

# Strategy, Finance & City Regeneration Committee

Date: **5 October 2023**

Time: **4.00pm**

Venue: **Council Chamber, Hove Twon Hall**

Members: **Councillors:** Sankey (Chair), Taylor (Deputy Chair), Shanks (Opposition Spokesperson), Cattell, McNair, Muten, Pumm, Robins, Rowkins and Williams

Invitee: Dr Anusree Biswas Sasidharan

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Date of Publication - Wednesday, 27 September 2023



# AGENDA

Part One

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## 56 PROCEDURAL BUSINESS

- (a) **Declarations of Substitutes:** Where councillors are unable to attend a meeting, a substitute Member from the same political group may attend, speak and vote in their place for that meeting.
- (b) **Declarations of Interest:**
- (a) Disclosable pecuniary interests;
  - (b) Any other interests required to be registered under the local code;
  - (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

- (c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

*Note: Any item appearing in Part Two of the agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.*

## 57 MINUTES

9 - 24

To consider the minutes of the meeting held on:

- 13 July 2023
- 4 August 2023 (Special)

Contact Officer: Lisa Johnson

Tel: 01273 291228

## 58 CHAIR'S COMMUNICATIONS



## 59 CALL OVER

## 60 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented by members of the public;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 29 September 2023;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 29 September 2023.

## 61 MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

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*Contact Officer: Martin Reid Tel: 01273 293321*  
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- 76 PART TWO PROCEEDINGS**  
To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.
- 77 ITEMS REFERRED FOR FULL COUNCIL**  
To consider items to be submitted to the 19 October 2023 Council meeting for information.



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### **Further information**

For further details and general enquiries about this meeting contact Lisa Johnson, (01273 291228, email [lisa.johnson@brighton-hove.gov.uk](mailto:lisa.johnson@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

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- Do not re-enter the building until told that it is safe to do so











**BRIGHTON & HOVE CITY COUNCIL**  
**STRATEGY, FINANCE & CITY REGENERATION COMMITTEE**

**4.00pm 13 JULY 2023**

**COUNCIL CHAMBER, HOVE TWON HALL**

**MINUTES**

**Present:** Councillor Sankey (Chair) Taylor (Deputy Chair), Cattell, Davis, McNair, Muten, Pumm, Robins, Rowkins and Williams

**PART ONE**

**18 PROCEDURAL BUSINESS**

**18(a) Declarations of substitutes**

18.1 Councillor Davis was present as substitute for Councillor Shanks.

**18(b) Declarations of interest**

18.2 There were none.

**18(c) Exclusion of press and public**

18.3 In accordance with section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the business to be transacted or the nature of proceedings, that if members of the press and public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100(I) of the Act).

18.4 **Resolved-** That the press and public be excluded from the meeting during consideration of those items listed as confidential on the agenda.

**19 MINUTES**

19.1 **Resolved-** That the minutes of the previous meeting held on 22 June 2023 be approved as the correct record.

**20 CHAIRS COMMUNICATIONS**

20.1 The Chair provided the following communications:



“Welcome all to the second Strategy, Finance and City Regeneration Committee of our Administration. This Committee is being held in quick succession to our last Committee at the end of last month.

Particular thanks therefore to the officers who have helped prepare for today's Committee, Will, Abraham, Nigel, Rima, Donna and John.

Since we last met our corporate parenting shadowing programme has got underway and I was delighted to be shadowed this week by one of our care leavers. They were interested, interesting and full of insightful and tough questions about what we do. Our Administration is clear that as well as safeguarding and protecting the welfare of our looked after children, as corporate parents we will also strive to provide opportunities, guidance and support as our care leavers grow into adulthood and need to navigate the world of work. At the suggestion of my companion on Tuesday, I've asked officers to explore a more formalised internship programme for our children in care.

Today's agenda covers key Finance papers, as well as papers on parking charges, customer service and key performance indicators and housing.

The Target Budget Monitoring report at month two assesses the position as regards the Council's income and expenditure for this financial year. Alarmingly this report indicates an overspend risk of £11 million. The report details the many reasons for this which include, inflationary pressure, increasing costs in demand-led areas such as adult social care, failure of local market to service demand leading to escalating costs, such as home to school transport. Escalated spending controls have therefore been applied since 3rd July for an initial 8 week period. I'm sure we'll discuss this important report in much more detail.

Today's agenda also includes a Budget Planning and resource update with ideas on short to medium to long term financial planning to get this LA back on track. We are in a serious financial position and we've been made further vulnerable to the external challenges we face by bad past-decision-making.

Which brings me on to parking charges. This year's budget, set by the previous Administration proposed moving four areas of our City – including Kemp Town which hosts the main hospital for our region - from low tariff to high tariff meaning the cost of parking for one hour jumping from £1.50 per hour to £5.60 or from £8.40 for 11 hours to £22.70. Central Brighton already operates as high tariff. Our financial challenges are stark. But my Labour Administration knows, in our bones, that you don't increase parking charges by over 300% in a cost-of-living crisis. Something any party which claims to be of the “Left” should know but apparently not. And you don't solve our climate crisis on the backs of low paid nurses already relying on foodbanks as a result of cruel Tory austerity.

Scrapping these charges as we will seek to do today, will be a huge relief to our residents, businesses and visitors and it is the right thing to do. It will also leave us with further budget shortfalls. But so flawed was the approach to parking by the last Admin, we are not convinced that the projected income from these increased parking charges would be realised. For the 2023/24 financial year we already know an underachievement of £0.83 million is forecast for parking. Which is why we've tasked officers with a whole new remodelling of our parking charges across the City. The high charges in Central Brighton are undoubtedly affecting our business and I know from



speaking to hundreds of residents that people now shop elsewhere in Worthing or Eastbourne because they can't afford to come to Brighton.

Improving customer service, ensuring our residents can have face to face meetings, receive timely, supportive and polite communication will be central to our Administration's objectives and reforms. We are also committed to having clear targets by which we can measure progress against our corporate plan which we will be bringing to Full Council next week.

The KPIs where we are performing well or have seen improvement relate to: Education, Health & Care Plans issued within 20 weeks including exceptions. Municipal waste landfilled. People aged 18+ who smoke. Workforce demographic representation/profile indicators. Planning indicators

The KPIs where performance improvement is required relate to: · Bus services running on time. · Working days / shifts lost due to sickness absence (not including schools). · Routine housing repairs completed on time. · Missed refuse collections. · Rate of deaths from drug use.

As our Deputy Leader of the Labour Party made clear at the LGA conference last week, we need to build more houses. Our Administration is wholeheartedly committed to accelerating housebuilding and to using creative means to increase our housing stock. Which is why today we bring a report and recommendation from our new Housing & New Homes Committee asking us to approve the purchase of a block of new flats on Whitehawk Way which will be ideal for those seeking to downsize".

## **21 CALL OVER**

21.1 The following items on the agenda were reserved for discussion:

- Item 25: Targeted Budget Management 2023/24: Month 2 (May)
- Item 26: General Fund Budget Planning and Resource Update 2024/25
- Item 28: Parking Fees & Charges 2023/24
- Item 29: Annual Customer Insight Report 2022/23
- Item 30: Corporate Key Performance Indicator Target Setting 2023/24
- Item 34: Purchase of Kubic Apartments, Whitehawk Way, Brighton
- Item 38: Requirement to Consult on Certain Procurement Decisions

21.2 The Democratic Services Officer confirmed that the items listed above had been reserved for discussion and that the following reports on the agenda with the recommendations therein had been approved and adopted:

- Item 24: Treasury Management Strategy Statement 2022/23- End of Year Review
- Item 27: Residential Leasehold Buildings Insurance Tender
- Item 31: Performance Update Corporate Key Performance Indicators
- Item 32: Brighton & Hove City Council 2022/23 Modern Slavery Statement
- Item 33: Housing Management Area Panel Review

## **22 PUBLIC INVOLVEMENT**

No items were received.



**23 MEMBER INVOLVEMENT**

No items were received

**24 TREASURY MANAGEMENT STRATEGY STATEMENT 2022-23 - END OF YEAR REVIEW****24.1 Resolved**

- 1) That the Strategy, Finance & City Regeneration Committee notes the key actions taken during the second half of 2022/23 to meet the Treasury Management Strategy Statement and practices (including the investment strategy) as set out in this report
- 2) That Strategy, Finance & City Regeneration Committee notes the reported compliance with the Annual Investment Strategy for the 6-month period up to the end of March 2023
- 3) That the Strategy, Finance & City Regeneration Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to and the authorised borrowing limit and operational boundary have not been exceeded.

**25 TARGETED BUDGET MANAGEMENT (TBM) 2023/24: MONTH 2 (MAY)**

25.1 The Committee considered a report of the Chief Finance Officer that set out an early indication of forecast risks as at Month 2 on the council's revenue and capital budgets for the financial year 2023/24.

25.2 Councillors Taylor, Davis Cattell, Sankey and McNair asked questions and contributed to the debate.

**25.3 Resolved-**

- 1) That the Committee note the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £11.101m. This includes an overspend of £4.823m on the council's share of the NHS managed Section 75 services.
- 2) That the Committee note the escalated recruitment and spending controls summarised in Section 12 that have been applied from 3 July to assist in mitigating the overspend forecast over the remaining months of the financial year.
- 3) That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently an overspend of £0.160m.
- 4) That the Committee note the forecast position for the Dedicated Schools Grant which is currently an overspend of £1.155m.
- 5) That the Committee note the forecast outturn position on the capital programme which is a forecast underspend of £2.470m and approve the variations and slippage in Appendix 5 and new schemes as set out in Appendix 6.

**26 GENERAL FUND BUDGET PLANNING AND RESOURCE UPDATE 2024/25**



26.1 The Committee considered a report of the Chief Finance Officer that provided a budget planning and resource update in preparation for the start of the 2024/25 annual budget setting and medium term planning process.

26.2 Councillors Taylor and Davis asked questions and contributed to the debate.

**26.3 Resolved-**

The Strategy, Finance & City Regeneration Committee:

- 1) Note the potential funding and net expenditure projections for 2024/25.
- 2) Note the Medium Term financial projections for 2024/25 to 2027/28 and the predicted budget gaps over the period.
- 3) Note the proposed budget development approach and that officers will use this to develop 4-year medium-term service and financial plans and proposals for Budget Council consideration, including specific budget proposals to manage the identified budget shortfall in 2024/25.

**27 RESIDENTIAL LEASEHOLD BUILDINGS INSURANCE TENDER**

**28.1 Resolved-**

That Strategy, Finance & City Regeneration Committee:

- 1) grants delegated authority to the Executive Director Governance, Finance & Resources to procure a contract for buildings insurance for residential leasehold properties.
- 2) grants delegated authority to Executive Director for Governance, Finance & Resources to grant an extension to the contract.

**28 PARKING FEES & CHARGES 2023/24**

- 28.1 The Committee considered a report of the Executive Director, Economy, Environment & Culture that outlined proposals to take forward changes to the parking fees and charges which were due to be introduced in this financial year. This report responds to findings following the publication of public notices and the re-assessed impact on residents, businesses and other services of significant price increases being implemented in a single year.
- 28.2 Councillors Muten, McNair, Sankey, Davis, Taylor, Robins and Williams asked questions and contributed to the debate.
- 28.3 The Democratic Services Officer undertook a vote on recommendation 2.1 that failed.
- 28.4 The Democratic Services Officer undertook a vote on recommendation 2.2 that was carried.



28.5 The Democratic Services Officer undertook a vote on recommendation 2.3 that was carried.

28.6 The Democratic Services Officer undertook a vote on recommendation 2.4 that was carried.

**28.7 Resolved-**

- 1) That Committee agrees to the following change being advertised with a new Traffic Regulation Order or notice of intention as required:
  - The 4 parking zones - London Road Station Area (J), Queens Park Area (C.), Central Hove (N) and the Royal Sussex County Hospital Area (H) will remain as low tariff (changed to new 2023/24 charges) as indicated in the table in para 5.8.
- 2) That (other than the change agreed at either recommendation 2.1 or 2.2) Committee agrees to continue implementation of on-street paid parking, permit, off-street paid parking and other parking 2023/24 fees & charges agreed at Budget Council.
- 3) That Committee notes the reduction in income from recommendation 2.2 which is outlined in para 5.9 below and will have an impact on the council's 2023/24 budget.

**29 ANNUAL CUSTOMER INSIGHT REPORT 2022/23**

28.1 The Committee considered a report of the Executive Director, Governance, People & Resources that set out the results of performance monitoring against the council's Customer Promise and provided information relating to customer interactions with the council.

28.2 Councillors Pumm, Williams, McNair, Cattell and Muten asked questions and contributed to the debate.

**28.3 Resolved-**

- 1) That the Committee notes the Customer Insight Annual Report for 2022/23 as set out in Appendix 1 and provides support and challenge to officers to further improve customer experience and customer satisfaction with the council.

**30 CORPORATE KEY PERFORMANCE INDICATOR TARGET SETTING 2023/24**

30.1 The Committee considered a report of the Executive Director, Governance, People & Resources that presented draft Corporate Key Performance Indicators (KPI) and associated targets with rationales for the reporting year 2023/24 for approval. These targets had been developed by Directorate Management Teams (DMT) and reviewed by the Executive Leadership Team (ELT) in line with the development of the council's new Corporate Plan.

30.2 Councillors Rowkins asked questions on the report.

**30.3 Resolved-**



- 1) That Strategy, Finance & City Regeneration (SF&CP) Committee approve the Corporate KPI set and associated targets as set out in Appendix 2.
- 2) To note that target figures may change during the year if new benchmarking figures become available. Committee approval will be sought at a future date if there is a proposal to change the set itself or the rationale for a particular target.

### **31 PERFORMANCE UPDATE CORPORATE KEY PERFORMANCE INDICATORS**

#### **31.1 Resolved-**

- 1) That Committee note the progress made in relation to Corporate KPIs, particularly the corrective measures outlined for 'red' and 'amber' indicators included in Appendix 2 and provide support and challenge to lead officers to bring performance back on track.

### **32 REQUIREMENT TO CONSULT ON CERTAIN PROCUREMENT DECISIONS**

- 32.1 The Committee considered a report of the Executive Director, Governance, People & Resources that proposed new arrangements for consultation on procurement decisions following the decommissioning of the Procurement Advisory Board.

- 32.2 Councillor Williams and Davis asked questions and contributed to the debate.

#### **32.3 Resolved-**

- 1) That Committee agrees that previous committee decisions requiring consultation with the Procurement Advisory Board should be interpreted as requiring consultation with the Lead Members for Procurement.

### **33 BRIGHTON & HOVE CITY COUNCIL 2022/2023 MODERN SLAVERY STATEMENT**

#### **28.1 Resolved-**

- 1) That Committee approves the Modern Slavery Statement (see Appendix 1) with the following change to Paragraph 3 of appendix 1:

In Brighton & Hove, we are aiming to achieve a fairer city with a sustainable future. The emerging-Corporate Plan for 2023 to 2027 will detail how we aim to create a fairer and sustainable city.

### **34 HOUSING MANAGEMENT AREA PANEL REVIEW**

#### **34.1 Resolved-** That Strategy, Finance & City Regeneration Committee:-

- 1) Agree the revised Terms of Reference as set out in Appendix 1
- 2) Agree that the revised Terms of Reference come into force on 25<sup>th</sup> May (Annual Council).



- 3) Agree that the Monitoring Officer be authorised to amend and re-publish the Council's constitutional documents to incorporate the revised Terms of Reference.

### **35 PURCHASE OF KUBIC APARTMENTS, WHITEHAWK WAY, BRIGHTON**

35.1 The Committee considered a report of the Executive Director, Housing, Neighbourhoods & Communities that sought approval to acquire Kubic apartments, a block of 38 flats in Whitehawk.

35.2 The Committee moved to confidential session at 17:55pm and returned to public session at 18:20pm.

35.3 **Resolved-** That Strategy, Finance & Regeneration Committee:

- 1) agrees the purchase of Kubic Apartments Whitehawk Way, Brighton, East Sussex, BN2 5FH and grants delegated authority to the Executive Director Housing, Neighbourhoods & Communities to negotiate the sale price up to the maximum set out in the Part 2 report.
- 2) agrees that funding is switched and part of the budget from the Home Purchase Policy 2023/24 is used to purchase Kubic Apartments as outlined in paragraphs 3.3. and 3.4 of the Part 2 report.

### **36 PURCHASE OF KUBIC APARTMENTS, WHITEHAWK WAY (EXEMPT CATEGORY 3)**

As detailed in the Part Two minutes.

### **37 PART TWO PROCEEDINGS**

37.1 **Resolved-** That the Committee agrees to retain those items listed in Part Two of the agenda as confidential.

### **38 ITEMS REFERRED FOR FULL COUNCIL**

38.1 No items were referred to Full Council for information.

The meeting concluded at 18:20pm



**BRIGHTON & HOVE CITY COUNCIL**  
**STRATEGY, FINANCE & CITY REGENERATION COMMITTEE**

**2.00pm 4 AUGUST 2023**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillor Sankey (Chair). Goldsmith, McGregor, McNair, Muten, Pumm, Robins, Rowkins, Thomson and Williams

**PART ONE**

**39 PROCEDURAL BUSINESS**

**a Declarations of substitutes**

39.1 Cllr Goldsmith was present as a substitute for Cllr Shanks

Cllr McGregor was present as a substitute for Cllr Cattell

Cllr Thomson was present as a substitute for Cllr Taylor

**b Declarations of interests**

39.2 Cllr Robins declared that he was a Trustee of the Royal Pavilion & Museums Trust. The Monitoring Officer advised that they should leave the Chamber during the discussion of Item 45A Royal Pavilion Estate Capital Project Phase 2.

**c Exclusion of the press and public**

39.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

39.4 **RESOLVED** – There were no Part Two items on the agenda and so the public were not excluded from the meeting.

**40 CHAIR'S COMMUNICATIONS**

40.1 The Chair gave the following communication:



Good afternoon everyone. There are three reports before us to today, on the Royal Albion Fire, the Accessibility Strategy and the Royal Pavilion Garden bid.

### **Royal Albion Fire**

I would like to start the meeting by thanking the emergency services and our first response team here at the Council for their brilliant response to the Royal Albion Hotel Fire. The fire took hold on a hot and windy day last month in a 219 bedroom, 6 storey, 3 wing hotel. The fire service, our wider partners and our council's emergency response was excellent, evacuating people safely, standing up a rest centre at the Brighton Centre, extinguishing the fire, salvaging as much of the historic and iconic hotel as possible and securing the site so that partial demolition could take place.

I also want to pay tribute to our residents, businesses and visitors for their patience and understanding, at the time of the fire and over the course of our demolition work. The outcome could have been very different if it wasn't for the professionalism of our public servant first responders. I visited East Sussex Fire & Rescue on Monday 24<sup>th</sup> July to give our thanks to them for their outstanding response. Over 50 appliances and 200 community firefighters attended, putting themselves at risk to keep us safe.

I also visited the demolition site on the same day to see our operation for itself. I was hugely impressed by the painstaking and difficult work going on to secure the site. Parts of the building were incredibly fragile and the iterative operation is fraught with complexity. I was impressed by the work of our Building Control team and our contractors. As the report notes, decisions were taken swiftly to enable us to make the building safe and officers are already working to recover our costs from the owners of the hotel and their insurers. I have been kept updated and involved at every step from the moment the fire started and I am confident that this work is being done diligently.

### **Accessibility Strategy**

This is Brighton & Hove's first Accessible City Strategy. The aim of the strategy is to put accessibility at the heart of how we design and deliver all our services and make it easier for everyone, particularly the elderly and the disabled, to get the council services they need and to be able to enjoy the city.

The strategy includes those people who have visible and invisible disabilities, for example those who are deaf or neurodivergent, who live in, work or visit Brighton & Hove. The strategy is intentionally focused on developing a holistic, integrated systemic approach to change that will shift how the council thinks and works as a service provider and employer.

The council recognised it needed to develop a more strategic approach to accessibility and disability inclusivity rather than piecemeal, inconsistent, stop-start changes and improvements.

This strategy will start the council on a path towards fully addressing the issues faced by disabled people in the city. Crucially we are adopting an approach based on the social model of disability. Accessibility will be a default consideration informing how we think, practice, and deliver.



We want to go beyond compliance with the Equality Act, identifying opportunities and actions to go above and beyond.

