUE BUDGET, COUNCIL TAX
AND CAPITAL INVESTMENT STRATEGY 2019/20****BUDGET AMENDMENTS****Item 73****Conservative Group Amendment 1**

It is proposed that the following savings of £639,000 are generated towards the General Fund revenue budget for 2019/20:

- Increase the savings from administrative posts across services by £200,000, taking a holistic view of the total resource and take advantage of the council's modernisation plans and investment projects in IT&D to support this increase in efficiency. The council has an estimated 240 administrative posts costing an estimated £5 million pa. This saving represents a 4% efficiency target. It is anticipated the part year effect of this proposal is £100,000 saving in 2019/20.
- Reduce the resources for the centralised Communications service by £250,000 and prioritise only key internal and external communications. Proposals for the delivery of this reduction to include the potential for the restructuring of the service to amalgamate with other central teams. It is anticipated the part year effect of this proposal is £125,000 in 2019/20.
- Abolition of the Neighbourhood, Inclusion, Communities & Equalities Committee from May 2019. This proposal will save £11,000 in a full year from Special Responsibility Allowances. It is anticipated the part year effect of this proposal is £10,000 in 2019/20.
- Additional savings from restructuring the Economic Development and Regeneration Team of £70,000 focussing on reducing resources in Business Support. It is anticipated the part year effect of this proposal is £52,000 in 2019/20.
- Reduce the net cost of the Travellers service by £60,000 through a review of the Horsdean Transit Site security and core staffing of the service. It is anticipated the part year effect of this proposal is £45,000 in 2019/20.
- Reduce the initiatives and consultancy budget held by the Head of Transport by £75,000.
- Increase the reactive maintenance budget saving of £20,000, included in the Budget book at Appendix 1, by £20,000 to £40,000 within the Facilities and Building Maintenance Service.
- Reduce the financial risk safety net element of the one off risk provisions from £442,000 to £230,000 releasing £212,000 one off resources to fund the part year effects of the savings proposals above.

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The above proposals provide £639,000 resources in 2019/20 and a further £47,000 savings towards the projected budget gap in 2020/21.

It is proposed to allocate the £639,000 resources as follows: -

- Reduce the proposed increase in Council Tax from 2.99% to 2.62% which requires £519,000;
- Reduce the proposed £140,000 saving in Services for Children with Disabilities relating to respite and short breaks for disabled children by £40,000 to deliver a proposal by Extratime to support the development of an enhanced Extended Day offer for children and young people with SEND;
- Increase the resources for the Libraries book fund by £10,000 per annum;
- Provide £10,000 recurrent resources to the Rough Sleepers service within Health and Adult Social Care to deliver an information campaign to residents, businesses and visitors on how they can best support rough sleepers in the city;
- Reduce the proposed £93,000 saving in Public Health for sexual health services by £60,000 to £33,000.

Chief Finance Officer Comments:

The proposed reduction in administration staffing equates to approximately 8 – 10 posts being deleted. This level of reduction requires a change in working practices and would need support through investment in technology. The council is investing significant resources in 2019/20 in technology however there is a risk that these improvements may not be implemented in sufficient time to deliver the proposed savings in 2019/20. In working up these proposals equality impact assessments would be undertaken in accordance with the council's management of change policies.

The proposed saving in the Communications team represents a significant reduction of 45% in resources in addition to the savings already identified for the 2019/20 budget. This level of reduction will limit the council's ability to communicate with its citizens and customers. The proposals equate to approximately 6 full time posts being deleted. There are no vacancies within the team other than the vacancies being held to deliver the saving already included in the Budget Book (Appendix 1). The potential staffing implications of the original savings proposal are included within EIA S10. This will need to be revised once detailed proposals for the deletion of posts are drawn up.

The decision to abolish the Neighbourhoods, Inclusion, Communities & Equalities (NICE) Committee is a decision reserved to full Council. There is a review of the council's constitution being undertaken by the cross-party Constitutional Working Group which will make recommendations for implementation after the local elections. It is also necessary to agree the destination for the functions currently carried out by the NICE Committee. The earliest this proposal could be implemented would therefore be annual Council on 23rd May 2019 and, should full Council not agree the abolishing of the Committee, then the undelivered saving

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would be a call on the risk provision in 2019/20 and subsequently would add to the budget gap in 2020/21.

The proposed additional saving in the Economic Development and Regeneration team is proposed to be made through staffing reductions which will need to be identified through a review of the management and structure of the services. This reduction equates to 1 to 2 full time posts. There are currently no vacancies within this service. The potential staffing implications of this proposal are covered by EIA S4.

The proposed savings in the Travellers service will either be staffing reductions or reducing security costs or a combination. This saving represents over 10% reduction in the service resources. There are currently no vacant posts within this service. The staffing EIA for this service is appended to this amendment.

Local authorities have a statutory duty to provide a site for Gypsy and Traveller communities. This duty is met by the provision of the Traveller site at Horsdean. This has 12 permanent pitches and 21 transit pitches. Further to this, case law has established that Roma Gypsies and Irish Travellers are covered by the protected characteristic of race in the Equality Act 2010. Under the Equality Act the council has a duty to have due regard to the need to advance equality of opportunity between different groups. The Traveller Service carries out this duty by enabling Gypsies and Travellers access to health, education and other essential services, thus reducing the inequalities that they may otherwise experience.

This amendment proposes utilising £0.212m of the £1.352m one-off financial risk provision as shown in Table 8 on page 43 of the Budget Report.

As mentioned in paragraph 9.1 of the budget report 'Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by the Policy, Resources & Growth Committee and the full Council as part of the budget approval and council tax setting process.'

This duty includes consideration of the level of working balance, including appropriate risk provisions. In accordance with Section 25, care has been exercised in reviewing the general and specific risks facing the council and in taking into account proportionality of risks in the context of challenging financial circumstances. The recommended level of working balance and risk provisions is as stated in Table 8 of the report (£10.352m).

In considering this amendment, Members are advised to take into account that:

- the amendment reduces the provisions recommended by the CFO under Section 25 of the LG Act 2003;
- the amendment could therefore hinder the council's ability to manage and mitigate identified risks;

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- the effect of the amendment may be commented on by the External Auditor in their opinion of the council's Financial Resilience, part of the opinion on arrangements to secure value for money.

Provision of funding for the proposal from Extratime - to support the development of an enhanced Extended Day offer for children and young people with SEND - will need to comply with the council's procedure rules including Financial Regulations.

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Conservative Group Amendment 2

It is proposed to release £1,000,000 of the £1,500,000 resources earmarked to support the Brighton Town Hall development from resources ring-fenced for regeneration, and use these resources to replace the £1,000,000 allocation from capital receipts to support the Shelter Hall Scheme; thereby releasing £1,000,000 general capital receipts;

Release the £30,000 capital allocation to support Social Enterprise approved at Budget Council in February 2018;

Use the expected rental income generated from the Shelter Hall development to borrow over an extended period of 50 years in line with the minimum life of the asset created instead of 20 years. This increases the borrowing from £2,000,000 to £3,900,000 with the extra £1,900,000 used to support the Shelter Hall project and thereby release £1,900,000 of unring-fenced Local Transport Plan capital funding currently allocated to this project for reinvestment;

The total resources released from the above proposals are £2,930,000 and it is proposed to allocate these resources as follows:

Description	Amount
Investment in street furniture in George Street, Hove.	£30,000
Investment in City Environmental Management	
Increase capacity of colour coded, recycling and glass communal bins – a completed experiment suggests a reduction in contaminated material of 28% with an estimated 20% Citywide thus equalling higher true recycling and a reduction in risk of lower revenues from contamination. This allocation would equate to 50% of the current communal bins being replaced (325 x 3,200L bins provided for).	£350,000
Recycling Trucks such as Farid Trucks – to support a change in recycling and glass communal bins a replacement fleet of vehicles will be needed. This allocation would provide three vehicles to support scheduled rounds and support major events. The replacement vehicles will be brand new which will have a positive impact on maintenance costs.	£200,000
Investment in in-vehicle communications equipment to enable real-time communication on round disruption or additional support needed with feedback to the communications centre to enable real time advice to citizens and an improved customer experience.	£100,000
Investment in equipment to improve and enhance delivery of graffiti removal in order to support the graffiti strategy.	£100,000
Investment in equipment such as signage, CCTV and ICT in order to support the prevention and enforcement of fly-tipping and littering.	£100,000