We will actively identify, remove, and prevent the creation of barriers. Our Administration is committed to the mantra that every individual in our City has the right to reach their full potential and to thrive. This is in sharp contrast to the Green Administration which seemed content with ignoring the rights of disabled residents. The Disability News Service – a national media outlet – reported in May that the full pedestrianisation of Gardner Street has left a disabled resident imprisoned in her home. We are now undertaking urgent work to end this imprisonment and to bring about changes that will allow our resident to enter and leave her property.

### **Royal Pavilion Gardens Bid**

I am delighted that following the completion of our stunning Corn Exchange, we are now moving to our Phase 2 bid – an application for £4.4 million to the National Lottery Heritage Fund - for the Royal Pavilion Estate which is before us today.

This bid is an ambitious restoration of our unique and historic Royal Pavilion Garden. It includes plans for new plants and pathways, an education hub, original railings that will give the Garden a greater sense of place and it is part of the wider project to tie this estate together and to ensure that it works in harmony.

Importantly – and I note the huge resident interest in this – our Administration has decided to allocate £250, 000 to a brand new Pavilion Gardens public toilet which will include a Changing Places toilet. The Royal Pavilion Gardens are at our epicentre and are a key visitor location in the City. Groups, Tours, elderly and disabled residents and visitors frequent the Pavilion Garden Café and need an accessible toilet. In the meantime we are working hard to ensure that there are accessible toilets available in the Garden. Additionally, following the end of the Van Gogh exhibition at the Corn Exchange the public will be able to use the toilets there.

Significantly, our Administration has also decided that 24 hour access to the Gardens must be retained. This is a public park and it must remain public. Once a lockable gate is built, whatever the original intention, it would have begun a slide towards the Gardens being closed off to the public for events and fundamentally changed the nature of this majestic public realm.

We recognise concerns about ASB in the Gardens and surrounding areas which is why we are now pressing ahead with plans to bring partners together to address this issue and its underlying complexities, including identifying greater funding to tackle the challenge. Benches and gardens don't create ASB and removing them doesn't end it, it merely displaces it. We need a proper strategy to tackle street homelessness, addiction and mental health.

We hope this bid is successful.

Following this stage we anticipate a third bid for the estate. As an Administration we are fully committed to doing what we can to ensure that the two new statues proposed by residents for the Gardens can be made and exhibited. The first is the Indian Soldiers statue – a monument to our brave soldiers who fought in WW1, many of whom were



later nursed at the Pavilion. The second is a statue of Mary Clarke, the first suffragette to die for a women's right to vote who lived in our City. Both statues provide vital historical context for the Garden. They will prevent the risk that it becomes a colonial era garden and instead help connect the women of this City and our Global Majority communities with their heritage – in pride of place in our world-class Royal Palace estate.

#### **41 CALL OVER**

41.1 **RESOLVED:** All items on the agenda were reserved for discussion.

#### **42 PUBLIC INVOLVEMENT**

42.1 There were no Petitions or Deputations.

42.2 Mr R Lowe submitted a Written Question for the meeting but was unable to attend, and so a written response was provided.

The question and response:

Question:

Will the information that is detailed in the accessibility strategy fully address the issues faced disabled people in the city?

Response:

The strategy sets out the council's vision and aims for advancing the accessibility of the council and the city. The strategy is intentionally focused on developing a holistic, integrated systemic approach to change that will shift how the council thinks and works as a service provider and employer. The council recognised it needed to develop a more strategic approach to accessibility and disability inclusivity rather than piecemeal, inconsistent, stop-start changes and improvements. This strategy will start the council on a path towards fully addressing the issues faced by disabled people in the city. The period for the strategy is five years; to fully address issues will take longer and the council is committed to change beyond these first five years. The work we do towards meeting the aims of the strategy should start to address the barriers and poorer outcomes that disabled people experience. We are adopting an approach based on the social model of disability. Accessibility will be a default consideration informing how we think, practice, and deliver. We want to go beyond compliance with the Equality Act, identifying opportunities and actions to go above and beyond. We will actively identify, remove, and prevent the creation of barriers. We will adopt inclusive design as standard for services, projects, policies etc; to be barrier-free as a matter of course. We will make inclusive adjustments for individuals where barriers remain. We will adopt the approach of 'Nothing without us', and continuously improving current engagement practice. We will take an intersectional approach; recognising some D/deaf, disabled, and neurodiverse people face multiple layers of barriers because of their additional intersecting identities, for example their ethnicity, legal status, class, sexual orientation, faith, gender.



The strategy sets out our vision and our aims. Alongside it sits actions that the five directorates of the council will pursue over the strategy's lifetime. Such actions include (see strategy for full list of actions):

- Create a Good Practice Design Guidance to identify opportunities and set out priorities to improve access in and around the city's built environment.
- In environment, economy and culture directorate train and upskill our understanding as individuals, the leadership team and services via learning and development delivered by the lived experience of disabled people's organisations.
- Evaluate and review current engagement, consultation and coproduction arrangements across Families, Children and Learning directorate, ensuring it hears from disabled and other not heard groups.
- Ensure all health and adult social care commissions include accessibility statements and all services must assure us that they meet the accessibility standards required.
- Review Direct Payments service based on engagement activity considering for accessibility.
- Develop and implement a toolkit to encourage businesses to become more accessible for older people and people with dementia.
- Identify best practice in accessible and inclusive council housing design and ensure that this is reflected in our approach to solving maintenance, housing, and building access issues including day-to-day repairs and capital works, as well as new build, and approach to building design and maintenance.

#### **43 MEMBER INVOLVEMENT**

43.1 There were no Petitions, Written Questions, Letters or Notices of Motion

#### **44 ACCESSIBLE CITY STRATEGY**

44.1 The Committee considered the report of the Executive Director Housing, Neighbourhoods and Communities regarding the Council's Accessible City Strategy.

44.2 Members were pleased to note that regular updates and reviews on the Strategy would be brought to the Equalities, Community Safety & Human Rights Committee.

44.3 Members suggested that officers look at providing a more accessible format for the Strategy and any updates be presented in a way that met the full spectrum of accessibility needs. Officers said that discussions would be held with the Chair of the Equalities, Community Safety & Human Rights Committee as to when the updates would be provided, but it would certainly be on an annual basis, and any updates would be provided in an accessible format. Resident and community scrutiny was important, and officers were looking at different ways of communicating progress and one way was to set up an Equalities Hub on the Council's website where the public can find out what the Council was doing. However not everyone was online and so officers were continuing to work with groups to provide information through different channels.

44.4 Members asked if there would be a survey of accessibility across the city. Officers said that they would be happy to discuss this further.



- 44.5 Members said that some residents had difficulty accessing council services, with limited in person customer service and some telephone lines only being open until 1pm, and asked if the strategy would mean that in person customer service would be increased to later in the evening and at weekends and the phone lines open for longer. Officers said that no specific plans to do this had been discussed, but it was important to ensure that we were responding to the communication requirements of residents. A survey had been undertaken of services across the council on what was being provided, and whether changes were needed.
- 44.6 Members recalled that a number of years ago there was a scheme where able bodied people could put heavy weights on their legs and arms etc to show how difficult it could be to move when you had a disability and asked if such a scheme was still available whether it could be introduced to councillors. Officers said they would look into that.
- 44.7 **RESOLVED:** That the Committee approved the Accessible City Strategy

#### **45 ROYAL ALBION HOTEL FIRE: CONTRACTS AND WORKS REQUIRED**

- 45.1 The Committee considered the report of the Executive Director Economy Environment & Culture which set out the decisions taken to date, including officer urgency decisions making powers, following the fire at the Royal Albion Hotel on 15 July 2023.
- 45.2 Members noted that there were eight households who had been displaced and still weren't able to return to their homes. Officers said that now the council had completed demolition of the south elevation and made the area safe, and were now working on the north elevation and when completed tenants and residents would be able to move back to their homes. Staff were liaising with Britannia Hotels on a daily basis to encourage their support for residents.
- 45.3 Members asked when the A259 would reopen and were advised that the west bound carriage was now open, but the east bound carriage was still closed from Poole Valley. It was hoped that it would fully open as soon as possible but due to the unstable structure the timeframe couldn't be confirmed.
- 45.4 Members asked if the Council would review feedback from residents on the communications provided from the Council and were advised that they would.
- 45.5 **RESOLVED:** That the Committee –
1. Noted decisions made to date by officers to address the fire at the Royal Albion Hotel, Kings Road, Brighton, to make the building and the surrounding site safe, including the use of Officer Urgency Powers;
  2. Delegated authority to the Executive Director Economy Environment & Culture to enter into contracts necessary to carry out the works;
  3. Delegated authority to the Executive Director Economy Environment & Culture to complete the works required by the Notice served under section 78 of the Building Act



1984 and to then hand the site back to the owners and to seek full recompense for all costs to the council.

4. Approved the actions taken so far and authorises the Executive Director for Economy, Environment & Culture to take all other steps necessary or incidental to securing the safety of the public and the building.

## **A 45A ROYAL PAVILION ESTATE CAPITAL PROJECT PHASE 2**

45A.1 Councillor Robins left the Chamber during discussion and voting on this item.

45A.2 The Committee considered the report of the Executive Director Economy, Environment & Culture which provided an update on the planned Phase 2 works to the Royal Pavilion Estate Garden.

45A.3 Members suggested that the availability of public toilets at the Corn Exchange and Dome be publicised more. Officers said they would take that forward but said that whilst the toilets were open most days if there was an event taking place the public couldn't access those buildings and use the facilities.

45A.4 Members asked how confident the Council was that the bid to the National Lottery Heritage Fund (NLHF) would be successful. Officers said the Council had a long partnership with the NLHF and they had been very supportive and believed that it would be successful. It was noted that this was the only Royal Palace in the hands of a local authority.

45A.5 **RESOLVED:** That the Committee –

1. Noted the planned submission by RPMT and the council of the National Lottery Heritage Fund Round 2 bid for the capital works with the project aims set out in paragraph 3.5.
2. Agreed that a contribution of up to £0.250m from capital funds set aside by Budget Council for toilet refurbishment is made to this project. Details are set out in paragraphs 3.8 and 3.9.
3. Delegated authority to the Executive Director Economy, Environment and Culture to agree the final value of the contribution up to £0.250m for new public toilets to be included in the project;
4. Delegated authority to the Executive Director Economy, Environment & Culture, subject to a successful National Lottery Heritage Fund Round 2 bid and the requirements laid out in paragraph 3.12 and 3.13, for the council to procure and appoint a Main Contractor to carry out the restoration works to the Royal Pavilion Garden within the project cost plan;



5. Noted the Garden restoration proposals include the reinstatement of the boundary railing but that 24 hour public access to the Garden will be maintained as described in paragraph 3.3 and further discussions to agree a strategy for addressing anti-social behaviour in the city centre as described in paragraph 3.4.

#### **46 PART TWO PROCEEDINGS**

- 46.1 **RESOLVED** – There were no Part Two items on the agenda

#### **47 ITEMS REFERRED FOR FULL COUNCIL**

- 47.1 **RESOLVED:** No items were referred to the next meeting of Full Council due to be held on 19 October 2023.

The meeting concluded at 2.55pm



# Brighton & Hove City Council

## Strategy, Finance & City Regeneration Committee

## Agenda Item 62

<b>Subject:</b>	<b>Targeted Budget Management (TBM) 2023/24: Month 5 (August)</b>		
<b>Date of Meeting:</b>	<b>5 October 2023</b>		
<b>Report of:</b>	<b>Chief Finance Officer</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jeff Coates</b>	<b>Tel: 29-2364</b>
	<b>Email:</b>	<b>Jeff.Coates@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### **1 PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 5 (August) on the council's revenue and capital budgets for the financial year 2023/24.
- 1.2 The forecast risk for 2023/24 at this stage is an £8.971m (3.7%) overspend risk on the General Fund revenue budget. This includes a forecast overspend of £0.235m on the council's share of NHS managed Section 75 services. The forecast reflects improvements due primarily to vacancy and spending controls introduced in July. However, there remain a number of ongoing impacts in relation to economic conditions which are currently suppressing incomes such as planning fees and commercial rents as well as continuing to drive higher Council Tax Reduction claimant numbers. A significant level of savings are also shown to be at risk with the report indicating that £3.976m (28%) of the substantial savings package in 2023/24 of £14.173m is potentially at risk.
- 1.3 The report indicates that the position, though improved, remains very challenging. This is reflected in the external auditor's Annual Report which was considered by the Audit & Standards Committee on Tuesday 26 September and which again highlighted financial sustainability as a 'significant weakness' requiring a realignment of priorities.

#### **2 RECOMMENDATIONS:**

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £8.971m. This includes an overspend of £0.235m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the escalated recruitment and spending controls summarised in Section 12 that have been applied from 5 July to assist in mitigating the overspend forecast over the remaining months of the financial year.
- 2.3 That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently a break-even position.



- 2.4 That the Committee note the forecast position for the Dedicated Schools Grant which is currently an overspend of £0.680m.
- 2.5 That the Committee note the forecast outturn position on the capital programme which is a forecast overspend of £0.412m and approve the variations and slippage in Appendix 6 and new schemes as set out in Appendix 7.
- 2.6 That the Committee note the Treasury Management Update as set out in Appendix 8.

### **3 CONTEXT/ BACKGROUND INFORMATION**

#### **Targeted Budget Management (TBM) Reporting Framework**

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Strategy, Finance and City Regeneration Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.
- 3.2 The TBM report is normally split into the following sections:
- i) General Fund Revenue Budget Performance
  - ii) Housing Revenue Account (HRA) Performance
  - iii) Dedicated Schools Grant (DSG) Performance
  - iv) NHS Controlled S75 Partnership Performance
  - v) Capital Investment Programme Performance
  - vi) Capital Programme Changes
  - vii) Implications for the Medium Term Financial Strategy (MTFS)
  - viii) Comments of the Chief Finance Officer (statutory S151 officer)
- 3.3 The report may also include a Treasury Management update from time to time. This is required to comply with the updated Treasury Management Code which requires a minimum of quarterly reporting. The committee already receives mid-year and end-of-year reviews and therefore two additional interim reports will be provided via an appropriate TBM report to ensure compliance with the new reporting requirements. In this respect, a Treasury Management update is provided in this report at Appendix 8.

### **4 General Fund Revenue Budget Performance (Appendix 3)**

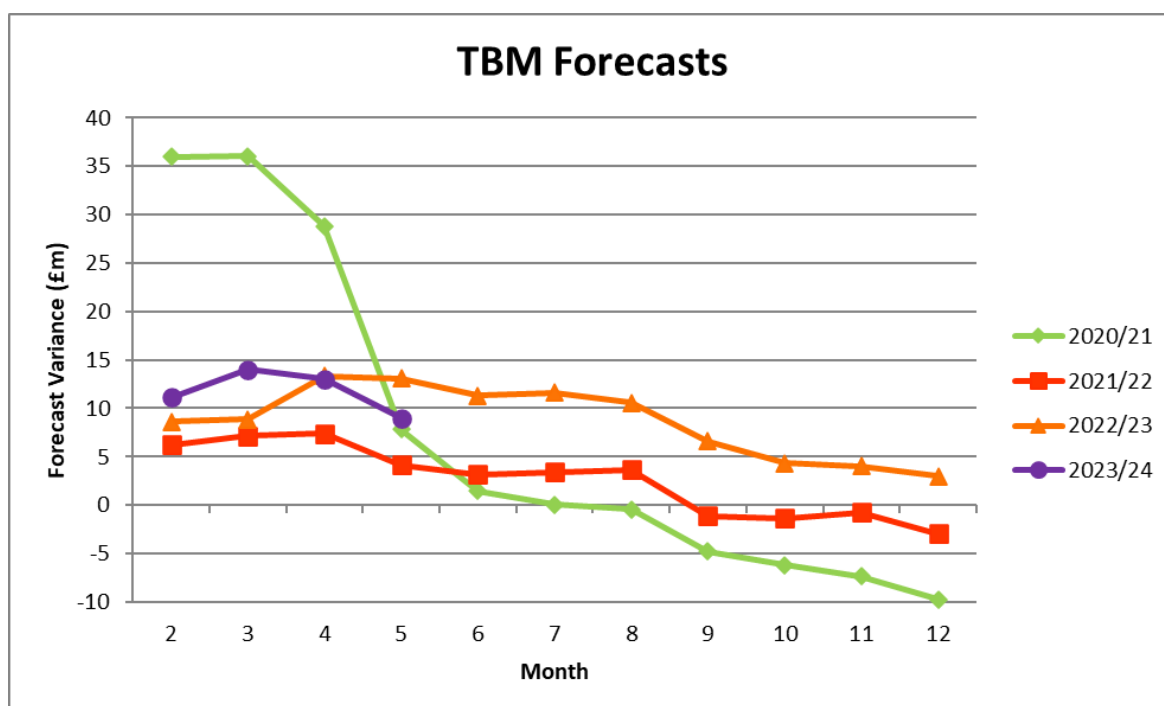
- 4.1 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 4.



<b>Forecast Variance Month 2 £'000</b>	<b>Directorate</b>	<b>2023/24 Budget Month 5 £'000</b>	<b>Forecast Outturn Month 5 £'000</b>	<b>Forecast Variance Month 5 £'000</b>	<b>Forecast Variance Month 5 %</b>
1,031	Families, Children & Learning	63,593	63,966	373	0.6%
2,697	Health & Adult Social Care	106,535	107,474	939	0.9%
2,213	Economy, Environment & Culture	40,879	44,425	3,546	8.7%
2,063	Housing, Neighbourhoods & Communities	22,848	24,146	1,298	5.7%
0	Governance, People & Resources	31,828	31,676	(152)	-0.5%
8,004	Sub Total	265,683	271,687	6,004	2.3%
3,097	Corporately-held Budgets	(20,002)	(17,035)	2,967	14.8%
11,101	Total General Fund	245,681	254,652	8,971	3.7%

- 4.2 The General Fund includes general council services, corporate budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2023/24 and the previous three years for comparative purposes.





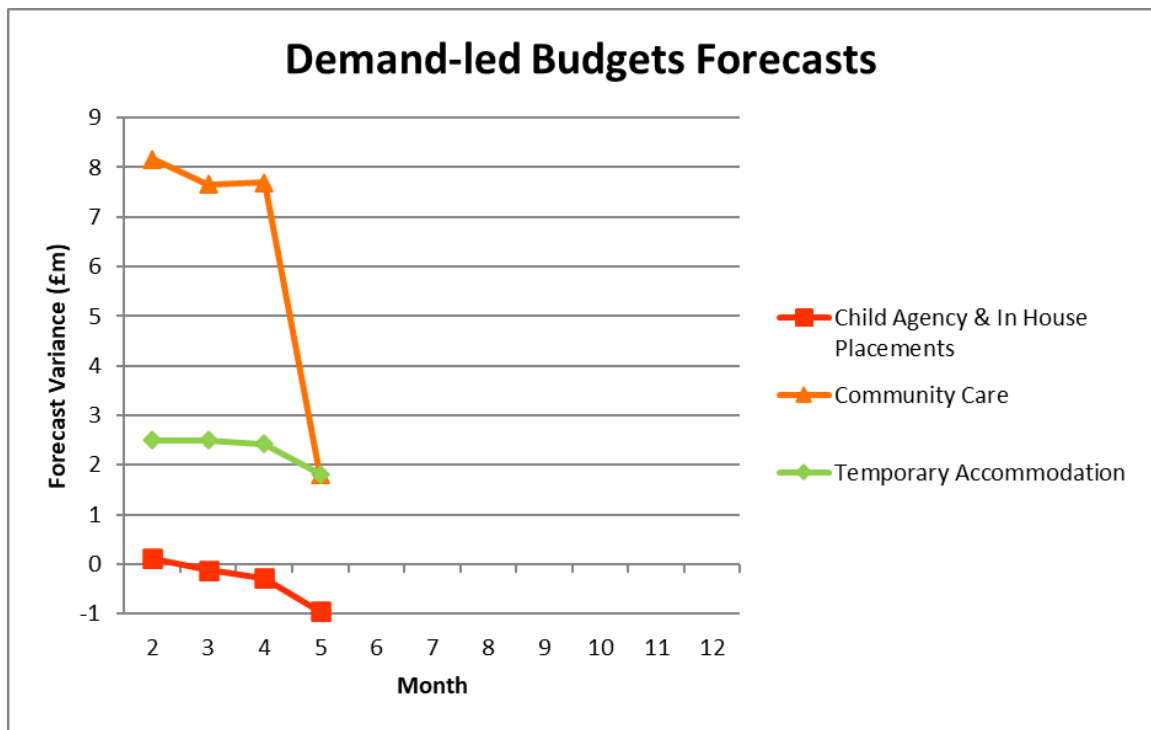
### Demand-led Budgets

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

Forecast Variance Month 2 £'000		2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
	<b>Demand-led Budget</b>				
121	Child Agency & In House Placements	26,863	25,910	(953)	-3.5%
8,169	Community Care	71,938	73,738	1,800	2.5%
2,501	Temporary Accommodation	9,799	11,616	1,817	18.5%
10,791	Total Demand-led Budget	108,600	111,264	2,664	2.5%

The chart below shows the monthly forecast variances on the demand-led budgets for 2023/24.





- 4.4 The large downward movement on Community Care (Adult Social Care) is due to the confirmation from the NHS of funding toward S117 Mental Health Care packages which had been under negotiation for some months.

#### **TBM Focus Areas**

There are clearly widespread pressures across most areas of the council, particularly front-line, demand-led areas which is a clear indicator of the inflationary and demand pressures driven by current economic conditions. Key areas of pressures are outlined below:

- 4.5 **Families, Children & Learning:** The current projected position identifies potentially significant cost pressures: £0.518m on Home to School transport and £0.373m on Schools' PFI. These, together with underspends on Children's Placements of (£1.092m) and other variances of £0.574m result in a forecast overspend of £0.373m overspend as at Month 5. Key drivers of the overspend are as follows:

- Home to School Transport** There are several factors contributing to overspends in Home to School Transport. These include increased demand on the service (both at 5-16 ages, and 16 up until 19th birthday), increased numbers of children requiring single occupancy journeys, lack of local SEND school sufficiency (places), and increased numbers of routes required to accommodate individual post 16 learners' timetables. Market forces within SEND transport are also contributing to the overspend. The service is being increasingly impacted by local driver, vehicle passenger assistant, vehicle shortages and increased running costs. There is also a lack of competition in the transport market, particularly minibus providers, which is pushing up contract prices still further. Home to School Transport price rises in September have been significant with the average cost per pupil increasing by 18%. There is increasingly less capacity in the local system to meet demand, not just in the numbers of children requiring transport but the nature of the transport requirements.



- **Children in Care and Care Leavers:** The post pandemic period has seen children with increasingly complex needs coming into care, as well as problems in foster care recruitment causing an acute sufficiency issue making placing children in families either in-house or with external providers very difficult. This has inevitably led to increasing numbers of children being placed in residential homes or very expensive semi-independent placements. The impact of the increasing complexity of need has resulted in a small number of very high-cost placements with a combined forecast cost of £2.114m at an average unit cost of £11,655 per week.

The number of care leavers requiring financial support for accommodation had also been steadily rising for some time. There are currently a number of ongoing initiatives and alternative service offers, attempting to reverse the trend of reducing foster carer numbers and address the complex needs of the children being referred. Including a revised and enhanced foster carer allowance structure, new foster care recruitment and supervision practices, Early Help and alternative family support provision. These initiatives appear to be having some success in recent months and it is anticipated that placements for children in care and care leavers will remain within budget in 2023/24.

- **Schools PFI:** The Schools' PFI (Private Finance Initiative) was set up in 2003 to improve the facilities at four schools within the city - Dorothy Stringer, COMART (now closed), Patcham High and Varndean – using private finance to fund the capital improvements. The scheme runs for 25 years and a Special Purpose Vehicle (a legal entity created to fulfil specific or temporary objectives) "Brighton & Hove City Schools Ltd" was set up as part of it. This is currently owned by SEMPERIAN. The scheme is funded partly by a DfE grant with schools paying an annual charge back to the council and partly via an annual drawdown of earmarked reserves. The annual charge is updated each March for the RPIX (RPI All Items Excluding Mortgage Interest) for the 12 months to February. Once the 25-year period is complete (31st March 2028) the contract with SEMPERIAN ends and the assets will be transferred back to the council.

By the end of the 2023/24 financial year the Schools' PFI contract is expected to be overbudget by £0.373m. This is largely down to the high level of inflation experienced in 2022/23 and the knock-on impact this had on our PFI contractor costs. The increased costs meant a higher amount was required to be drawn down on the reserve reducing it to a level that will not be sufficient to cover costs in 2023/24. Additionally, the rate of inflation used in our PFI model to forecast this year costs has increased significantly. Though inflation is falling and is expected to drop back to 3%, this is not expected to occur before the end of this financial year.

### **School Budgets**

For the 2023/24 financial year there are an unprecedented 33 schools (out of a total of 62 schools) that will require licensed deficit budget arrangements. This represents 53% of all schools with the greatest pressure being in the primary phase, where 29 out of a total of 49 schools will be operating licensed deficits.

The total of the licensed deficits for 2023/24 is £4.416m. This is only slightly below the net school balances at the end of the 2022/23 financial year which was a



surplus of £4.540m. It is anticipated that by the end of the 2023/24 financial year there will no longer be a surplus balance position.

The forecast for the 2023/24 central Dedicated Schools Grant is currently an overspend of £0.680m. More details are provided in Appendix 4.

- 4.6 **Adults Services:** The service faces significant challenges in 2023/24 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining a resilient local provider market. It is to be noted that this is after applying service pressure funding of £9.639m in 2023/24 which has been used to fund budget pressures resulting from the increased complexity and costs of care.

The 2023/24 savings plan for HASC totals £4.316m. There are continued actions focussing on attempting to manage demand on and costs of community care placements across Assessment Services and making the most efficient use of available funds.

The HASC directorate has a Modernisation Programme which aims to implement a consistent strengths-based approach across key work streams, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure, and this is generating additional costs for the council due to:

- Pressures on the system due to short-term grant monies and an unresolved national, long-term funding solution;
- Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential and nursing home care;
- Pressures on NHS outreach and other preventative services including community nursing (known as Integrated Primary Care Teams), and;
- Workforce capacity challenges across adult social care services.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

- 4.7 **Temporary Accommodation:** The current forecast overspend in this service is driven by an increase in demand for temporary accommodation since January 2023 together with an increase in the rental costs of the accommodation. This demand on temporary accommodation is a national issue. The latest figure of households in TA reported by government is the highest it has ever been at 104,500. As a result of these pressures, the service is forecasting to overspend by £1.817m including £1.023m of savings which are unlikely to be met. There is currently a financial recovery plan to reduce this overspend by £0.600m. The overspend relates to the following elements:

Emergency, nightly-booked (Spot Purchased) accommodation is forecast to overspend by £1.296m. The service saw increasing numbers of applicants for emergency accommodation in the first quarter of 2023/24 with an average of 153 households every night which is almost three times higher than budgets allow. This is partly driven by an increase in private property owners selling properties and evicting tenants as a result. There is also an increase in the number of households being placed who are fleeing domestic abuse. The service is analysing each placement to identify any opportunities to better prevent homelessness and



understand the reasons for this and whether this is a sign of a wider trend in increasing demand due to the hardship people are facing as a result of the higher cost of living.

To add to this pressure, the cost of accommodation has also been increasing and the service is focussed on reducing the average nightly cost wherever possible and have seen a reduction over the last 2 months. This forecast assumes that the number of households remains at this level all year. However, the service is trying to reduce the number of households accommodated to 60 as part of the financial recovery plan and have already seen a modest reduction. The 3 months June to August show a gradual reduction of 23 households and 134 households are being housed as at 11 September 2023.

In the context of there being more households in TA in England than ever before, the gradual reduction of households in TA in Brighton & Hove is bucking the trend. The Homelessness Transformation Programme has contributed to this, with the average number of new households per week reducing from 17.3 to 13.7 over the past 6 months. The additional annual cost to the council if the higher average had been maintained is c. £2.000m.

The service is also facing further pressures on the overall costs of block-booked emergency accommodation. The budget assumed that there would be a reduction of 125 units during 2023/24. However, this is now looking increasingly unlikely due to the demands on the service and the forecast assumes no reduction in the number of households supported during 2023/24. This impacts on the ability of the service to meet its savings targets, as mentioned above. Additionally, the council is facing large increases to contract costs and therefore the forecast is that this budget will overspend by £2.401m.

Leased TA is forecast to overspend by £0.271m largely as a result of the extra cost of the loss of Housing Benefit Subsidy of £0.187m, an overspend on repairs costs of £0.203m and void costs of £0.057m with other minor variances of £0.027m. Future forecasts will depend on the costs associated with any new contracts agreed with landlords as and when new contracts are agreed.

These variances have been offset by Homelessness Prevention Grant of £2.111m and an underspend on temporary accommodation staffing costs of £0.040m.

Housing is continuing to seek cost reductions through the continuation of the Homelessness Transformation Programme which is an 'end to end' improvement programme to help the service improve its processes to reduce the use and length of stay in Temporary Accommodation by improving homeless prevention and enabling move on to more sustainable accommodation. This is challenging in a city where private sector rents are very high, supply is limited, and benefit levels remain static. Further efficiencies will be sought as part of an urgent financial recovery plan which aims to reduce in-year costs by at least £0.600m by reducing the use of expensive emergency accommodation and also the average nightly charge by seeking more cost-effective opportunities. Also, by (for example) continuing to improve the prevention of homelessness, looking for further move-on opportunities; endeavouring to get the best prices for all temporary and emergency accommodation; improving void turnaround times in emergency accommodation and improving income collection thereby continuing to reduce costs in line with the budget strategy.

- 4.8 **Environment, Economy & Culture:** The Directorate has substantial income budgets for parking, planning and venues and for the council's commercial property



portfolio, all of which are dependent on visitor numbers and commercial activity. There are also challenging savings in-year of which most relate to additional income. Of the £4.727m savings proposed for the current financial year £3.338m net of pressures is achieved or anticipated to be achieved, with the remaining £1.389m at risk. Price increases have been applied in most areas, with other increases due to be implemented in the coming months, however the anticipated income has yet to be achieved as these areas are dependent on demand including tourism and visitor numbers. The most significant areas of shortfall are £0.941m for parking tariff and permit fees increases, £0.100m reduction of the lifeguard service which had been delayed to ensure a full summer season this year and £0.165m for new and increased commercial income activities.

- 4.9 These activities and services had been heavily impacted by COVID-19 in previous years and the services are starting to see recovery, but these targets will only be achieved if demand returns fully to pre-covid levels including paid parking, tourism and venues incomes, commercial activities and Planning & Building Control fee incomes. The directorate also contains large budgets for the waste collection and street cleansing services which are forecasting greater than budgeted costs due to agency cover of vacant posts and greater uptake on the pension scheme over recent years adding staffing cost pressures to existing budgets. The overall effect of these factors is a forecast risk of £3.970m for Month 5. The Directorate is applying financial recovery measures of reviewing expenditure budgets and income potential throughout the year to address budget overspends. These financial recovery measures will seek to reduce the forecast risk to £3.546m.

- 4.10 **Corporately-held Budgets** There is a forecast overspend of £2.967m on corporately-held budgets, however, this is primarily because the projected additional costs of the NJC Local Government 2023/24 pay award are held on this budget line. The projected additional cost is £3.700m which is based on the employers' pay award offer of a £1,925 flat rate increase or 3.88%, whichever is greater, for all NJC salaries plus the agreed pay award of 3.50% for JNC Chief Officers. This is equivalent to a 6.0% increase on the payroll compared with the 3.75% increase included in the budget for 2023/24.

There is also an estimated pressure of £0.950m on Housing Benefit subsidy. Within this £0.995m relates to the main subsidy budgets and is based on the first subsidy data produced in 2023/24. Of this pressure, £0.445m relates to a particular benefit type for vulnerable tenants which is not fully subsidised and which continues to grow despite service pressure funding of £0.450m provided in the 2023/24 budget. This is being investigated to fully understand the reasons for the ongoing and relatively recent growth in this area. There is also a pressure of £0.526m on the net recovery of overpayments mainly due to a required increase in the bad debt provision based on the forecast increase in debt outstanding.

These pressures are partially offset by a forecast underspend of £1.511m on the Financing Costs budget. This is due to improved investment income following increases in the Bank of England Base Rate and higher than budgeted cash balances.

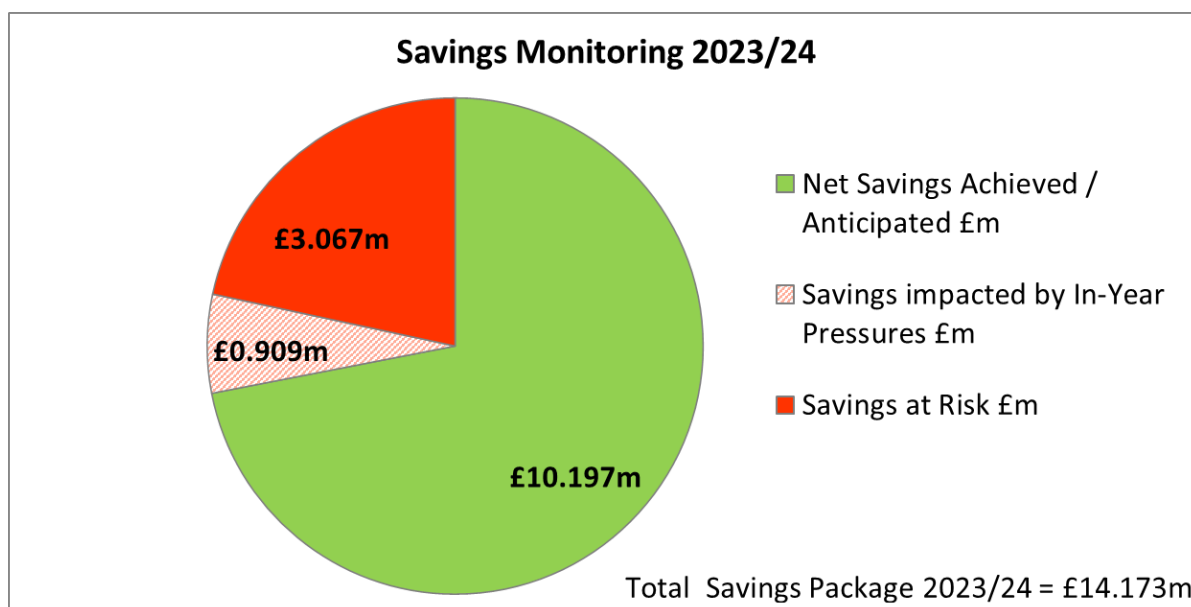
### **Monitoring Savings**

- 4.11 The savings package approved by full Council to support the revenue budget position in 2022/23 was £13.043m following directly on from a £10.509m savings package in 2022/23. This is very significant and follows 13 years of substantial packages totalling over £209m since government grant reductions commenced in



2009/10, and which have been necessary to enable cost and demand increases to be funded alongside managing the reductions in central government grant funding.

- 4.12 Appendix 4 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved, what has been offset by in year pressures and the net position of savings at risk. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 5 and shows that gross savings of £11.106m have been achieved but that inflationary pressures (exceptional price increases) have reduced this by £0.909m leaving a total of £3.976m (28%) currently at risk. This includes £3.067m of unachievable or unachieved savings.



## 5 Housing Revenue Account Performance (Appendix 4)

- 5.1 The Housing Revenue Account (HRA) is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents and housing benefit (rent rebates).
- 5.2 The forecast outturn is breakeven position with more details provided in Appendix 4. Within the breakeven position there are variances within specific service areas within the HRA. The net overspend across services is £0.824m and has been funded by reducing the use of Direct Revenue Funding (DRF) available to fund the HRA capital programme. The investment made for the 2023/24 HRA budget went some way to address pressures, but inevitably additional pressures have surfaced since the budget was formally agreed at Full Council in February 2023, some of which are described below.
- 5.3 The 2023/24 budgets include an allowance for a pay award of 4% across all posts, this added £0.804m to the salary budgets for the financial year. It is anticipated that the pay offer will exceed this with the latest estimates resulting in a further £0.418m being added to the 2023/24 base salary budgets. The total increase is equivalent to a 5.6% increase on payroll compared to the 4% already allowed for, this will be funded from Direct Revenue Funding during 2023/24 and will form part of the base budget for 2024/25.



- 5.4 The empty properties recovery working group continues during 2023/24 to address the rent loss and other costs such as the cost temporary accommodation, council tax and repairs associated with those empty properties. There is an expected overspend on void rent loss during 2023/24, this is in part due to a greater number of new affordable homes being delivered during the year than was anticipated at the time of setting the budget. This overspend has been offset by the increase in income from those new homes.
- 5.5 Legal, compensation and decant costs associated with disrepair claims remains a pressure for the HRA with an estimated £0.450m overspend forecast at this point. This overspend does not include the remedial works associated with those claims, which will be included in the Repairs & Maintenance costs for the year. The service will continue to monitor the number of claims being made and will report updates accordingly.
- 5.6 A committee report was presented to Housing Committee on 23rd June 2023 outlining the high level implications of Health & Safety update on the HRA. The report updated Housing Committee on the key outcomes, actions to date, and resourcing plans arising from our Housing health & safety review against the following six areas of compliance and assurance: fire safety; asbestos; electrical safety; gas / fuel safety; lifts and lifting equipment; water safety. The timing of investment means the financial implications for 2023/24 are such that the costs can be managed within the existing resources already approved. Implications for 2024/25 and beyond will be included in the 2024/25 HRA budget report.
- 5.7 Repairs & maintenance costs continue to create a pressure for the HRA, this is related predominantly to the cost of inflation and the volume of jobs to be completed. The overspend for 2023/24 is estimated to be £1.700m. This overspend was at Month 2 assumed to be mitigated by using earmarked reserves and underspends from within the service. However, upon review this work did not relate to the backlog of works and as such will be met from DRF instead. Work continues to try where possible to reduce this overspend, any variations will be reported at a future committee meeting.
- 5.8 Offsetting a lot of these increased costs is a forecast underspend on staffing budgets particularly in Repairs & Maintenance. Recruitment is underway but is likely to only have a half year effect for 2023/24. In addition to this there is a forecast overachievement in the rental income at this point, this is because a new a number of new homes were completed ahead of schedule and were not included in the original budget calculations.
- 5.9 The service will continue to review spend to try to reduce any forecast overspend during the year. If this cannot be managed within budget then the overspend will be met from other HRA resources HRA budget report for 2023/24.

## **6 Dedicated Schools Grant Performance (Appendix 3)**

- 6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is currently an overspend of £0.680m and more details are provided in Appendix 3. Under the Schools Finance Regulations any underspend or overspend must be carried forward within the schools budget in future years.



## 7 NHS Managed S75 Partnership Performance (Appendix 3)

- 7.1 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.
- 7.2 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. An overspend of £0.235m is currently forecast and more details are provided in Appendix 4.

## 8 Capital Programme Performance and Changes

- 8.1 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £0.412m at this early stage. More details are provided in Appendix 6.

<b>Directorate</b>	<b>Reported Budget Month 5 £'000</b>	<b>Forecast Outturn Month 5 £'000</b>	<b>Forecast Variance Month 5 £'000</b>	<b>Forecast Variance Month 5 %</b>
Families, Children & Learning	19,544	19,509	(35)	-0.2%
Health & Adult Social Care	2,300	2,426	126	5.5%
Economy, Environment & Culture	86,113	86,113	0	0.0%
Housing, Neighbourhoods & Communities	4,883	4,883	0	0.0%
Housing Revenue Account	70,168	70,489	321	0.5%
Governance, People & Resources	5,886	5,886	0	0.0%
<b>Total Capital</b>	<b>188,894</b>	<b>189,306</b>	<b>412</b>	<b>0.2%</b>

(Note: Summary may include minor rounding differences to Appendix 6)

- 8.2 Appendix 6 shows the changes to the capital budget and Appendix 7 provides details of new schemes for 2023/24 to be added to the capital programme which are included in the budget figures above. Strategy, Finance & City Regeneration Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Budget Council.