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Investment in Health and Safety Works to Hollingdean depot in order to create safer and more efficient operations that will enhance workforce working conditions and improve productivity.	£100,000
Investment to support the Trade and Garden Waste service – to acquire bins and other equipment to enable the acceleration of the offer to customers. This investment aims to expedite revenue streams to support the reworked business case for these traded services.	£50,000
Total Investment in City Environmental Management	£1,000,000
<i>The implementation of this investment in City Environmental Management will increase efficiency of the service, reduce ongoing costs and increase revenue income and thereby offset any direct revenue costs of this investment.</i>	
Investment in City Wide improvements (to supplement planned investment through the Local Transport Plan in 2019/20 and investment in City Parks)	
Investment in the replacement or renovation of poor quality pavements across the city.	£500,000
Improvements to tactile pavements and crossovers to increase accessibility and assist less able citizens.	£100,000
Provision of road crossings that aid routes to school and in locations of high senior citizen population as the priority, with any remaining resources allocated to other priority locations.	£250,000
Supporting Traffic Regulation Orders and restrictions outside Controlled Parking Zones (CPZs) with priority to locations outside schools, community centres, doctors and care/nursing homes followed by areas suffering displacement as a consequence of CPZs.	£50,000
Investment in road resurfacing to areas where there is a high incidence of potholes to provide a longer term solution.	£400,000
Provide additional bus shelters and alteration of existing bus stop stands to provide raised kerbs and implementation of Traffic Regulation Orders for “no parking” restrictions at bus stops.	£150,000
Pilot project for verge parking in order to trial grasscrete or similar technology/solutions to assist verge parking without destruction of verges.	£100,000
Investment in Intelligent Traffic Systems – to improve traffic flow on the A259.	£100,000
To improve parks and open spaces by replacing or enhancing the offer for young and teenage children at locations across the city and to specifically include an allocation of £50,000 for Mile Oak Rec and £20,000 for Hove	£250,000

Lagoon area improvement. This investment is in addition to any past, current and future S106 allocations.	
Total Investment in Citywide improvements	£1,900,000
Overall Capital Investment	£2,930,000

Chief Finance Officer Comments:

The proposal to redirect capital resources for the Brighton Town Hall development is a choice for Members as these resources were previously earmarked but are not contractually committed, however this will limit the ability for a funded business case for the development of the site. Using these resources for investment in the Shelter Hall would meet the Policy, Resources & Growth Committee's resolution for the use of the proceeds from the sale of Preston Barracks for regeneration. The subsequent release of capital receipts funding from the Shelter Hall project for the projects listed within City Environmental Management meet capital expenditure requirements. Business cases demonstrating value for money will be required for each item and approved through either the Targeted Budget Management approval process for capital schemes or a separate scheme report to Policy, Resources & Growth Committee.

The proposal to use the rental income generated from the Shelter Hall development over an extended period is still within the expected life of the asset. At present the rent level is estimated and has yet to be tested commercially and therefore there is a risk the rent level may be lower and insufficient to cover the financing costs of the borrowing. There is also a risk that interest rates on borrowing may change before any new borrowing is entered into. Proposals funded from borrowing must meet capital expenditure tests. The proposed allocations meet that requirement. Individual schemes will need to be approved through either the Targeted Budget Management approval process for capital schemes, as part of the Local Transport Plan programme report, or through a separate scheme report to Policy, Resources & Growth Committee.

Items 73 and 75

HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY

BUDGET AMENDMENTS

Conservative Group Amendment 3

To delete recommendations 3, 4, and 5 and amend recommendations 1 and 2 to read as shown below in bold italics:

Action Required of Council:

To receive the item referred from the Policy, Resources & Growth Committee for decision:

Recommendations:

- (1) That the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report, as herewith amended, ***(as amended for any change to reserves arising from recommendations (3) and (6) below)*** be approved;
- (2) That the capital programme budget of £26.964m for 2019/20 be approved, as herewith amended, and the 3 year programme as set out in Appendix 4, and herewith amended, ***(as amended for any change to the capital programme arising from recommendations (4), (5) and (6) below)*** be noted;
- ~~(3) ***That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;***~~
- ~~(4) ***That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts; and***~~
- ~~(5) ***That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts.***~~

Note: The report listed in the agenda has been updated so that all the financial information and financial implications take account of the recommendations above resulting from the approval of the amendment at the Policy, Resources & Growth Committee meeting on the 14th February, 2019.

Supporting Information to the proposed amendment from the Conservative Group in relation to the additional recommendations is detailed below for information:

The proposed amendments would result in the following:

Deletion of recommendation (3). The effect of this will be to release £1.050m one-off funding which would be added to the HRA Useable Revenue Reserves (see Appendix 2, Note 5), the allocation of which would be for consideration by Housing & New Homes Committee with recommendation to Policy, Resources & Growth Committee as normal.

Deletion of recommendation (4). The effect of this will be to reverse the bringing forward to 2019/20 £1.050m of RTB receipts and borrowing of £2.450m, resulting in these sums being re-applied to the 'New Schemes' capital budget for 2021/22 for schemes yet to be identified (see Appendix 4, New Schemes budget).

Deletion of recommendation (5). Similarly to the above amendment, the effect of this will be to reverse the bringing forward to 2019/20 £1.050m of RTB receipts and borrowing of £2.450m, resulting in these sums being re-applied to the 'New Schemes' capital budget for 2021/22 for schemes yet to be identified (see Appendix 4, New Schemes budget).