<b>Summary of Capital Budget Movement</b>	<b>Reported Budget Month 5 £'000</b>
Budget approved as at TBM month 2	219,296
Changes reported at other committees and already approved	342
New schemes to be approved in this report (see Appendix 7)	1,456
Variations to budget (to be approved)	(576)
Reprofiling of budget (to be approved)	(31,428)
Slippage (to be approved)	(196)



Total Capital	188,894
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- 8.3 Appendix 6 also details any slippage into next year. Project managers have forecast that £0.196m of the capital budget will slip into the next financial year at this stage.

## **9 Implications for the Medium Term Financial Strategy (MTFS)**

- 9.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Strategy, Finance and City Regeneration Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 9.2 The forecast risk at Month 5 indicates that a significant number of service areas are under pressure. Spending and recruitment controls, alongside continuing development of other financial recovery actions, will attempt to mitigate the in-year position but are also important in the context of addressing underlying pressures to alleviate future years' budget pressures and improve longer term financial sustainability.

### **Capital Receipts Performance**

- 9.3 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. The planned profile of capital receipts for 2023/24, as at Month 5, is £6.765m which includes receipts expected for Patcham Court Farm, Kings Road and some large lease re-gear payments on commercial sites. To date there have been receipts of £0.856 m in relation to the sale of 8-9 Kings Road plus a lease payment for Stanmer House and some minor lease extensions and loan repayments. The capital receipts performance will be monitored over the remainder of the year against capital commitments.
- 9.4 The forecast for the 'right to buy sales' in 2023/24 (after allowable costs and repayment of housing debt) is that an estimated 40 homes will be sold and net retained receipt of up to £5.200m available to re-invest in replacement homes, this includes the element of the receipts that is paid to Central Government, the council is permitted to retain during 2023/24 through an amendment to the RTB retention policy. In addition to this net retained receipt the HRA will also retain circa £0.500m to fund investment in the HRA capital programme. To date 10 homes have been sold in 2023/24.

### **Collection Fund Performance**

- 9.5 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.



- 9.6 The council tax collection fund is forecast to be in deficit by £1.004m by year end and is a decrease of £0.229m from the month 2 forecast. The council tax reduction (CTR) claimant numbers are higher than assumed in the tax base calculation and basing the forecast on this continuing increase through to year end results in an increased cost of £1.093m. The single person discounts (SPD) review exercise currently taking place has reduced the number of SPD awards and is anticipated to be within budget forecast. There is a backlog of council tax items which may impact further on the forecast but it's not possible to quantify the impact of this. The council's share of the overall deficit of £1.004m is £0.849m.
- 9.7 The business rates collection fund is forecasting a deficit of £1.180m for the year-end position. There has been a number of large successful appeals settled against the 2017 list with many going back to 1<sup>st</sup> April 2017. This has meant that the brought forward appeals provision is insufficient to cover the decreased liability and has led to this current deficit forecast. There are a range of risks that could change this forecast significantly with the main uncertain factors being further successful appeals, business failures and any step increase in empty properties. The council's share of the overall deficit of £1.180m is £0.578m.

### **Reserves, Budget Transfers and Commitments**

- 9.8 The creation of reserves, the approval of budget transfers (virements) of over £0.250m, and agreement to new financial commitments of corporate financial significance that are not provided for in the approved budget and policy framework require Strategy, Finance and City Regeneration Committee approval in accordance with the council's Financial Regulations and Standard Financial Procedures. There are no items requiring approval at this stage.

## **10 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 10.1 The provisional outturn position on the General Fund is an overspend of £8.971m. This includes a forecast overspend of £0.235m on the council's share of the NHS managed Section 75 services. Any overspend at year-end would either need to be carried forward or potentially met from available one-off resources including the Working Balance.

## **11 COMMUNITY ENGAGEMENT & CONSULTATION**

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

## **12 CONCLUSION AND COMMENTS OF THE CHIEF FINANCE OFFICER (\$151 OFFICER)**

- 12.1 The forecast outturn risk of £8.971m at Month 5 represents 3.7% of the net General Fund budget. This forecast indicates a number of significant demand and cost pressures alongside income pressures, some of which are driven by ongoing economic conditions and persistently high inflation. Directorates and services will continue to work on actions to mitigate the position, particularly in relation to savings plans at risk, and will develop recovery actions wherever possible. This work links to the development of options for the 2024/25 budget setting process where consideration of bringing forward potential savings measures to 2023/24 will also be given.
- 12.2 A recruitment freeze has been in place for two months and spending controls are in place across directorates. These may potentially be escalated further subject to progress in mitigating the current forecast risk over the next two months. Communications have been issued by the Chief Executive Officer on the intranet



(the Wave) and through the council's management network and Directorate Management Teams. Separate directorate communications are also being issued regarding specific controls in each area.

- 12.3 The council's financial situation is clearly very challenging. The external auditor's Annual Report to Audit & Standards Committee on 26 September has again raised financial sustainability as a 'significant weakness'. The budget process for 2024/25 aims to take a different approach and to take a more fundamental look at the council's cost base and the affordability of services and capital investments in the context of statutory responsibilities. The council's reserves and Working Balance are low relative to most authorities and therefore not addressing the in-year overspend and the underlying cost base may lead to a position where it does not have sufficient resources to balance its budget, particularly given a very large, predicted budget gap of £25.3m next year.

### **13 FINANCIAL AND OTHER IMPLICATIONS**

#### Financial Implications:

- 13.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Executive Leadership Team and the management and treatment of forecast risks is considered by the Audit & Standards Committee as part of its review of strategic risks.

*Finance Officer Consulted: Jeff Coates*

*Date: 18<sup>th</sup> September 2023*

#### Legal Implications:

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

*Lawyer Consulted: Elizabeth Culbert*

*Date: 22/09/23*

#### Equalities Implications:

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

#### Sustainability Implications:

- 13.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet council priorities including carbon reduction measures.

#### Risk and Opportunity Management Implications:

- 13.5 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Financial Dashboard Summary
2. Revenue Budget Movement Since Month 2



3. Revenue Budget RAG Rating
4. Revenue Budget Performance
5. Summary of 2023/24 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes
8. Treasury Management Update

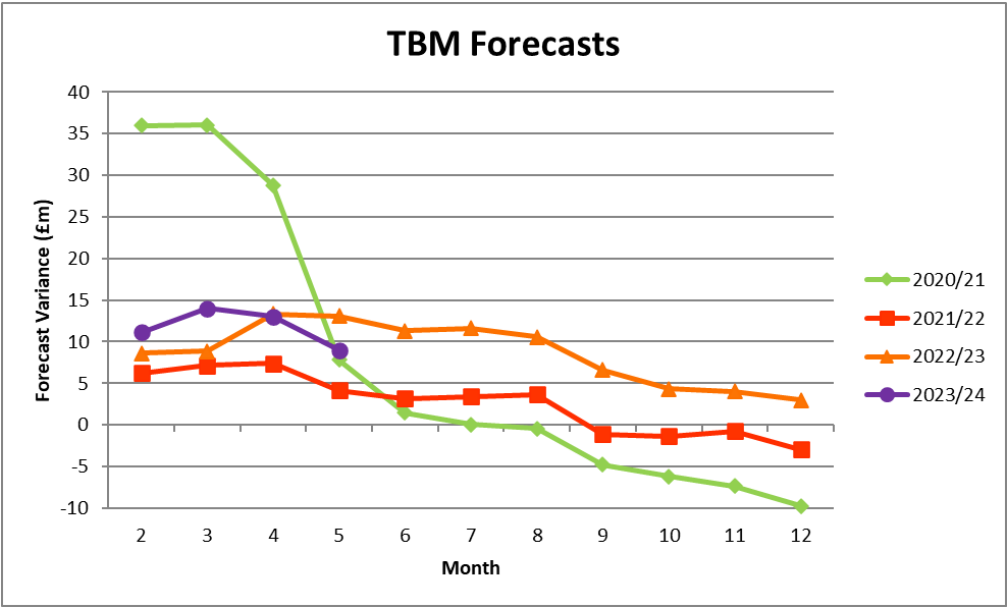




Red = overspent.  
Green = Underspent.  
Size of bubble indicates scale of under or overspend.  
If a directorate is not shown then a break even position is forecast.

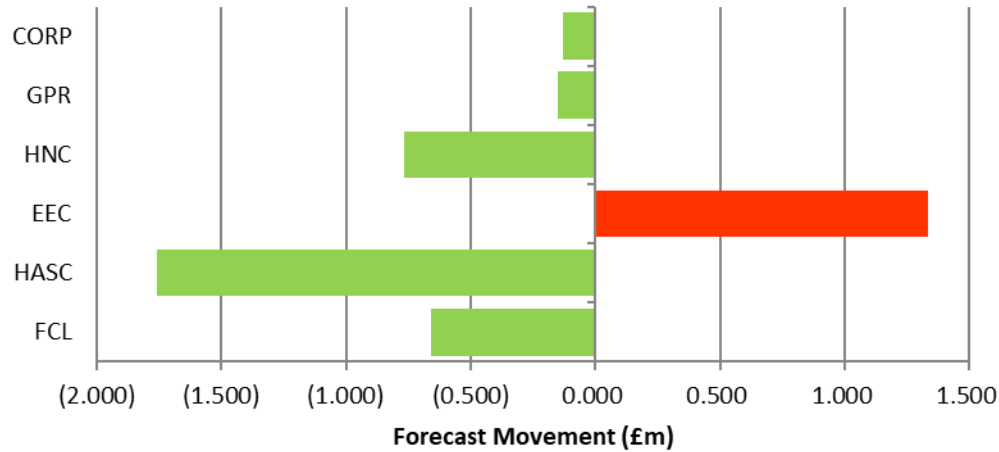
Direction of Travel				
Directorate/Fund	Forecast Variance Month 5	Forecast Variance Month 5	Change From Month 2	RAG Rating Month 5
	£'000	%		
General Fund Services:				
Families, Children & Learning	373	0.6%	↑	Red
Health & Adult Social Care	939	0.9%	↑	Red
Economy, Environment & Culture	3,546	8.7%	↓	Red
Housing, Neighbourhoods & Communities	1,298	5.7%	↑	Red
Governance, People & Resources	(152)	-0.5%	↑	Green
Corporately-held Budgets	2,967	14.8%	↑	Red
Total General Fund	8,971	3.7%	↑	Red
Dedicated Schools Grant (DSG)				
Dedicated Schools Grant (DSG)	680	184.3%	↑	Red
Housing Revenue Account				
Housing Revenue Account	(0)	0.0%	↑	Green

↑ = Improving position, ↓ = Worsening position

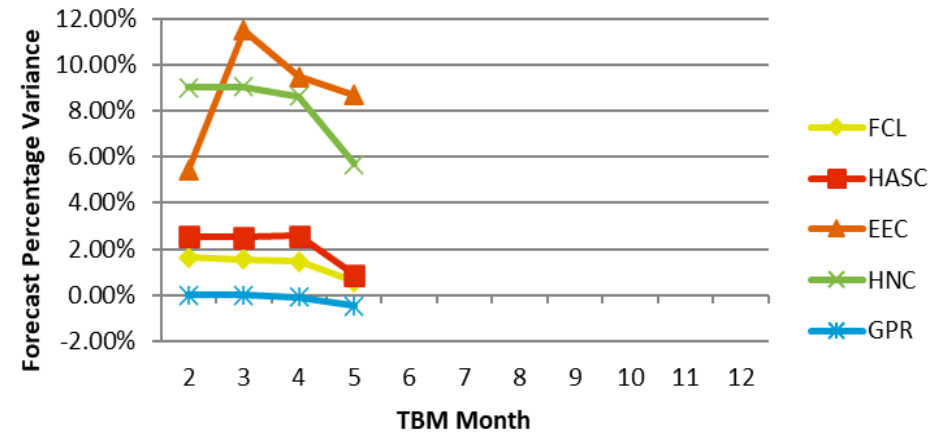




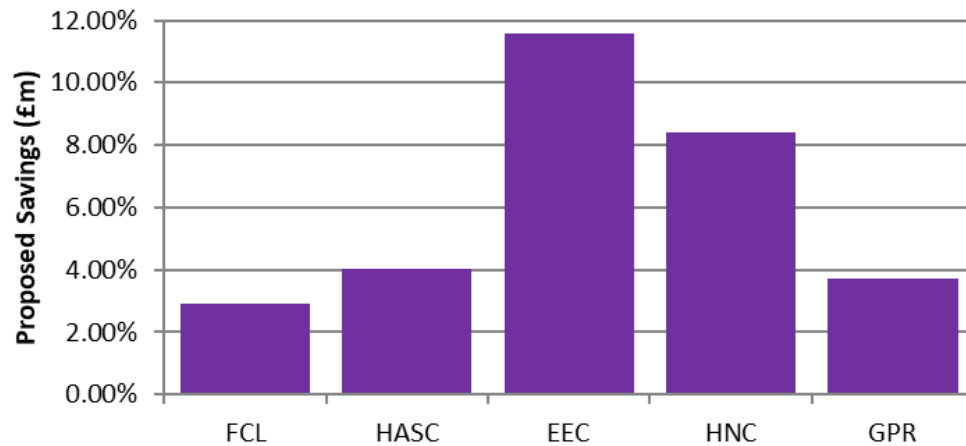
TBM Forecast Movement Month 2 to Month 5



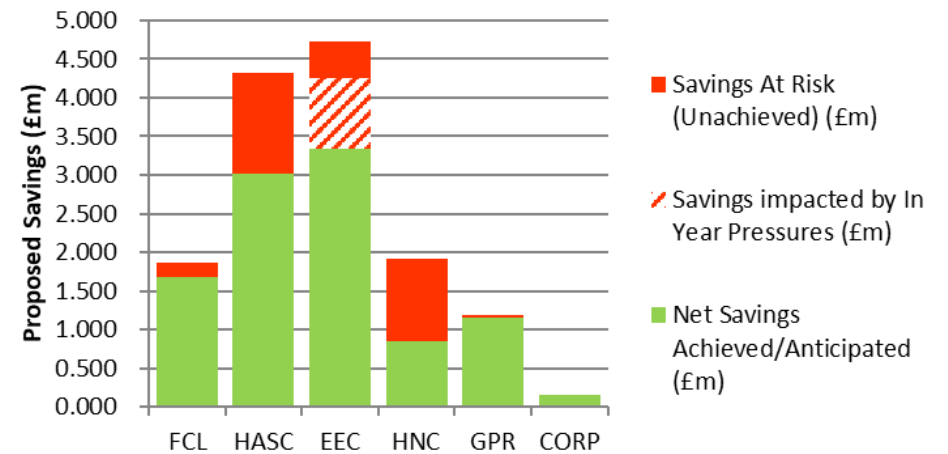
Forecast Percentage Variance



Savings Target as a % of TBM budget



Savings Monitoring





## Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 2 £'000	Forecast Variance Month 5 £'000	Movement £'000	Explanation of Main Movements
Director of Families, Children & Learning	0	(5)	(5)	
Health, SEN & Disability Services	153	508	355	Children's Disabilities - Section 17 budget - unforeseen support costs relating to 2 young people
Education & Skills	891	754	(137)	Reductions in 3 areas, Early Help, Early Years, Nurseries and Childcare and Home to School Transport.
Children's Safeguarding & Care	(18)	(889)	(871)	Significant reductions in children in care placed in high cost placements.
Quality Assurance & Performance	5	5	0	
<b>Total Families, Children &amp; Learning</b>	<b>1,031</b>	<b>373</b>	<b>(658)</b>	
Adult Social Care	3,994	1,853	(2,141)	Achievement of financial recovery plan and additional NHS funding
S75 Sussex Partnership Foundation Trust (SPFT)	4,823	235	(4,588)	Achievement of financial recovery plan and additional NHS funding
Integrated Commissioning	68	(33)	(101)	Temporary vacancies
Life Events	58	104	46	
Public Health	0	0	0	
Further Financial Recovery Measures	(6,246)	(1,220)	5,026	Financial recovery plan measures achieved as above
<b>Total Health &amp; Adult Social Care</b>	<b>2,697</b>	<b>939</b>	<b>(1,758)</b>	
Transport	1,038	1,382	344	£0.400m impact of maintaining 4 zones at Low tariffs rather than High. Further reductions in forecast permit income of £0.467m due to continued demand reduction. These are offset by (£0.200m) forecast improvement in PCN incomes and (£0.195m) forecast expenditure reductions. Additional Highway Maintenance of £0.300m due to increased contract costs following retender and a damaging wet and cold winter. Street Lighting Electricity forecast improvements (£0.400m) following a revised forecast provided by managing consultant reviewing inventory, cost and usage of our electricity.
City Environmental Management	528	279	(249)	Spending and agency control improvements within CityClean (£0.265m). Pressures identified within City Parks



## Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 2 £'000	Forecast Variance Month 5 £'000	Movement £'000	Explanation of Main Movements
				including £0.079m as a result of The Level being vacant with no income to cover costs and lost incomes in sports bookings from reduced demand of £0.081m. These are offset by vacancies held within the service (£0.130m) as part of spending controls.
City Development & Regeneration	641	179	(462)	Improvements to Planning and Building Control Income forecast (£0.160m) and forecasted staffing underspends from held vacancies (£0.112m). Delayed spend in Sustainability initiatives (£0.073m). Held vacancies in Business Development & Customer Services (£0.100m).
Culture, Tourism & Sport	386	245	(141)	Forecast staffing underspends from held vacancies in Venues (£0.021m). Freedom Leisure management fee income to be received (£0.110m).
Property	640	1,885	1,245	£0.778m service pressure funding for Corporate Utilities costs realigned out from Property to other services but not identified in time for TBM month 2. Ongoing work with Finance to identify if underspends can be identified from this realignment in other services including street lighting above. £0.437m further shortfalls in commercial rents from further vacant properties due to market conditions. Anticipated lost fee incomes within technical services of £0.500m. Mitigations include reviewing Planned Maintenance Budgets (PMB) and to capitalise expenditure where appropriate (£0.500m) programme.
Further Financial Recovery Measures	(1,020)	(424)	596	Financial Recovery Measures now reflected in forecasts above.
<b>Total Economy, Environment &amp; Culture</b>	<b>2,213</b>	<b>3,546</b>	<b>1,333</b>	



## Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 2 £'000	Forecast Variance Month 5 £'000	Movement £'000	Explanation of Main Movements
Housing General Fund	2,663	2,072	(591)	Increase in Homemove costs £0.068m, use of £0.701m grant set aside for prevention measures to offset in-year costs, increase in forecast costs of Homelessness staffing cots £0.050m.
Libraries	0	0	0	
Communities, Equalities & Third Sector	0	(67)	(67)	Staffing and non-pay budget review.
Safer Communities	0	(107)	(107)	Staffing and non-pay budget review.
Further Financial Recovery Measures	(600)	(600)	0	
<b>Total Housing, Neighbourhoods &amp; Communities</b>	<b>2,063</b>	<b>1,298</b>	<b>(765)</b>	
Chief Executive Monitoring Office	0	0	0	
Policy & Communications	(6)	0	6	
Legal & Democratic Services	34	(107)	(141)	Significant underspends resulting from vacancy controls and efficiencies in service.
Elections & Land Charges	199	173	(26)	Improvement in Land Charges forecast.
Customer Modernisation & Data	0	(10)	(10)	Vacancy control contribution.
Finance	0	0	0	
Procurement (Mobo)	0	0	0	
HR & Organisational Development	(10)	(5)	5	
IT&D (Mobo)	0	(300)	(300)	Reduction in forecast costs following a detailed review and vacancy savings.
Welfare Revenue & Business Support	97	97	0	
Orbis Services	0	0	0	
Further Financial Recovery Measures	(314)	0	314	Achievement of vacancy controls and efficiencies in the directorate now included above.
<b>Total Governance, People &amp; Resources</b>	<b>0</b>	<b>(152)</b>	<b>(152)</b>	



## Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 2 £'000	Forecast Variance Month 5 £'000	Movement £'000	Explanation of Main Movements
Bulk Insurance Premia	0	0	0	
Capital Financing Costs	(930)	(1,511)	(581)	Net MRP reduced by £0.302m, interest payable reduced by £0.333m and reduced interest receivable £0.054m.
Levies & Precepts	0	0	0	
Unallocated Contingency & Risk Provisions	0	(100)	(100)	Release of contingency set aside for part year effect of 2023/24 savings no longer required.
Unringfenced Grants	0	0	0	
Housing Benefit Subsidy	400	950	550	Increase in pressure following first detailed forecast of the year. Month 2 was a high level estimate.
Other Corporate Items	3,627	3,628	1	
Total Corporately-held Budgets	3,097	2,967	(130)	
General Fund Total	11,101	8,971	(2,130)	



### Appendix 3 – Revenue Budget RAG Ratings

RAG Rating Key:	RAG for Service Areas	RAG for Directorates <sup>(1)</sup>	RAG for General Fund
<b>Red</b>	Forecast overspend of 5% or more or £0.100m whichever is lower	Forecast overspend of 5% or more or £0.250m whichever is lower	Forecast overspend of 0.5% or more or £1.000m whichever is lower
<b>Amber</b>	Forecast overspend of less than 5% of budget or £0.100m, whichever is lower.	Forecast overspend of less than 5% of budget or £0.250m, whichever is lower.	Forecast overspend of less than 0.5% of budget or £1.000m, whichever is lower.
<b>Green</b>	Breakeven or forecast underspend	Breakeven or forecast underspend	Breakeven or forecast underspend

Service	2023/24 Budget Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	RAG Rating Month 5
Director of Families, Children & Learning	177	(5)	-2.8%	Green
Health, SEN & Disability Services	8,532	508	6.0%	Red
Education & Skills	11,946	754	6.3%	Red
Children's Safeguarding & Care	41,287	(889)	-2.2%	Green
Quality Assurance & Performance	1,651	5	0.3%	Amber
<b>Total Families, Children &amp; Learning</b>	<b>63,593</b>	<b>373</b>	<b>0.6%</b>	<b>Red</b>
Adult Social Care	78,744	969	1.2%	Red
S75 Sussex Partnership Foundation Trust (SPFT)	18,280	30	0.2%	Amber
Integrated Commissioning	5,524	(157)	-2.8%	Green
Life Events	(35)	97	277.1%	Red
Public Health	4,022	0	0.0%	Green
<b>Total Health &amp; Adult Social Care</b>	<b>106,535</b>	<b>939</b>	<b>0.9%</b>	<b>Red</b>
Transport	(7,800)	1,108	14.2%	Red
City Environmental Management	38,271	279	0.7%	Red
City Development & Regeneration	3,686	179	4.9%	Red
Culture, Tourism & Sport	5,129	95	1.9%	Amber
Property	1,593	1,885	118.3%	Red
<b>Total Economy, Environment &amp; Culture</b>	<b>40,879</b>	<b>3,546</b>	<b>8.7%</b>	<b>Red</b>
Housing General Fund	12,333	1,472	11.9%	Red
Libraries	3,499	0	0.0%	Green
Communities, Equalities & Third Sector	3,015	(67)	-2.2%	Green
Safer Communities	4,001	(107)	-2.7%	Green
<b>Total Housing, Neighbourhoods &amp; Communities</b>	<b>22,848</b>	<b>1,298</b>	<b>5.7%</b>	<b>Red</b>
Chief Executive Monitoring Office	591	0	0.0%	Green
Policy & Communications	1,209	0	0.0%	Green
Legal & Democratic Services	3,642	(107)	-2.9%	Green
Elections & Land Charges	531	173	32.6%	Red
Customer Modernisation & Data	1,429	(10)	-0.7%	Green
Finance (Mobo)	1,966	0	0.0%	Green
Procurement (Mobo)	(37)	0	0.0%	Green
HR & Organisational Development (Mobo)	4,185	(5)	-0.1%	Green
IT&D (Mobo)	8,182	(300)	-3.7%	Green
Welfare Revenue & Business Support	7,298	97	1.3%	Amber
Contribution to Orbis	2,832	0	0.0%	Green
<b>Total Governance, People &amp; Resources</b>	<b>31,828</b>	<b>(152)</b>	<b>-0.5%</b>	<b>Green</b>



### Appendix 3 – Revenue Budget RAG Ratings

Service	2023/24 Budget Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	RAG Rating Month 5
Sub Total	265,683	6,004	0	
Bulk Insurance Premia	3,676	0	0.0%	Green
Capital Financing Costs	6,645	(1,511)	-22.7%	Green
Levies & Precepts	223	0	0.0%	Green
Unallocated Contingency & Risk Provisions	725	(100)	-13.8%	Green
Unringfenced Grants	(28,708)	0	0.0%	Green
Housing Benefit Subsidy	(301)	950	315.6%	Red
Other Corporate Items	(2,262)	3,628	160.4%	Red
Total Corporate Budgets	(20,002)	2,967	14.8%	Red
Total General Fund	245,681	8,971	3.7%	Red

Capital Financing	25,579	(942)	-3.7%	Green
Housing Management & Support	5,130	120	2.3%	Red
Housing Strategy & Supply	1,427	(69)	-4.8%	Green
Repairs & Maintenance	16,239	1,700	10.5%	Red
Housing Investment & Asset Management	2,907	(49)	-1.7%	Green
Tenancy Services	(51,282)	(760)	-1.5%	Green
Total Housing Revenue Account	0	(0)	0.0%	Green

Individual Schools Budget (ISB)	137,762	0	0.0%	Green
Early Years Block (inc delegated to Schools)	14,491	32	0.2%	Amber
High Needs Block (exc delegated to Schools)	37,293	633	1.7%	Red
Exceptions and Growth Fund	3,178	15	0.5%	Amber
Grant Income	(192,355)	0	0.0%	Green
Total Dedicated Schools Grant (DSG)	369	680	184.3%	Red

*(<sup>1</sup>) In the above tables the Dedicated Schools Grant and Housing Revenue Account are treated as Directorates for the purposes of RAG rating.*



## Families, Children &amp; Learning

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
0	Director of Families, Children & Learning	177	172	(5)	-2.8%	0	0	0
153	Health, SEN & Disability Services	8,532	9,040	508	6.0%	460	321	139
891	Education & Skills	11,946	12,700	754	6.3%	104	57	47
(18)	Children's Safeguarding & Care	41,287	40,398	(889)	-2.2%	1,302	1,302	0
5	Quality Assurance & Performance	1,651	1,656	5	0.3%	0	0	0
1,031	Total Families, Children & Learning	63,593	63,966	373	0.6%	1,866	1,680	186

## Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Director of Families, Children & Learning		
(5)	Other	Minor variances.
Health, SEN & Disability Services		
139	Demand-Led Disability Placements	There are three new residential disability placements taking effect from the start of the new academic year and the budget forecast allows for further growth equivalent to 1 additional placement.
120	Commissioning and Brokerage	Delays in recruitment have meant the commissioning and brokerage function has not yet achieved the level of savings required to make it self-financing. Corporate modernisation funding of this function ceased in 2023-24.
66	Children's Disability Section 17 Preventive Payments Budget	The Section 17 preventive payments budget has been required to provide additional support to young people where additional unforeseen costs have arisen.
183	Other	Minor variances.
Education & Skills		
518	Home to School Transport	Based on the current data held on Mobisoft the updated forecast overspend for Home to School Transport is £0.518m. This takes account of the updated contracted routes and assumptions re pupil number from September which assumes average numbers of 461 5-



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
			<p>16 pupils, 91 post 16 pupils and 30 post 19-25 for the remainder of the financial year. Costs have increased considerably and are related to a combination of factors which include, increased numbers of children requiring single occupancy journeys, lack of local SEND school sufficiency, and increased numbers of routes required to accommodate individual post 16 learners' timetables.</p> <p>Market forces within SEND transport are also contributing to overspend in Home to School Transport. The service is being increasingly impacted by local driver, vehicle passenger assistant, vehicle shortages and increased running costs. There is also a lack of competition in the transport market, particularly minibus providers, which is pushing up contract prices still further.</p> <p>There is increasingly less capacity in the local system to meet increasing demand, not just in the numbers of children requiring transport but the nature of the transport requirements</p>
373	Schools PFI		A combination of historically low interest rates reducing the return on balances held in reserves and very high inflation impacting on costs has resulted in a shortfall in the schools PFI reserve in 2023/24.
(145)	Early Help		Vacant Posts following a restructure at the beginning of the year.
8	Other		Minor variances.
Children's Safeguarding & Care			
(1,092)	Demand-Led - Children's placements		There are ongoing significant issues with sufficiency of foster carers and other placement types making placing children difficult and driving up unit costs. In addition the post pandemic period has seen children with increasingly complex needs coming into care. However, there are several ongoing initiatives and alternative service offers which are attempting to reverse the trend of reducing foster carer numbers and address the complex needs of the children being referred, Dependent on the relative success of these initiatives, it is anticipated that placements for children in care and care leavers will remain within budget in 2023/24.
353	Legal Fees		In recent years there has been a significant increase in the cost of both the in-house legal team and external counsel. At this stage it is estimated that there will be an overspend on legal fees of £0.350m in 2023/24.
(90)	Contact Service		Reduced activity and increased efficiency within the contact service have resulted in an underspend in 2023/24.
(60)	Other		Other variances totalling £0.060m.
Quality Assurance & Performance			
5	Other		Minor variances.



## Health &amp; Adult Social Care (HASC)

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
3,994	Adult Social Care	78,744	80,597	1,853	2.4%	3,143	2,068	1,075
4,823	S75 Sussex Partnership Foundation Trust (SPFT)	18,280	18,515	235	1.3%	987	756	231
68	Integrated Commissioning	5,524	5,491	(33)	-0.6%	173	173	0
58	Life Events	(35)	69	104	297.1%	13	13	0
0	Public Health	4,022	4,022	0	0.0%	0	0	0
8,943	Total Health & Adult Social Care	106,535	108,694	2,159	2.0%	4,316	3,010	1,306
(6,246)	Further Financial Recovery Measures (see below)	-	(1,220)	(1,220)	-	-	-	-
2,697	Residual Risk After Financial Recovery Measures	106,535	107,474	939	0.9%	4,316	3,010	1,306

## Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(1,220)	Further Financial Recovery Measures projection	The directorate has developed an over-arching Financial Recovery Plan to address the above pressures. The Recovery plan includes the following measures:
		- Health funding incl. Continuing Health Care (CHC) and joint funding
		- Targeted reviews
Adult Social Care		
115	Demand-Led Community Care - Physical & Sensory Support	The forecast number of placements/packages is 2,026 WTE, which is below the budgeted level of 2,096 WTE placements. The average unit cost of a placements/package is higher than the budgeted level at £198 per week (£4 per week above budget per client). The combination of the number of adults placed being 70 WTE below the budgeted level and the increased unit costs result in the overspend of £0.115m. Therefore, the unit costs are



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
			2% above budget however the overall activity is below budget. This is due to areas where suitable provision is not currently accessible to meet identified need as a result of workforce pressures.
(10)	Demand-Led Community Care - Substance Misuse		There are relatively small numbers of clients within this service and the average unit cost is below the budgeted unit cost which is resulting in the projected underspend of £0.010m
(161)	Assessment teams		This is due to a number of temporary vacancies across the Assessment teams
700	In-house provision		Due to projected agency and overtime spend above budget
1,457	Demand-Led Community Care - Adult LD		The forecast number of placements/packages is 1,080 WTE, which is below the budgeted level of 1,103 WTE placements. The average unit cost of a placements/package is higher than the budgeted level at £580 per week (£29 per week above budget per client). The combination of the number of adults placed being 23 WTE below the budgeted level and the increased unit costs result in the overspend of £1.457m. Therefore, the unit costs are 5% above budget however the overall activity is below budget.
(251)	Community Equipment Store		Forecast underspend due to lower equipment unit cost than budgeted. The underspend is prior to the Better Care fund risk share.
3	Other		Minor variances.
<b>S75 Sussex Partnership Foundation Trust (SPFT)</b>			
1,279	Demand-Led - Memory Cognition Support		The forecast unit costs are above budget which results in the overspend projection of £1.279m. The forecast number of placements/packages is 352 WTE which is below the budgeted level of 396 WTE placements. The average unit cost is above the budgeted level at £463 per week (£109 per week above budget). Therefore, the overall activity is 44 WTE below budget and the unit costs are 31% above budget. This is due to areas where suitable provision is not currently accessible to meet identified need as a result of workforce pressures and market conditions.
(1,272)	Demand-Led - Mental Health Support		The forecast now assumes a 50:50 funding arrangement with Health partners for Section 117 which is contributing to the underspend projection of £1.272m. The forecast number of placements/packages is 499 WTE, which is below the budgeted level of 527 WTE placements. The average unit cost of a placement/package is below the budgeted level at £240 per week (£37 per week below budget per client). There is an increasing need and complexity within this client group.
228	Staffing teams		Unable to deliver in-year savings target and negotiations with Health are ongoing.
<b>Integrated Commissioning</b>			
(33)	Commissioning and Contracts		Minor variances.



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
Life Events			
104	Life Events	Life events services are forecasting a £0.104m overspend. The staffing underspend totals £0.134m due to temporary vacancies. This is offset by an income shortfall of £0.111m and the £0.138m additional cost of the Coroners Officers.	



## Economy, Environment &amp; Culture

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
1,038	Transport	(7,800)	(6,418)	1,382	17.7%	2,765	1,674	1,091
528	City Environmental Management	38,271	38,550	279	0.7%	498	498	0
641	City Development & Regeneration	3,686	3,865	179	4.9%	428	428	0
386	Culture, Tourism & Sport	5,129	5,374	245	4.8%	563	463	100
640	Property	1,593	3,478	1,885	118.3%	473	275	198
3,233	Total Economy, Environment & Culture	40,879	44,849	3,970	9.7%	4,727	3,338	1,389
(1,020)	Further Financial Recovery Measures (see below)	-	(424)	(424)	-	-	-	-
2,213	Residual Risk After Financial Recovery Measures	40,879	44,425	3,546	8.7%	4,727	3,338	1,389

## Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(200)	Traffic Management	Anticipated surplus Traffic Management Fees to offset expenditure pressures and achieve underspends within Transport. Further budget alignment work to ensure staffing funded by income is reflected in budgets which will support the work in ensuring realistic income forecasts are reflected in future months' forecasts.
(74)	Parking Services	All significant parking income and expenditure will continue to be forecast alongside finance officers to ensure ongoing robust forecasts are presented as part of the budget monitoring process. Minor variations in demand can result in significant financial implications. £1.279m represents 2.81% of the parking income budget.
(150)	Heritage & Archives	Negotiations with RPMT to ensure they are able to mitigate the impact on their finances of any NJC increases this year.



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
Transport			
1,279	Parking Services		<p>Overall at Month 5 Parking Services are forecasting an overspend of £1.279 (2.81% of income targets) for 2023/24 against a £28.552m net income budget. The service is forecasting a loss of income of £1.284m (9.87%) on parking permit income compared to a budget of £13m. This forecast contains continued reduction in demand in residents and visitor permits across zones and the loss of parking capacity due to active travel proposals. On-Street paid parking income is forecast to be £1.077m (7.34%) underachieved compared to its £14.600m budget. £0.400m of this relates to the reversal of previously agreed zone changes. Due to Committee approval needed for these zone changes the increased charges for 2023/24 are due to be introduced in October following the Traffic Regulation Order process and required IT changes, the impact of this is difficult to quantify at this point in the financial year. PCN income is set to under-achieve by £0.174m following a reduction in tickets issued compared to last year.</p> <p>This underachievement is offset by forecast surplus income for Parking Suspensions of (£0.181m) (15.08%) against a £1.198m budget. In addition Off-Street Parking is forecast to overachieve by (£0.201m) (2.66%) against its £9.100m budget which is due to increased income from the main barrier car parks in the City Centre. There is also a forecast reduction in Parking costs of (£0.931m) which is primarily driven by £0.710m underspend in Unsupported borrowing and other costs associated with the replacement of parking machines that is no longer going ahead.</p>
353	Traffic Management		<p>Additional forecast Highway Maintenance expenditure of £0.300m. The contract costs for the service have increased by 30% following the contract retender and a very wet and cold winter has increased defects by 50% leading to an initial £0.900m projected outturn, however the service is seeking to capitalise larger repairs and is reviewing scope of works required. Forecast additional income from Temporary Traffic Orders of £0.041m, Events of £0.038m and Streetworks income for s.74 prolonged works charges of £0.031m are countered by Direct Employee cost pressures of £0.119m, though these will be mitigated by the current staffing budget exercise. Streetworks Training £0.017m, Software £0.008m and staff transport costs £0.013m are additional forecast pressures.</p>
(250)	Transport Projects and Engineering		<p>Electricity forecast savings against budget of £0.400m. Pressure of £0.150m as a result of some delays in the processing of lighting maintenance purchase orders when taking into account the volume of works already committed to the incumbent contractor in the current financial year.</p>



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
City Environmental Management			
297	City Clean		<p>£0.231m overspend in Street Cleansing as a result of greater employment pension and National Insurance costs than historic budget allocation of approximately £0.195m due to large turnover of staff in recent years with more staff remaining in the scheme than choosing to opt out.</p> <p>£0.109m overspend in waste collection as a result of greater employment pension and National Insurance costs than historic budget allocation of c£0.093m due to large turnover of staff in recent years with more staff remaining in the scheme than choosing to opt out. Greater costs on bin replacements offset by staffing vacancies and controlling agency expenditure. Recovery measures are in place to reduce bin expenditure through a bin amnesty and considering options of capitalisation of bin replacements.</p> <p>£0.192m overspend in CityClean Enforcement as income forecast is not achieving its targets. Use of the enforcement reserve will be considered to cover the shortfall.</p> <p>These overspends are partially offset by surpluses in commercial and green waste collections of £0.128m and underspends in public toilets of £0.106m due to vacancies and spending controls in place.</p>
30	City Parks		£0.079m overspends as a result of the Level being vacant and other works and £0.081m overspend in Sports Bookings income due to reduced demand. These are offset by vacancies held within the service (£0.130m) as part of spending controls.
111	Fleet & Maintenance		£0.054m overspend on Hollingdean Depot costs due to insufficient budget. Additional fuel and vehicle related costs anticipated of £0.057m as a result of rising costs for CEM Vehicles.
(159)	Strategy & Projects		Forecast underspends of (£0.055m) from reduced Supplies & Services costs and (£0.104m) staffing underspends from vacancies as a result of spending controls.
City Development & Regeneration			
361	Development Planning		Underachievement of Planning and Building Control income of £0.515m as there is still some uncertainty over levels of service post-covid, although the income trend will become more apparent as the year progresses. This is offset by staffing and supplies & services underspends (£0.148m).
(9)	Planning Policy and Major Projects		Forecast underspends on Professional Fees.



## Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(73)	Sustainability & International	Delayed spend in Sustainability initiatives.
(100)	Business Development and Customer Services	Forecasted staffing underspends from held vacancies as a result of spending controls.
Culture, Tourism & Sport		
78	Arts	Greater than budgeted costs for Brighton Dome & Brighton Festival funding of £0.078m assuming a fixed 2% contract uplift for 2 years.
300	Heritage and Archives	Anticipated additional costs under the Royal Pavilion & Museums Trust contract relating to salary pay awards.
(123)	Sport and Leisure	£0.100m pressure for maintaining the lifeguarding during the summer season at 22/23 levels offset by forecasted underspends on golf course contracts. (£0.118m) income surplus to budget relating to Freedom Leisure management fee income available to BHCC.
(10)	Venues	Minor underspend.
Property		
1,885	Property and Design	<p>Vacant Properties within both the In-house &amp; Commercial portfolio's have caused pressures from the loss of rental income and the additional premises related costs until new tenants can be attracted resulting in £1.567m . The current rental climate demands rent free periods which leads to in year pressures that will hopefully impact on the first year only.</p> <p>Security costs have increased significantly by over £5 per hour due to BHCC agreeing to pay the higher rate living wage to contract service providers, with the increase from April 1st resulting in pressures of £0.229m. In-house printing continues to show a historic pressure of £0.082m due to the reduction in demand resulting in underachievement of costs recovered.</p> <p>Technical Services are forecasted to be £0.500m overspent due to shortfalls on Professional Fee incomes, and this is being mitigated through planned underspends within the Planned Maintenance Budgets of (£0.500m) by only completing essential health &amp; safety works and capitalising costs that are appropriate to the PMB Capital budgets.</p> <p>Some of these pressures are offset by in-year staff vacancies being held within Estates. Previously reported utility underspends were included in error at Month 2 and service pressure funding allocated this year have since been realigned to services that require it.</p>



Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
		Further work is ongoing to identify if the reallocated budgets can report utility underspends or offset previously reported pressures in their services respectfully.