Chief Finance Officer Comments:

This amendment reverses the amendment that was carried at the PR&G Committee on the 14th February 2019.

Recommendations if amendment is approved:
(1) That the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report, as herewith amended, be approved; and
(2) That the capital programme budget of £26.964m for 2019/20 be approved, as herewith amended, and the 3 year programme as set out in Appendix 4, and herewith amended, be noted.

**GENERAL FUND REVENUE BUDGET, COUNCIL TAX
AND CAPITAL INVESTMENT PROGRAMME 2019/20
&
HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL
INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM
FINANCIAL STRATEGY**

BUDGET AMENDMENTS

Green Group Amendment 1

- Reduce one-off financial risk provisions of £1.352m to £1.065m, releasing £0.287m in one-off funding in the General Fund (GF);
- Recognising the expected contribution of the Contracts Management team to 2019/20 contract savings funded from the Housing Revenue Account (HRA), transfer £0.058m (one-off) from the HRA Useable Revenue Reserve, increasing available one-off funding in the GF to £0.345m;
- Allocate this one-off funding to cover the short-term income pressures on commercial operations including garden and commercial waste for one year, releasing £0.345m in recurrent revenue funding.

Allocate £0.345m in recurrent funding as follows:

- Delete the £0.020m proposed cut to the Third Sector Improvement Programme Healthy Neighbourhoods fund;
- Delete the £0.053m proposed cut in Public Health funding of substance misuse services;
- Delete the £0.093m proposed cut in Public Health funding of sexual health services;
- Delete the £0.050m proposed cut in directly-provided day services for people with Learning Disabilities;
- Provide £0.129m in new funding to the Sustainability Team to provide staff and other resources required to expand activity in climate change mitigation and biodiversity protection and enhancement, following Council's unanimous declaration of climate and biodiversity emergencies in December 2018. This work may include development of citywide initiatives such as food waste collection, district heat installations, renewable energy development, biodiversity enhancement in the urban and rural estate and green infrastructure work.

Chief Finance Officer Comments:

This amendment proposes utilising £0.287m of the £1.352m one-off financial risk provision detailed in Table 8 on page 43 of the GF Budget Report.

As mentioned in paragraph 9.1 of the GF Budget Report 'Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by the Policy, Resources & Growth Committee and the full Council as part of the budget approval and council tax setting process.'

This duty includes consideration of the level of working balance, including appropriate risk provisions. In accordance with Section 25, care has been exercised in reviewing the general and specific risks facing the council and in taking into account proportionality of risks in the context of challenging financial circumstances. The recommended level of working balance and risk provisions is as stated in Table 8 of the report (£10.352m).

In considering this amendment, Members are advised to take into account that:

- the amendment reduces the provisions recommended by the CFO under Section 25 of the LG Act 2003;
- the amendment could therefore hinder the council's ability to manage and mitigate identified risks;
- the effect of the amendment may be commented on by the External Auditor in their opinion of the council's Financial Resilience, part of the opinion on arrangements to secure value for money.

The resources allocated to support the business case for additional Procurement & Contract Management did not specify or limit any areas of activity and it therefore covers all areas of council procurement and contract activity including the HRA. The HRA can therefore properly contribute more toward the cost of the Procurement & Contract Management team if it is considered that it derives an equivalent or greater benefit. In this respect, a benefit to the HRA of at least £0.058m can be evidenced and supported.

If funding pressures in Cityclean commercial operations continue beyond the financial year 2019/20 then, in whole or in part, this will create a budget pressure in 2020/21 that will increase the predicted budget gap accordingly.

Item 73

GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2019/20

BUDGET AMENDMENTS

Green Group Amendment 2

- Remove the subsidy to Councillors' parking at car parks at Norton Road, Hove and The Lanes, Brighton, releasing £0.038m in recurrent funding;
- Increase income and savings targets as follows:
 - Highways Consultancy increase by £0.005m;
 - Planning Policy and Major Projects increase by £0.007m;
 - Sports Facilities Client Responsibilities increase by £0.004m;
 - Architecture and Design income increase by £0.010m;

These measures together release £0.064m in recurrent funding.

Allocate £0.064m in recurrent funding as follows:

- Delete the £0.031m proposed cut in funding to the Community Safety Team;
- Provide £0.033m to create a recurring fund to help keep the City Centre looking at its best: a Community Clean-up Fund. To be used for anti-graffiti materials available for community groups and residents and towards sustainable street cleansing innovations such as hot foam technology to remove gum, grime and weeds.