## Housing, Neighbourhoods &amp; Communities

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
2,663	Housing General Fund	12,333	14,405	2,072	16.8%	1,705	642	1,063
0	Libraries	3,499	3,499	0	0.0%	81	81	0
0	Communities, Equalities & Third Sector	3,015	2,948	(67)	-2.2%	44	44	0
0	Safer Communities	4,001	3,894	(107)	-2.7%	86	86	0
2,663	Total Housing, Neighbourhoods & Communities	22,848	24,746	1,898	11.9%	1,916	853	1,063
(600)	Further Financial Recovery Measures (see below)	-	(600)	(600)	-	-	-	-
2,063	Residual Risk After Financial Recovery Measures	22,848	24,146	1,298	5.7%	1,916	853	1,063

## Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Financial Recovery Measures		
(600)	Temporary Accommodation (TA)	This plan includes measures to reduce the number of households in spot purchase by at least a further 74 units which will be challenging, given the demands on the homelessness service. The service will continue with the Homelessness Transformation programme to reduce current costs by initially focussing on a number of key issues such as void turnaround times, reducing the unit costs of spot purchase accommodation.
Housing General Fund		
1,817	Temporary Accommodation	The budget for Temporary Accommodation (TA) is forecast to overspend by £1.817m for 2023/24. Emergency nightly accommodation (spot purchased) was budgeted to be at an average of 52 households per night for the year. However, the service saw increasing numbers of applicants for emergency accommodation in the first quarter of 2023/24 with an average of 153 households every night. The last few months show a gradual reduction and 134



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
			<p>households are being housed as at 11/9/23. To add to this pressure, the cost of accommodation has also been increasing and the service is focussed on reducing the average nightly cost wherever possible and have seen a reduction over the last 2 months. Overall this budget is forecast to overspend by £1.296m. This forecast assumes that the number of households remains at an average of 148 all year. However, the service is trying to reduce the number of households accommodated as part of the financial recovery plan and have already seen a modest reduction. If this trend continues, we will change the forecast.</p> <p>The service is also facing significant pressures on the overall costs of block booked emergency accommodation. The budget assumed that there would be a reduction of 125 units of block booked accommodation during 2023/24. However, this is now looking increasingly challenging due to the demands on the service and the forecast assumes no reduction in the number of households supported. Additionally, the council is facing large increases to contract costs and therefore this forecast estimates that this budget will overspend by £2.401m.</p> <p>Leased TA is forecast to overspend by £0.271m largely as a result of the extra cost of the loss of Housing Benefit Subsidy £0.187m, and void costs of £0.057m with other minor variances of £0.027m. Future forecasts will depend on the costs associated with any new contracts agreed with landlords as and when new contracts are agreed.</p> <p>These variances have been offset by Homelessness Prevention Grant of £2.111m and an underspend on temporary accommodation staffing costs of £0.040m.</p>
(47)	Housing Options		Vacancies across this service and a reduction in the use of agency staff.
211	Seaside Homes		The repairs and maintenance budgets for these properties are forecast to overspend by £0.219m and also an overspend on the management costs of this service of £0.134m. However this is offset by an underspend on the contribution to the bad debt provision of £0.114m and an underspend on rent loss on void properties of £0.036m. The service is working to improve void turn-around times further in order to minimise void loss and further reduce costs. There are further minor overspends of £0.008m.
23	Private Sector Housing		Unachieved savings for fine and other income opportunities of £0.040m offset by an underspend on employees costs (£0.017m).
68	Homemove		Shortfall in income generated from Home Connections Partners and Housing associations.
Communities, Equalities & Third Sector			
(47)	CETS		Staffing underspend.



## Appendix 4 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(20)	Initiatives	Pause on 'Our Legacy' project and a reduction in number of advisory group meetings for anti-racism and accessible city work.
Safer Communities		
(107)	Safer Communities	The underspend is primarily against staffing as a result of vacancies across the service and a review of non-pay budgets where spend can be stopped.



## Governance, People &amp; Resources

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
0	Chief Executive Monitoring Office	591	591	0	0.0%	0	0	0
(6)	Policy & Communications	1,209	1,209	0	0.0%	134	134	0
34	Legal & Democratic Services	3,642	3,535	(107)	-2.9%	167	147	20
199	Elections & Land Charges	531	704	173	32.6%	22	10	12
0	Customer Modernisation & Data	1,429	1,419	(10)	-0.7%	86	86	0
0	Finance	1,966	1,966	0	0.0%	67	67	0
0	Procurement (Mobo)	(37)	(37)	0	0.0%	0	0	0
(10)	HR & Organisational Development	4,185	4,180	(5)	-0.1%	214	214	0
0	IT&D (Mobo)	8,182	7,882	(300)	-3.7%	350	350	0
97	Welfare Revenue & Business Support	7,298	7,395	97	1.3%	146	146	0
0	Orbis Services	2,832	2,832	0	0.0%	0	0	0
314	Total Governance, People & Resources	31,828	31,676	(152)	-0.5%	1,186	1,154	32
(314)	Further Financial Recovery Measures (see below)	-	0	0	-	-	-	-
0	Residual Risk After Financial Recovery Measures	31,828	31,676	(152)	-0.5%	1,186	1,154	32

**Mobo** = Specific budget items held by Orbis but **Managed on behalf of** the relevant partner i.e. they are sovereign, non-partnership budgets. Under or overspends on Mobo budgets fall directly to the relevant partner whereas any budget variance on 'Orbis Services' is shared in accordance with the Inter-Authority Agreement (IAA).



## Explanation of Key Variances

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
Legal & Democratic Services		
6	Civics Mayors Office	Increase in cost to support the Lord-Lieutenancy (Support officer).
5	Democratic Services	An expected increase in cost for the Modern.gov software.
23	Members Allowances	Increased member's bus saver transport cost.
(141)	Legal team	Vacancy savings and a reduction in forecasted costs after a detailed review.
Elections & Land Charges		
173	Land Charges	Expected underachievement is due to expected slow housing market as highlighted by RICS, government and Savills.
Customer Modernisation & Data		
(10)	Customers and Performance	Vacancy Contribution.
HR & Organisational Development		
(5)	Organisation	Small savings on learning and development budgets.
IT&D (Mobo)		
(300)		Reduction in forecasted costs following a detailed review and some vacancy savings.
Welfare Revenue & Business Support		
31	Council Tax Running Expenses	Additional staff cost to clear backlog affecting collection performance and customer service
24	Corporate Debt Team	corporate standard debt management training specified by debt policy, once off cost.
25	WRBS Management & Admin	Admin costs.
(17)	WRBS Financial Systems	Lower cost in the current year as per contract resulting in saving/underspends.
(109)	WRBS HR Systems	Lower cost in the current year as per contract resulting in underspends.
143	WRBS Payroll and Pensions	Additional staff costs for backlog clearance to prevent service failure .



## Corporately-held Budgets

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
0	Bulk Insurance Premia	3,676	3,676	0	0.0%	0	0	0
(930)	Capital Financing Costs	6,645	5,134	(1,511)	-22.7%	0	0	0
0	Levies & Precepts	223	223	0	0.0%	0	0	0
0	Unallocated Contingency & Risk Provisions	725	625	(100)	-13.8%	0	0	0
0	Unringfenced Grants	(28,708)	(28,708)	0	0.0%	0	0	0
400	Housing Benefit Subsidy	(301)	649	950	315.6%	0	0	0
3,627	Other Corporate Items	(2,262)	1,366	3,628	160.4%	162	162	0
3,097	Total Corporately-held Budgets	(20,002)	(17,035)	2,967	14.8%	162	162	0

## Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Capital Financing Costs		
(1,511)	Financing Costs	Increases in the Bank of England Base Rate and cash balances has resulted in improved investment income.
Unallocated Contingency & Risk Provisions		
(100)	Contingency	Planned release of contingency set aside for part year effect of 2023/24 savings.
Housing Benefit Subsidy		
950	Housing Benefit Subsidy	There is an estimated net pressure of £0.950m. Within this £0.995m relates to the main subsidy budgets and is based on the first subsidy data produced in 2023/24. Of this pressure, £0.445m relates to a particular benefit type for vulnerable tenants which is not fully subsidised and which continues to grow despite service pressure funding of £0.450m provided in the 2023/24 budget. This is being investigated to fully understand the reasons for the ongoing and relatively recent growth in this area. There is also a pressure of £0.526m on the net recovery of overpayments mainly due to a required increase in the bad debt provision based on the forecast increase in debt outstanding. There are minor



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance or Financial Recovery Measure Description
			variances of £0.024m. The surplus on the recovery of overpaid former council Tax Benefit is currently forecast at £0.045m.
Other Corporate Items			
3,700	Pay award 2023/24		Anticipated additional cost for the 2023/24 pay award based on the most recent offer which is estimated to cost 6% compared to 3.75% provided within the budget.
(74)	Corporate pension costs		Overpayment from 2021/22 of (£0.020m) and an in year variance of (£0.054m).
2	Death management		BHCC share of Sussex wide costs on mass fatalities work.



## Appendix 4 – Revenue Budget Performance

### Housing Revenue Account (HRA)

#### Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %	2023/24 Savings Proposed £'000	Net Savings Achieved £'000	Net Savings Unachieved £'000
0	Capital Financing	25,579	24,637	(942)	-3.7%	0	0	0
413	Housing Management & Support	5,130	5,250	120	2.3%	0	0	0
(28)	Housing Strategy & Supply	1,427	1,359	(69)	-4.8%	0	0	0
200	Repairs & Maintenance	16,239	17,939	1,700	10.5%	0	0	0
(41)	Housing Investment & Asset Management	2,907	2,858	(49)	-1.7%	0	0	0
(384)	Tenancy Services	(51,282)	(52,043)	(760)	-1.5%	0	0	0
160	Total Housing Revenue Account	0	0	(0)	0.0%	0	0	0

#### Explanation of Key Variances

Key Variances £'000	Subjective Area	Variance Description
<b>Capital Financing</b>		
(100)	Capital Financing costs	Increase in interest on balances due for the HRA.
(842)	Direct Revenue funding	A reduced capital programme has resulted in less Direct Revenue Funding being required without increasing borrowing beyond that which had been forecast at TBM 2. The use of Direct Revenue Funding balances off any net overspend on services within the HRA.
<b>Housing Management &amp; Support</b>		
5	Employees	Minor variance.
199	Premises	Forecast overspend against responsive repairs and empty properties of £0.129m and a pressure from temporary boiler hire costs at Manoj House of £0.109m. Other minor variances across the service, make up the difference.
(54)	Supplies and Services	Transfer Incentive scheme (£0.080m). Other minor variances of £0.026m..
(30)	Income	Minor variance.
<b>Housing Strategy &amp; Supply</b>		
(97)	Employees	Forecast underspend as a result of a small number of vacancies.



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Subjective Area Variance Description		
29	Supplies and Services	Minor variances across the service.
(1)	Other	Minor variance.
<b>Repairs &amp; Maintenance</b>		
(652)	Employees	There is a forecast underspend against the base salary budget due to vacancy management. This represents a 10% variance against the total salary budget.
1,885	Premises	Forecast overspend against the base budget for subcontractor costs.
415	Supplies and Services	Pressure from disrepair claims of approximately £0.450m, which by their nature are not possible to forecast easily. Costs associated with each instance will be recorded separately within the HRA and the variance against budgets regularly reviewed during the year. There is a forecast underspend against the materials budget across the service, which is in part offsetting the pressure outlined above.
52	Transport	Overspend against fuel and van hire costs.
0	Contribution from reserves	<p>Financial risk relating to the post pandemic backlog of responsive repairs and empty property works was identified as a significant financial issue for 2022/23 and the HRA budget report set aside a total of £1.500m to ensure one-off funding was available during the year to cope with this pressure.</p> <p>For 2022/23, there was a drawdown of £0.560m from the reserve, with the balance of £0.940m being carried forward to 2023/24 and budget setting assumptions were that the earmarked reserve will be required to fund the backlog works. These works are being packaged up in a procurement process outlined in the Housing &amp; New Homes Committee report presented to in September 2023. The use of the reserve has been removed from the 2023/24 in year position with any overspend being funded from the direct revenue funding available.</p>
<b>Housing Investment &amp; Asset Management</b>		
(135)	Employees	There are a number of vacancies across the service.
(53)	Premises	Minor underspend.
139	Supplies & Services	Estimated costs for the stock condition survey due to be undertaken during 2023/24.
<b>Tenancy Services</b>		
(73)	Employees	There are a number of vacancies across the service.
4	Premises	Forecast underspend on utility costs (£0.206m), offset by overspends against council tax costs of £0.080m which is linked to the number of empty properties held in the HRA over the course of the financial year and £0.066m against rubbish clearance. Other minor variances across the service make up the difference.



## Appendix 4 – Revenue Budget Performance

Key Variances £'000	Subjective Area	Variance Description
208	Supplies and Services	There is a forecast overspend on the use of temporary accommodation for council housing tenants, linked to the current policy for Temporary Accommodation across the authority and in some part to the number of empty properties held in the HRA.
29	Other	Minor variance.
(928)	Income	Forecast overachievement in rental income and service charges of £0.872m due to new supply of affordable housing. Other minor variances across the service, make up the difference.



## Dedicated Schools Grant (DSG)

## Revenue Budget Summary

Forecast Variance Month 2 £'000	Service	2023/24 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Individual Schools Budget (ISB)	137,762	137,762	0	0.0%
52	Early Years Block (excluding delegated to Schools) <i>(This includes Private Voluntary &amp; Independent (PVI) Early Years 3 &amp; 4 year old funding for the free entitlement to early years education)</i>	14,491	14,523	32	0.2%
1,025	High Needs Block	37,293	37,926	633	1.7%
78	Exceptions and Central Services	3,178	3,193	15	0.5%
0	Grant Income	(192,355)	(192,355)	0	0.0%
1,155	Total Dedicated Schools Grant (DSG)	369	1,049	680	184.3%

## Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description
Early Years Block (including delegated to Schools)		
32	Early Years Ethnic Minority Achievement Service	The overspend is linked to the high cost of pay awards in 2022-23 and 2023-24, and expected lower levels of income from Syrian and Afghan asylum seeker grants in 2023-24
High Needs Block (excluding delegated to Schools)		
459	Post-16 high needs placements	Predicted overspends totalling £0.459m for high needs students in FE colleges and post-19 specialist providers. There has been a significant increase in the number of high needs learners accessing FE colleges in the last year with a large number attending provision outside of the city
143	Mainstream school top-up funding	There continues to be a predicted overspend on the mainstream top-up budget despite a further increase to the budget of £0.470m in 2023/24. This is linked to the continuing growth in the number of Education Health and Care plans being issued
(91)	Special school top-up funding	There is an increase of 62 places in the LA's special schools from September 2023 and budgets have been rebased accordingly. At this stage the amount of additional funding assigned is generally



## Appendix 4 – Revenue Budget Performance

Key Variances £'000 Service Area			Variance Description
			in line with forecast expenditure, with a small underspend being forecast as not all special schools are at full capacity in September.
125	Brighton and Hove Inclusion Support Services		Predicted overspend of £0.125m against the BHISS DSG budget areas. This is made up of £0.100m BHISS core services and £0.025m against the Literacy support service. The most significant factor contributing to the predicted overspend is the level of the pay awards for 2022/23 and 2023/24 and insufficient resources in the high needs block to fully fund these pay awards
130	Children with medical needs		The budget for Children with medical needs has seen a 30% increase in the caseload, from 88 pupils at June 2022 to 114 pupils in June 2023
(133)	Other		Other variances
Exceptions and Growth Fund			
29	Ethnic Minority Achievement Service		The overspend is linked to the high cost of pay awards in 2022-23 and 2023-24, and expected lower levels of income from Syrian and Afghan asylum seeker grants in 2023-24
(14)	Other		Other variances



## Savings Monitoring 2023/24

## General Fund

Directorate	2023/24 Savings Proposed £'000	Gross Savings Achieved/ Anticipated £'000	In Year Pressures £'000	Net Savings At Risk £'000	Savings At Risk As % Of Net Budget £'000
Families, Children & Learning	1,866	1,680	0	186	0.3%
Health & Adult Social Care	4,316	3,010	0	1,306	1.2%
Economy, Environment & Culture	4,727	4,247	(909)	1,389	3.4%
Housing, Neighbourhoods & Communities	1,916	853	0	1,063	4.7%
Governance, People & Resources	1,186	1,154	0	32	0.1%
ORBIS	0	0	0	0	0.0%
Corporate Budgets	162	162	0	0	0.0%
<b>Total Directorate Savings</b>	<b>14,173</b>	<b>11,106</b>	<b>(909)</b>	<b>3,976</b>	<b>1.6%</b>

## Housing Revenue Account

Directorate	2023/24 Savings Proposed £'000	Gross Savings Achieved/ Anticipated £'000	In Year Pressures £'000	Net Savings At Risk £'000	Savings At Risk As % Of Net Budget £'000
Housing Revenue Account	0	0	0	0	0.0%
<b>Total HRA Savings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>



## Explanation and Mitigation of At Risk Savings

Directorate £'000		Savings at Risk £'000	Explanation and Mitigation Strategy
Families, Children & Learning		186	The significant proportion of the savings target is anticipated to be achieved in 2023/24 (90%). The savings at risk relate to external placements for Children with Disabilities (£0.142m) and the Youth Service (£0.047m). The largest element of the savings at risk are primarily due to growing numbers of children with disabilities requiring a residential home placement and the increasing unit costs partly driven by lack of placement choice locally.
Health & Adult Social Care		1,306	30% of savings at risk due to delays in implementation of savings strategy, demand led nature of budget and increasing unit costs.
Economy, Environment & Culture		1,389	Price increases have been applied in most areas, with other increases due to be implemented in the coming months, however the anticipated income has yet to be achieved as these areas are dependent on demand including tourism and visitor numbers. The most significant areas of shortfall are £0.941m for parking tariff and permit fees increases, £0.100m reduction of the lifeguard service which has been delayed to ensure a full summer season this year and £0.165m for new and increased commercial income activities.
Housing, Neighbourhoods & Communities		1,063	Due to increasing demand on the council's homelessness service and number of applicants being placed as a result and the challenges to move households on to sustainable housing options.
Governance, People & Resources		32	£0.020m in Mayor's Office and £0.012m unachievable Land Charges income in slow housing market.
ORBIS		0	
Corporate Budgets		0	
<b>Total General Fund</b>		<b>3,976</b>	
Housing Revenue Account		0	
<b>Grand Total</b>		<b>3,976</b>	



## Families, Children &amp; Learning – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Director of Families, Children & Learning	0	0	0	0	0	0	0	0.0%
0	Health, SEN & Disability Services	0	0	0	0	0	0	0	0.0%
0	Education & Skills	16,847	0	0	0	16,847	16,847	0	0.0%
0	Schools	2,662	0	0	0	2,662	2,662	0	0.0%
(35)	Children's Safeguarding & Care	35	0	0	0	35	0	(35)	-100.0%
0	Quality Assurance & Performance	0	0	0	0	0	0	0	0.0%
(35)	Total Families, Children & Learning	19,544	0	0	0	19,544	19,509	(35)	-0.2%

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

Detail Type	Amount £'000	Project	Description
Children's Safeguarding & Care			
Variance	(35)	Contact Supervision Centres	Variance of less than £0.100m.



## Health &amp; Adult Social Care – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
84	Adult Social Care	2,300	0	0	0	2,300	2,426	126	5.5%
0	Integrated Commissioning	0	0	0	0	0	0	0	0.0%
0	S75 Sussex Partnership Foundation Trust (SPFT)	0	0	0	0	0	0	0	0.0%
0	Public Health	0	0	0	0	0	0	0	0.0%
84	Total Health & Adult Social Care	2,300	0	0	0	2,300	2,426	126	5.5%

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

Detail Type	Amount £'000	Project	Description
Adult Social Care			
Variance	30	Better Care Fund – Adaptions for the Disabled	Variance of less than £0.100m
Variance	95	Better Care Fund - Telecare	Variance of less than £0.100m
Variance	1	Knoll House Building Works	Variance of less than £0.100m



## Appendix 5 – Capital Programme Performance

### Economy, Environment & Culture (excluding Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Transport	36,368	75	0	(4,637)	31,806	31,806	0	0.0%
0	City Environmental Management	15,063	23	0	(200)	14,886	14,886	0	0.0%
0	City Development & Regeneration	8,825	0	0	0	8,825	8,825	0	0.0%
0	Culture, Tourism & Sport	18,118	70	0	514	18,702	18,702	0	0.0%
0	Property	11,865	175	1,496	(1,601)	11,935	11,935	0	0.0%
0	Total Economy, Environment & Culture	90,239	343	1,456	(5,924)	86,114	86,114	0	0.0%

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

Detail Type	Amount £'000	Project	Description
Transport			
Reported at Other Committee	75	Norton Road Rain Gardens	Reported at Other Committees - as part of the Carbon Neutral Fund.
Reprofile	(4,637)	Valley Gardens Phase 3 (LTP)	The scheme has been paused following a review of the project. The majority of the project expenditure will now likely be incurred next financial year. A reprofile of the budget is required to meet the current timetable.
City Environmental Management			
Reported at Other Committee	10	Electrical Vehicle for Waterhall	Reported at Other Committees - as part of the Carbon Neutral Fund.
Reported at Other Committee	13	Rechargeable Medium Sized Machinery Parks	Reported at Other Committees - as part of the Carbon Neutral Fund.



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variation	(200)	Public Conveniences	A variation of £0.200m is requested to support the Kingsway to the Sea project in delivering new toilet facilities (see below).
Culture, Tourism & Sport			
Reported at Other Committee	70	Levelling Up/Kingsway to the Sea	Less than £0.100m.
Variation	204	King Alfred Main Pool Reinforcement	Budgets to be amalgamated onto main project code as works being carried out as one project.
Variation	60	Prince Regent Capital Works	Variation of less than £0.100m.
Variation	250	Levelling Up/Kingsway to the Sea	<p>Additional Levelling Up Fund grant has been awarded of £0.050m for to support resourcing capacity. A contribution of £0.200m from the City Clean Public Conveniences budget for the refurbishment of existing and development of new toilet facilities will also be added to the Kingsway to the Sea budget in 2023/24.</p> <p>In addition, a further sum of £1.290m will be added to the 2024/25 met from Section 106 contributions. In June 2023 the Strategic Finance &amp; City Regeneration Committee approved a total budget of £13.761m and a reduction in project scope to fit within this budget. Subsequent feedback from the community strongly requested the reintroduction of sand sports area and lighting for the park back into the project scope.</p> <p>The reinstatement of these facilities and some support the wider project requirements could be enabled by the use of additional S106 funds, the majority of these funds being taken from future Section 106 receipts.</p>
Property			
Reported at Other Committee	100	Cemeteries Structural Works	Allocation of the 2023/24 Planned Maintenance Budget towards structural works for cemeteries. Originally reported to committee in March 2023.
Reported at Other Committee	50	Victoria Fountain Repairs	Less than £0.100m



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reported at Other Committee	25	Hollingdean Depot	Less than £0.100m
Variation	(773)	Carbon Reduction Measures to Operational Buildings	Allocated to the new capital scheme for provision of solar panels on corporate buildings (see Appendix 7).
Variation	(204)	King Alfred Cathodic Protection System Repairs	Budgets to be amalgamated onto main project code as works being carried out as one project.
Variation	(98)	Crowhurst Road PMB	Variation of less than £0.100m.
Variation	(60)	Planned Maintenance for Council Leisure Buildings	Variation of less than £0.100m.
Variation	(20)	External Improvement Works	Variation of less than £0.100m.
Variation	(3)	Provision of Drinking Water Fountains	Variation of less than £0.100m.
Variation	50	Victoria Fountain Repairs	Variation of less than £0.100m.
Variation	38	Barts Cladding & Window Replace Phase 1	Variation of less than £0.100m.
Variation	11	Mechanical Boiler Replacement - Mechanical	Variation of less than £0.100m.
Variation	10	Window Replacement Cottages Property Portfolio	Variation of less than £0.100m.
Variation	9	Fire Safety Improvements	Variation of less than £0.100m.
Reprofile	(210)	Imperial Arcade PMB	Roof works already reported for up to £0.060m of essential repairs to be undertaken in year. The balance of £0.210m to be reprofiled into 2024/25 for façade refurbishment.



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	(105)	Mile Oak Community Centre PMB	Essential repairs in line with spending restrictions estimated at £0.025m. The remaining budget of £0.105m to be provisionally reprofiled into 2024/25 for refurbishment.
Reprofile	(40)	Statutory DDA Access Works Fund	Reprofile of less than £0.100m.
Reprofile	(10)	Hollingdean Depot	Reprofile of less than £0.100m.
Slippage	(196)	Madeira Terrace Structure Repair & Resurface	Around £0.150m will be spend on prioritised H&S works in 2023-24, the balance of £0.196m is to be slipped into 2024-25 to fund the next prioritised temporary propping works.



## Appendix 5 – Capital Programme Performance

### Housing, Neighbourhoods & Communities (excluding Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Housing General Fund	4,633	0	0	4,633	4,633	0	0.0%	4,633
0	Libraries	250	0	0	250	250	0	0.0%	250
0	Communities, Equalities & Third Sector	0	0	0	0	0	0	0.0%	0
0	Safer Communities	0	0	0	0	0	0	0.0%	0
0	Total Housing, Neighbourhoods & Communities	4,883	0	0	4,883	4,883	0	0.0%	4,883

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

Detail Type	Amount £'000	Project	Description
Housing, Neighbourhoods & Communities			
			There are no budget changes to report for TBM month 5.



## Housing Revenue Account (HRA) – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
78	City Development & Regeneration	20,736	11,250	0	(7,776)	24,210	24,313	103	0.4%
(2,597)	Housing Revenue Account	75,859	(11,250)	0	(18,651)	45,958	46,176	218	0.5%
(2,519)	Total Housing Revenue Account	96,595	0	0	(26,427)	70,168	70,489	321	0.5%

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

Detail Type	Amount £'000	Project	Description
City Development & Regeneration			
Reported at Other Committees	11,250	Kubic Apartments	Reported at July 2023 Strategic, Financial & City Regeneration committee meeting relating to the purchase of Kubic Apartments, Whitehawk Way.
Reprofile	(7,320)	Moulsecocomb Hub Housing	Procurement and delivery options are being reviewed alongside RIBA stage 4 technical design work, so start on site and the necessary appropriation has been delayed. A report outlining Options will be going to Housing & New Homes Committee in November.
Reprofile	(135)	Windlesham Close	A more detailed cashflow has been produced, and the overall project programme was extended by two months since the last update.
Reprofile	(170)	Frederick Street	There has been a delayed start on site, a meaningful start was achieved in April 2023, with construction phase commencing in August 2023. This was due to delays securing necessary Highways consents, site set up and welfare facilities and finalising temporary works design and party wall issues with adjoining property owners.
Reprofile	(151)	Rotherfield Crescent	There has been a delayed procurement programme, due to an unsuccessful first tender, the project was repackaged and retendered. The project is due to start on site in November 2023. The reprofile reflects the new cashflow profile.
Variance	152	Victoria Road	The final account for Victoria Road is due to be agreed in 2023/23 and is currently under negotiation between our QS and contractor. This variance is the latest estimate, the final account is due to be settled imminently.



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Variance	(49)	Charles Kingston Gardens	Variance of less than £0.100m.
<b>Housing Revenue Account</b>			
Reported at Other Committees	(6,045)	Home Purchase Scheme	Reported at July 2023 Strategic, Financial & City Regeneration committee meeting relating to the purchase of Kubic Apartments, Whitehawk Way.
Reported at Other Committees	(5,205)	Extended Home Purchase Scheme	Reported at July 2023 Strategic, Financial & City Regeneration committee meeting relating to the purchase of Kubic Apartments, Whitehawk Way.
Variation	800	Condensation & Damp Woks	There has been a significant increase in damp and condensation cases reported from when the budget was set for the current financial year.
Variation	500	New Housing Management IT System	Realignment of HRA ICT budgets to reflect the delivery routes.
Variation	420	Roofing	Project moved from Structural Repairs budget line to reflect works being carried out.
Variation	(420)	Structural Repairs	Project delivery moved to Planned Works - Roofing budget.
Variation	(800)	Home Efficiency & Renewables	Budget variation to reflect forecast spend against planned projects this financial year and transfer to the Condensation & Damp works budget line to reflect the additional spend increasing energy efficiency through cavity wall insulation and other works.
Variation	(250)	New Housing Asset Management System	Realignment of HRA ICT budgets to reflect the delivery routes.
Variation	(250)	New Housing Works Management System	Realignment of HRA ICT budgets to reflect the delivery routes.
Reprofile	(9,844)	Home Purchase Scheme	The housing market dictates the number of purchases that can be completed in a year. After reviewing the house under offer and due to complete a reprofile of budget is required to reflect the current estimate of new homes being acquired. The new budget is expected to be utilised during 2024/25.



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
Reprofile	(5,972)	Structural Repairs	Mobilising works contracts has led to changes to the planned start date for major projects. Procurement, resident engagement and leaseholder consultation continues to be undertaken during this stage. The spending profile will continue to be monitored and updated throughout the financial year.
Reprofile	(1,495)	Palace Place Redevelopment	The redevelopment hasn't progressed at the pace expected it is currently showing an increased viability gap, a revised business case will be required which considers the construction cost inflation which will have a downward pressure on the residual value of the site. Any new costs are expected to be utilised in 2024/25.
Reprofile	(668)	Housing First	The housing market dictates the number of purchases that can be completed in a year. After reviewing the house under offer and due to complete a reprofile of budget is required to reflect the current estimate of new homes being acquired. The new budget is expected to be utilised during 2024/25.
Reprofile	(482)	Sheltered Services System	Changes to some of the planned start dates against the lift replacement programme.
Reprofile	(190)	HRA Owned Playgrounds Refurbishment	Phase 2 of the refurbishment programme to be reprofiled to 2024/25.
Variance	600	External Decorations & Repairs	Additional spend arising from a need to carry out urgent works to timber cladded blocks that was not allowed for in the budget.
Variance	330	Minor Capital Works	There is a forecast overspend as a result of several large projects, which are significantly higher cost when compared to business as usual projects against this budget line.
Variance	290	Domestic Rewire	Additional costs expected due to new legislation for domestic installations and a potential increase in the volume of rewires arising from the new EICR testing programme.
Variance	(200)	HRA Adaptations	There is an underspend forecast, based on contractor capacity (high demand for builders).
Variance	(400)	Kitchens	There has been a significant underperformance by the planned works contractor for kitchen replacements which has resulted in an underspend. To address this performance issue, approval was given by Housing Committee (16th November 2022) to procure up to two further contractors for this work stream and an improved spend against this budget should be seen.
Variance	(402)	Various Schemes	Variances of £0.100m or less across the following schemes: £0.050m – Empty Properties £(0.100)m – Environmental Improvements £(0.088)m – City Wide Loft Conversions £(0.080)m – Door Entry Systems & CCTV



## Appendix 5 – Capital Programme Performance

Detail Type	Amount £'000	Project	Description
			£(0.034)m – Communal Fire Alarms £0.060m – Sheltered Services Systems £(0.100)m – Water Tanks £(0.040)m – Communal Boilers £0.080m – Domestic Boiler & systems Installation £(0.100)m – Main Entrance Doors £(0.050)m – Senior Housing Improvements



## Governance, People &amp; Resources - Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	Reported Budget Month 2 £'000	Reported at Other Committees £'000	New Schemes £'000	Variations, Slippages & Reprofiles £'000	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Chief Executive Monitoring Office	0	0	0	0	0	0	0	0.0%
0	Policy & Communications	0	0	0	0	0	0	0	0.0%
0	Legal & Democratic Services	0	0	0	0	0	0	0	0.0%
0	Life Events	0	0	0	0	0	0	0	0.0%
0	Customer Modernisation & Data	0	0	0	0	0	0	0	0.0%
0	Finance	242	0	0	0	242	242	0	0.0%
0	Procurement	0	0	0	0	0	0	0	0.0%
0	HR & Organisational Development	251	0	0	0	251	251	0	0.0%
0	IT&D	5,243	0	0	150	5,393	5,393	0	0.0%
0	Welfare Revenue & Business Support	0	0	0	0	0	0	0	0.0%
0	Housing Benefit Subsidy	0	0	0	0	0	0	0	0.0%
0	Contribution to Orbis	0	0	0	0	0	0	0	0.0%
0	Total Governance, People & Resources	5,736	0	0	150	5,886	5,886	0	0.0%

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

Detail Type	Amount £'000	Project	Description
IT&D			
Variation	150	Digital Organisation Programme	The council's core business applications and services run in the Shared Orbis Datacentre comprising of separate Nutanix nodes that provide resilient and secure platforms for the council's applications. The replacement of these nodes are required at a cost of £0.150m for this year plus a further £0.400m profiled for 2024/25. The funding was identified in the Digital Data and Technology investment business case earlier this year. Although initially identified as non-essential, this initial part of the investment should have been earmarked as essential and is an oversight of the original business case creation.



**Note:** There are currently no capital budgets to report on for Corporate Budgets.







**New schemes and Future Years Variations to be added to the Capital Programme for 2023/24 to be Approved**

<b>New Capital Project Approval Request</b>	
<b>Directorate:</b>	Economy Environment & Culture
<b>Unit:</b>	Estates Team, Property & Design
<b>Project Title:</b>	3 <sup>rd</sup> & 4 <sup>th</sup> Floor Barts House
<b>Total Project Cost (All Years) £:</b>	Total works costs estimated at £558,000 includes two elements of work. Contribution to the tenant's refit of £408,000. Landlords works for the installation of lift lobbies to the 1 <sup>st</sup> and 2 <sup>nd</sup> floors and improvements to the Black Lion Street entrance estimated at £150,000.

<b>Purpose, Benefits &amp; Risks:</b>
<p>The 3<sup>rd</sup> and 4<sup>th</sup> floors of Bartholomew House are being let out to a flex operator. A marketing exercise has been completed, 5 tenders submitted and evaluated and a 15-year lease has been negotiated with Freedom Works. As part of the terms agreed the council is to pay a contribution of £408,000 to the tenants fit out (NB: This was the lowest contribution of the shortlisted tenders and contributed to Freedom Works being the successful bid).</p> <p>The rent paid will be based on turnover, subject to a 9-month rent free period. There is a guaranteed minimum rent of £122,423, though the anticipated turnover rent will be more than double this based on 80% occupancy.</p> <p>The council's contribution to the fit out works will be paid in 4 instalments over the period of the fitout and on receipt of invoices and confirmation of works completed.</p> <p>The tenants fit out and the council's contribution to the fit out will be documented in an Agreement for Lease (AfL) albeit an Early Access Licence is also being granted to allow the tenant to commence the works in advance of the AfL completing.</p> <p>The lease will include a break option on the 5<sup>th</sup> and 10<sup>th</sup> anniversary of the lease. In the event the break option is triggered by the tenant the council would seek to re-let the space to another flex operator who would benefit from the fitout completed.</p> <p>There are also landlord's works to be completed which have not yet been costed. These are the installation of lift lobbies to the 1<sup>st</sup> and 2<sup>nd</sup> floors and improvements to the Black Lion Street entrance. An estimated sum of £150,000 will be added to the scheme total.</p>

<b>Capital Expenditure Profile (£'000):</b>						
<b>Funding Source (see guidance below)</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total All Years</b>



## Appendix 7 – New Capital Schemes

Service Borrowing	558					558
<b>Total Estimated Costs &amp; Fees</b>	<b>558</b>					<b>558</b>

### Financial Implications:

This is an invest-to-save scheme which will be funded from borrowing with the financing costs repaid over a 15-year period and met from service revenue income generation as detailed above.



New Capital Project Approval Request	
<b>Directorate:</b>	Economy, Environment & Culture
<b>Unit:</b>	Estates Team, Property & Design
<b>Project Title:</b>	South Downs Riding School – Environmental Management
<b>Total Project Cost (All Years) £:</b>	£165,000

<b>Purpose, Benefits &amp; Risks:</b>
The funding is required to cover the cost of the removal of a manure heap which is known to contain asbestos. The manure heap is on sloping land and requires specialist machinery to remove. Once removed the contents will be separated and contaminated content disposed of at an appropriate landfill. The manure heap cannot be left in situ. The exact cost of the project is not known and is estimated based on a daily rate. The expenditure has been profiled for 2023/24 but the project may have to be completed in Spring 24 if weather conditions do not allow safe removal. A project manager will be appointed to ensure costs are minimised. The works will enhance the land use and potentially increase the value and availability of the site.

Capital Expenditure Profile (£'000):						
Funding Source (see guidance below)	2023/24	2024/25	2025/26	2026/27	2027/28	Total All Years
Borrowing	165					165
<b>Total Estimated Costs &amp; Fees</b>	<b>165</b>					<b>165</b>

<b>Financial Implications:</b>
The works will be funded through corporate capital borrowing and met through the council's corporate revenue provision.



New Capital Project Approval Request	
<b>Directorate:</b>	Economy, Environment & Culture
<b>Unit:</b>	Property & Design
<b>Project Title:</b>	Roof Mounted Solar PV on Corporate Landlord & Leisure Sites
<b>Total Project Cost (All Years) £:</b>	£733,000

**Purpose, Benefits & Risks:**

Installation of roof- mounted Solar PV arrays to 11 corporate and 3 leisure sites (supported by Power Purchase Agreements)

The expected benefits of commissioning these installations are as follows:

- More than doubling the existing renewable generation capacity of the existing corporate Solar PV Installations
- Year 1 Carbon Savings of 107 tonnes CO<sub>2</sub>e, and a predicted lifetime savings of 670 Tonnes CO<sub>2</sub>e
- 560 mWh Per annum of renewable electricity yield which will not be exposed to the volatility of the energy market. This will result in Year 1 net revenue savings of £30,000 10-year revenue savings of over £430,000 and predicted lifetime savings of £1.1m

A summary of each proposed site is shown below indicating estimated Capital Expenditure, 10-year revenue savings and Lifetime CO<sub>2</sub>e is shown below:

Building	Estimated Capital Installation Cost	10 Year Net Revenue Income	Est CO <sub>2</sub> e Saving 20 Years (Tonnes)
Acorn Nursery	£17,952	£8,575	16.3
Wayfield Avenue Resource Centre	£67,584	£56,033	58.9
Ireland Lodge	£92,928	£63,390	87.3
Hollingdean Childrens Centre	£34,492	£26,550	32.1
Wellington House	£31,680	£16,263	27.1
Portslade Sports Centre	£86,724	£38,937	81.6
Prince Regent Swimming Pool	£180,220	£98,952	167.5
Moulsecoomb Sports Centre	£78,672	£27,322	66.3
Portslade Town Hall	£22,810	£17,352	21.2
55 Drove Road	£40,960	£20,742	38.1
Portslade Library	£22,018	£12,221	20.5
Roundabout Nursery	£20,592	£15,130	19.1
Woodingdean Library	£18,744	£10,187	17.4



## Appendix 7 – New Capital Schemes

Portslade Hub	£17,952	£21,936	17.1	
<b>Totals</b>	<b>£733,328</b>	<b>£433,588</b>	<b>670.2</b>	

<b>Capital Expenditure Profile (£'000):</b>						
<b>Funding Source (see guidance below)</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total All Years</b>
Borrowing	733					733
<b>Total Estimated Costs &amp; Fees</b>	<b>733</b>					<b>733</b>

<b>Financial Implications:</b>
<p>The project will be met through borrowing as part of the Carbon Neutral Fund but with a requirement that the financing costs of borrowing will be funded from savings generated from the investment. A total of £3.500m was made available from the Carbon Neutral Fund toward 'Carbon Reduction Measures to Operational Buildings' and this investment will draw down from that funding.</p> <ul style="list-style-type: none"> <li>• Business cases indicate that all sites will achieve a straight-line payback in less than 10 Years &amp; an aggregate Internal Rate of Return (IRR) of 13% representing a good investment opportunity.</li> <li>• Net Revenue figures include deductions for Ongoing Maintenance &amp; Cleaning.</li> <li>• Capital costs are based on pre-tender estimates and all business cases will be reviewed upon receipt of confirmed pricing.</li> </ul>







## Treasury Management Update

The Chartered Institute of Public Finance & Accountancy has published revised Treasury and Prudential codes, which now require quarterly reporting of performance against forward looking prudential indicators. The performance of the council's treasury management activity to the end of August 2023 (TBM month 5), measured against benchmarks and the key indicators in the council's Treasury Management Strategy are set out below. The key indicators were approved by Budget Council at its meeting of 23 February 2023.