Chief Finance Officer Comments:

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 subsidised 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.

Should the amendment be carried there will be a need for the Independent Remuneration Panel to review the Members Allowances Scheme and make recommendations to the Council.

The other increased income and savings targets in this amendment are modest and considered low risk.

Item 73

Green Group Amendment 3

- Under the Modernisation Portfolio, capitalise three years of the Field Officer project at a cost of £0.312m per year i.e. £0.936m in total. The £0.936 of capital funding required is to be taken from sums allocated in 2018/19 to Hove Station Footbridge (£0.500m) and Brighton Town Hall Workstyles (£0.436m);
- It is expected that savings resulting from the successful operation of the Field Officer project will allow the service to cover its own costs within 3 years;
- This releases £0.312m in recurrent revenue funding, to be allocated as set out below.

Allocate £0.312m in recurrent funding as follows:

- Reduce the £0.242m proposed cut to the Library service by £0.121m to help safeguard the future of our Libraries;
- Reduce the £0.140m proposed cut in Families Children and Learning residential, respite and short breaks for children with health problems and Special Educational Needs by £0.070m;
- Fund community transport for older people (for example, the Easylink service) with £0.038m;
- Fund Cityclean with £0.022m to provide logistical support to Universities and student volunteers to ensure reuse and sustainable disposal of student household furniture and belongings at end of term and to minimise fly-tipping;
- Provide an additional £0.061m to the Sustainability Team over and above the £0.129m provision in Amendment 1. This will provide additional staff and other resources required to expand activity in climate change mitigation and biodiversity protection and enhancement.

Chief Finance Officer Comments:

This amendment utilises capital receipts by reducing existing capital schemes that have not yet progressed. 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. The amendment assumes that the Field Officer project will generate savings to the General Fund from 2022/23 of £0.312m. The service has not been running at full capacity for sufficient time to evidence whether or not this will be feasible but the intention of the service is certainly to reduce medium term costs to the council through more effective enforcement and neighbourhood working. 3 years provides a reasonable period of time for the service to demonstrate its full impact and therefore, in principle, the assumption is not unreasonable. However, Members are advised that if these savings do not materialise, in whole or in part, by 2022/23, this will create an additional budget pressure and add to the predicted budget gap for 2022/23.

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.

Item 73

Green Group Amendment 4

- Increase borrowing by £2.1m to provide additional GF capital funding in 2019/20 at an estimated annual financing cost of £0.091m over 40 years;
- Based on a viable business case, use the £2.1m GF capital funding to purchase accommodation for use for emergency and temporary accommodation, reducing spend with private landlords and thereby a) reducing the financial pressure on the GF Temporary Accommodation budget and b) enabling funding of the financing costs from GF savings.

Chief Finance Officer Comments:

The proposal to raise additional unsupported borrowing is allowable and it assumes that the scheme will generate sufficient incomes and/or revenue savings to cover the financing costs, estimated at £0.091m. Under Standard Financial Procedures the scheme would need to come to Policy, Resources & Growth Committee setting out the full revenue and capital financial implications to demonstrate its viability and value for money. If the scheme were to require additional revenue support from the General Fund and this is approved, this will create an additional commitment on the 2020/21 budget and increase the predicted budget gap.

Item 73

Green Group Amendment 5

- Through ongoing reviews of the contract, reduce the projected budgeted end of year balance in the Waste PFI Project Reserve from £4.081m to £3.681m, releasing £0.400m in one-off funding;
- Following the closure of the West Pier Project and St Patrick's, fund provision for two years at £0.200m per year of residential placements for 'high support' homeless people.

Chief Finance Officer Comments:

The recommended level of the Waste PFI reserve is determined by estimating waste tonnages, recycling rates, recycle and energy incomes, inflation and other factors over the remaining period of the PFI contract to 2037. These factors can go up or down on an annual basis. The PFI is under review but there is no evidence currently to indicate that this will result in a lower level of reserve. If the assessed level of reserve required in 2020/21 is at the originally proposed level or higher, additional one-off resources would need to be identified in the 2020/21 budget.

Similar to Amendment 1, the Waste PFI reserve is one of the reserves considered by the CFO under Section 25 of the Local Government Act 2003 which requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

In considering this amendment, Members are advised to take into account that:

- the amendment reduces the reserve recommended by the CFO under Section 25 of the LG Act 2003;
- reducing the Waste PFI reserve would be a departure from good practice whereby the reserve is determined on latest available estimates at budget setting time each year;
- the effect of the amendment may be commented on by the External Auditor in their opinion of the council's Financial Resilience, part of the opinion on arrangements to secure value for money.