### Investments

The average investment return to 31 August 2023 was 4.18% under-performing the benchmark rate by 46 basis points (or 0.46 percentage points) This is typical in a rising interest rate environment as a result of the time lag between changes in base rate and investments maturing and being able to be re-invested at more favourable rates.

Average Investment Balance Months 1-5 £m	Average Investment return	Average Benchmark Rate*	Difference
197.359	4.18%	4.64%	(0.46%)

\* The Benchmark rate used is the Standard Overnight Index Average (SONIA); a rate administered by the Bank of England based on actual transactions of overnight borrowing by financial institutions.

\*\* Pooled funds have been excluded from this assessment due to volatility of return.

As part of the investment strategy for 2023/24 the council agreed a maximum risk benchmark of 0.05% i.e. there is a 99.95% probability that the council will get its investments back. The benchmark is a simple target that measures risk based on the financial standing of counterparties and length of each investment based on historic default rates. The actual risk indicator has varied between 0.011% and 0.024% between April 2023 and August 2023, reflecting the high proportion of investments held in high security and/or very liquid investments. It should be remembered however that the benchmark is an 'average risk of default' measure and does not constitute an expectation of loss for any particular investment.

Investment Risk benchmark	0.050%
Maximum investment risk experienced to August	0.024%

### Borrowing

The table below shows the Council's total external borrowing and average rates as at 31 August 2023, split between the General Fund and the HRA:

	General Fund Borrowing £m	HRA Borrowing £m	Total Borrowing	Average Rate
PWLB	156.216	187.497	343.713	2.84%
Market Loans	20.894	24.106	45.000	4.45%
<b>Total borrowing</b>	<b>177.110</b>	<b>211.602</b>	<b>388.713</b>	<b>3.03%</b>
<b>Average Rate</b>	<b>3.18%</b>	<b>2.90%</b>	<b>3.03%</b>	



## Appendix 8 – Treasury Update

The table below shows the forecast of the Capital Financing Requirement (CFR) for both the General Fund and the HRA at TBM month 5 compared to the estimate within the 2023/24 strategy approved in February 2023.

The General Fund Capital Programme forecast as at TBM5 includes projects funded by borrowing of £67.477m compared to an original estimate of £55.344m. The reduction is a result of reprofiling of projects in the capital programme from 2022/23 to 2023/24.

The under-borrowing position, if no action is taken, is currently projected at £93.028m. The General Fund strategy currently forecasts that the level of reserves and balances in the medium term allows internal borrowing of up to £75.000m, and therefore it is currently expected that external borrowing of £18.028m may be required to support the capital programme.

<b>General Fund Capital Financing Requirement (CFR) – Underlying Borrowing requirement</b>	<b>Original Estimate 2023/24 £m</b>	<b>Revised forecast as at 31 August 2023 £m</b>
Opening General Fund CFR	234.743	211.894
Borrowing Need	55.344	67.477
Minimum Revenue Provision	(18.850)	(9.233)
<b>Closing General; Fund CFR</b>	<b>271.238</b>	<b>270.138</b>
<b>GF External Borrowing as at 31 August 2023</b>		<b>177.110</b>
<b>Forecast Under-borrowing</b>		<b>93.028</b>

The TBM HRA Capital Programme forecast includes projects funded by borrowing of £37.747m compared to an original estimate of £58.890m. The reduction is a result of reprofiling of projects in the capital programme from 2023/24 to 2024/25.

The under-borrowing position, if no action is taken, is currently projected at £30.599m. The HRA strategy is to fully borrow to meet its CFR and therefore it is currently expected that external borrowing or borrowing from the General Fund of £30.599m may be required to support the capital programme.

<b>HRA Capital Financing Requirement (CFR) – Underlying Borrowing requirement</b>	<b>Original Estimate 2023/24 £m</b>	<b>Revised forecast as at 31 August 2023 £m</b>
Opening HRA CFR	208.947	204.455
Borrowing Need	58.890	37.747
Minimum Revenue Provision	0	0
<b>Closing General; Fund CFR</b>	<b>267.837</b>	<b>242.201</b>
<b>HRA External Borrowing as at 31 August 2023</b>		<b>211.602</b>
<b>Forecast Under-borrowing (if no action taken)</b>		<b>30.599</b>

The table below shows that the Council is operating within the Operational Boundary and Authorised Borrowing Limits set within the Treasury Management strategy and has sufficient headroom to cover the borrowing need arising from the year's capital programme.



<b>Borrowing Limits</b>	<b>Operational Boundary £m</b>	<b>Authorised Borrowing Limit £m</b>
Limit set for 2023/24	607.000	657.000
Less: PFI & Leases	38.000	38.000
Limit for Underlying Borrowing	569.000	619.000
Actual External Borrowing at 31 August 2023	388.713	388.713
Headroom*	218.287	268.287

*\*Authorised Borrowing headroom cannot be less than zero*

The maturity profile of the Authority's borrowing is within the limits set within the strategy.

<b>Maturity Structure of borrowing</b>	<b>Lower Limit set</b>	<b>Upper Limit set</b>	<b>Actual as at 31 August 2023</b>
Under 12 Months	0%	40%	2%
12 months to 2 years	0%	40%	5%
2 years to 5 years	0%	50%	3%
5 years to 10 years	0%	75%	8%
Over 10 years	40%	100%	82%







**Brighton & Hove City Council**  
**Strategy, Finance & City Regeneration Committee**  
**Agenda Item 63**

**Subject:** Review of the Council's Constitution

**Date of meeting:** 5<sup>th</sup> October 2023  
19<sup>th</sup> October 2023

**Report of:** Executive Director, Governance, People & Resources

**Contact Officer:** Name: Elizabeth Culbert, Assistant Director Legal & Democratic Services  
Tel: 01273 291515  
Email: [Elizabeth.culbert@brighton-hove.gov.uk](mailto:Elizabeth.culbert@brighton-hove.gov.uk)

**Ward(s) affected:** All

**For general release**

**1 Purpose of the report and policy context**

- 1.1 The Council is under a statutory duty to keep its Constitution under regular review. This Report proposes changes to the Council's Constitution for consideration by the Strategy, Finance & City Regeneration Committee and for formal approval by Full Council.
- 1.2 The proposals seek to update the arrangements for public and member engagement at Council and Committee meetings and to update a provision in the Council's Contract Standing Orders.

**2 Recommendations**

**That Strategy, Finance & City Regeneration Committee:**

- 2.1 Recommends to full Council that it approves the proposed changes set out in paragraphs 3 and 4 below and reflected in Appendices 1, 1A & 2 and authorises the Chief Executive and Monitoring Officer to take all steps necessary or incidental to implement the changes and re-publish the Council's updated constitutional documents.
- 2.2 Approves the setting up of a Task & Finish Sub-Committee to make decisions in relation to the charity known as the Penny Gobby House School as set out in paragraph 5 below.

**That Council:**

- 2.3 Approves the proposed changes set out in paragraphs 3 and 4 below and reflected in Appendices 1, 1A & 2 to come into effect immediately following their approval by Council, and



- 2.4 Authorises the Chief Executive and Monitoring Officer to take all steps necessary or incidental for the implementation of the changes and authorises the Monitoring Officer to amend and re-publish the Council's constitutional documents to incorporate the changes.

### **3 Proposed changes to the Council Procedure Rules (Part 3.2)**

A series of amendments are proposed to refine the rules which regulate Council and Committee meetings, which are published at Part 3.2 of the Council's Constitution. Those amendments are reflected in Appendix 1 and 1A, indicated by tracked changes/shown in red for clarity.

#### **Proposals relating to public questions**

- 3.1 It is proposed that the time for public questions at meetings of the Council and its Committees and Sub Committees be extended to 30 minutes. As the current time allowed is 15 minutes, this will double the time allocated for this type of public engagement. Any questions not dealt with in the 30 mins will receive a written response.
- 3.2 The current rules prohibit members of the public from asking the same or substantially the same question within a 6 month period. To further widen participation at meetings of the Council and its Committees and Sub Committees, it is proposed that priority within the 30 minute period for public questions be given to members of the public wishing to ask a question of full Council who have not asked a question at a full Council meeting in the previous six months. The same rule would apply to questioners wishing to ask a question at a Committee ie: priority within the 30 minute period for public questions would be given to members of the public who have not posed a question at a meeting of that Committee in the previous six months. This proposal aims to encourage and support people who do not normally engage in this way to do so.
- 3.3 As well as the above, it is suggested that a minor rule change be made to provide that public questions will be read out by the questioner, without any additional comments or observations. This will ensure as many questions as possible within the timeframe can be responded to. It is also expected that the current rules regarding supplementary questions will be strictly enforced.

#### **Member Oral Questions at Council**

- 3.3A It is proposed that the wording of the rules referring to oral member questions at full Council which require that they 'relate to matters of general policy only' be strengthened by providing that questions not meeting the definition will normally be disallowed by the Mayor. It is proposed that a maximum of one minute is allowed for asking each oral question by a member. The response will be required to be limited to no more than 3 minutes.



### **Proposals relating to amendments**

- 3.4 Currently the rules provide that amendments must be submitted by 4pm the day before a meeting. It is proposed that the deadline be brought forward to 10am on the day before the meeting to enable sufficient time for consideration of the proposed amendments.

### **Proposals relating to Notices of Motion**

- 3.5 It is further proposed that the number of notices of motion that may be submitted by each Group to full Council and Committees be limited to one per Group plus a second one jointly with another Group. At the discretion of the Mayor, provided the overall number of Notices of Motion does not exceed 6, an Independent Member (with a seconder) may submit a Notice of Motion. It is proposed that the deadline for submission of Notices of Motion be brought forward by one day, to 10am on the tenth working day before the relevant meeting, to enable sufficient time for their consideration prior to the meeting.

### **Reports for Information**

- 3.6 In order to permit full Council to focus on its decision making agenda, it is proposed that the Rules are amended to state that where Reports are referred to full Council by Committees for information, they are not subject to call over and are not moved for discussion but are included in the agenda for information only.

### **Proposal relating to the calling of Urgency Sub Committees at the Committee Chair's request**

- 3.7 Currently Council Procedure Rule 22.2 provides that a meeting of a Committee's Urgency Sub Committee 'may be called if the Committee Chair takes the view that it is not reasonably practicable to convene a full Committee meeting, having had regard to the importance of the business to be considered, the urgency of the decision and the need to avoid disproportionate inconvenience. [ .. ]'
- 3.8 To update the Rules in line with current practice and provide greater clarity, it is proposed that the Rules be revised to provide that an Urgency Sub Committee may be called by the Committee Chair 'if the Committee Chair takes the view that it would not be appropriate to convene a full Committee meeting, having had regard to the importance of the business to be considered, the urgency of the decision and the need to avoid disproportionate inconvenience. [ .. ]'

## **4 Proposed changes to the Contract Standing Orders (Part 7.5)**

- 4.1 The Council is required to comply with either the Public Contracts Regulations 2015 or the Concession Contracts Regulations 2016 if a contract is valued at more than the relevant financial threshold for that type of contract. The regulations require the Council to publish contract award notices setting out



details about the contract (including who the supplier is and the value of the contract) in relation to all above threshold contracts on a central UK site called Find a Tender Service ('FTS') within 30 days of the award date, and on Contracts Finder (another publication site) within 90 days of the award date.

- 4.2 In relation to below threshold contracts above £30,000, the contract award notice should be published on Contracts Finder within 90 days of the contract award date. The threshold was previously £25,000 but is now £30,000.
- 4.3 The Council's Contract Standing Orders at CSO 17.1 require the Procurement Strategy Manager to maintain a Contracts Register in addition to the above legal requirements: a provision which pre-dates the introduction of e-tendering, and duplicates the information which may be found on FTS and Contracts Finder. As a result, maintaining this Register is not considered to be a good use of Procurement's limited resources.
- 4.4 It is therefore proposed that the requirement to maintain a central register be removed. It is proposed that the responsibility for publishing the contract award notice in accordance with the legal obligations sit with the officers who have carried out the procurement. This will normally be the Contract Officer (unless a member of the Procurement Team is running the tendering process). This requirement will be made clear to all Contract Officers via training and Communications: a process which was started in March 2023, with all affected officers having received initial training.
- 4.5 In addition to the changes above, which are reflected in Appendix 2 CSO 17.1 and 17.2 , it is proposed that the definition of the UK Regulations be amended to include the Concession Contracts Regulations 2016.
- 4.6 It is expected that the Procurement Bill proceeding through Parliament will become law in 2024. This will necessitate a complete review of Contract Standing Orders that will be brought to Committee in due course.

## **5 Proposal to establish a Task & Finish Sub-Committee for Strategy, Finance & City Regeneration Committee to act as**

- 5.1 On 13 September 1979 Ivan Makels and Minni Gobby, the then trustees of the charity known as the Penny Gobby House School (the Charity), transferred 31 Palmeira Avenue to East Sussex County Council (ESCC). The property formed part of the endowment of the charity and its transfer was authorised by an order of the Charity Commissioners. Following the local government reorganisation in 1997, the property was transferred from ESCC to Brighton & Hove City Council and the property now vests in the Council in its capacity as sole trustee.
- 5.2 On 18<sup>th</sup> September 2023 an Urgency Sub-Committee of this Committee agreed on behalf of the Charity the disposal of 31 Palmeira Avenue, Hove (currently occupied by the Penny Gobby House School) and the purchase of a property that is more suitable for the Charity. 31 Palmeira Avenue is a converted residential building over four floors with no lift. Over the years this has created challenges, with many children having to be carried around the



building by staff. It has proved difficult to create disabled access to all parts of the building.

- 5.3** Further decisions will be required on behalf of the Charity, to be taken by the Council as sole Trustee. In particular, as Trustee the Council will need to oversee the application of surplus funds which need to be protected and spent in accordance with the Charity's objectives.
- 5.4** It is important that the Council establishes a suitable process for dealing with and managing the potential conflict of interest between the Council in its capacity as trustee of the Charity, and its capacity as landowner of the property to be purchased by the Charity. All decision-making processes need to be fully documented to show that the Council acted in an appropriate and informed way to manage this conflict of interest. The proposal is therefore to establish a Task & Finish Sub-Committee of S,F&CR Committee that will act on behalf of the Council, in its capacity as sole trustee of the Charity, and shall only have regard to the interests of the Charity. Members of this Sub-Committee will not be involved in the decision of the Council as landowner. This will avoid a situation whereby the same members are involved in making decisions on both sides of the proposed transaction. The membership of the Sub-Committee is proposed to be Cllrs Grimshaw (Chair), Hill and Robinson.

## **6 Analysis and consideration of alternative options**

- 6.1** While a decision could be made not to approve the proposals set out in this Report, these recommendations are designed to update the current arrangements and make the Council's processes more effective and/or compliant.

## **7. Community engagement and consultation**

- 7.1** The proposals in this report do not involve substantial changes to the Council's decision-making structure or framework and do not require public consultation. The aim of the changes to the rules around public questions at Council and Committees is to increase the time allowed and to ensure as wide a representation as possible.

## **8 Conclusion**

- 8.1** The proposals reflect the Council's ongoing efforts to review its Constitution to ensure that it is reflective of current practice and priorities and to achieve clarity, increased efficiency and an increased level of public engagement. As a result, it is recommended that they be approved.

## **9 Financial implications**

- 9.1** There are no financial implications arising from the recommendations of this report.

Name of finance officer consulted: James Hengeveld    Date consulted 25/09/23



## **10 Legal implications**

- 10.1 Full Council has the authority to make the changes to the Council's Constitution which are set out in the report. It is proposed that the proposals to be implemented with immediate effect once approved unless there is an express indication to the contrary.

Name of lawyer consulted: Victoria Simpson Date: 260923

## **11 Equalities implications**

- 11.1 The Council has a public sector equality duty under s149 of the Equality Act 2010. In the exercise of its functions, the Council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those that do not. The Council's public sector equality duty has been considered by officers and the proposals of this report have been assessed for their equalities impact. The majority of the proposals in the report relate to internal procedures which are not considered to have an impact on those with protected characteristics. The proposals to extend the time allowed for public questions and to prioritise those within that time period who have not previously asked a question in that forum aim to ensure wide public engagement in meetings. Questions that are not able to be answered within the time allowed will receive a written response.

## **12 Sustainability implications**

- 12.1 None

## **13 Supporting Documentation**

### **Appendices**

Appendix 1 – Tracked changes excerpts from Part 3.2 of the Constitution: the Council Procedure Rules

Appendix 1A – Tracked changes excerpts from Part 8.9 of the Constitution: Protocol for Public Questions at Committees

Appendix 2 – Tracked changes excerpts from Part 7.5 of the Constitution: the Council's Contract Procedure Rules.



## **Appendix 1: PROPOSED AMENDMENTS TO PART 3.2 - PROCEDURE RULES FOR MEETINGS OF FULL COUNCIL, COMMITTEES AND SUB- COMMITTEES**

**Proposed insertions shown in red and deletions shown with tracked changes**

### ***Rule 8: Notices of Motion***

#### **Procedural Requirements**

8.1 Notice of every motion, other than a motion which under Procedure Rule 13 may be moved without notice, shall be given in writing. It shall be signed by not fewer than two Members of the Council and delivered to the Chief Executive (see Procedure Rule 1.6) by not later than 10.00 am on the tenth working day before the relevant Council meeting.

#### **Number of Notices of Motion**

8.2 The maximum number of notices of motion to be presented at a Council meeting shall be as follows:

The three largest Political Groups:

- 1 per Group plus also 1 additional notice of motion per Group jointly with another Group
- any other Group: 1

8.3 Any Member not belonging to a Political Group may present not more than 1 notice of motion, at the discretion of the Mayor.

8.4 Where Members of a Political Group submit more than the permitted maximum number of notices of motion, the Group shall decide which of these it wishes to table. In the absence of such a decision, notices of motion from members of a Political Group shall be taken in the order in which they are received, up to the permitted maximum number.

[..]



## ***Rule 9: Questions***

[ .. ]

### **Oral Questions from Members**

- 9.7 A period of not more than thirty minutes shall be allowed for oral questions from Members, at the expiry of which the meeting shall proceed to the next business.
- 9.8 If a Member of the Council wishes to ask an oral question at a meeting of the Council of: (a) the Mayor, (b) the Leader of the Council, (c) the Chair of any Committee or Sub-Committee (or in the Chair's absence the Deputy Chair), or, (d) a Member of the Council appointed by the Authority to any external body or joint authority, they shall give notice in writing to the Chief Executive of the subject matter of question (see Procedure Rule 1.6) by not later than 10.00 am on the eighth working day before the meeting at which the question is to be asked.
- 9.9 Oral questions ~~shall relate to~~ **only be allowed where they focus on** matters of general policy only. Questions **not focused on general policy, for instance questions** of a technical or purely operational nature, will normally be disallowed by the Mayor. The Member to whom such a question is directed may decline to answer or state that a written answer will be provided.
- 9.10 In deciding whether a question is technical or operational in nature, as opposed to a matter of general policy, the Mayor and Members shall have regard to any guidance provided by the Monitoring Officer.
- 9.11 **No more than one minute shall be allowed for the asking of each oral question and no more than three minutes shall be allowed for the response.** Oral questions shall be taken in the following order:
- Leader of the Official Opposition
  - Leader(s) of any other opposition Political Group(s) in order of diminishing numbers of Political Group members
  - Members of the Groups in order of diminishing size of the Political Group they belong to
- 9.12 Each Political Group shall submit to the Mayor in advance of the meeting the order in which they wish their questions to be taken. The Mayor shall have regard to, but not be bound by, these submissions.
- 9.13 The Mayor shall allow an Independent Member to ask an oral question.
- 9.14 A Member may ask no more than one oral question at the same Council meeting.
- 9.15 A Member asking an oral question (but no others) may ask one relevant supplementary question which shall be put and answered without discussion.



[ .. ]

## **Public Questions**

### **Public Question Time**

- 9.20 A period of not more than thirty minutes shall be allowed for questions submitted by a member of the public who either lives or works in the area of the Authority at each ordinary meeting of the Council and its Committees/Sub Committees. **Any questions not dealt with within the 30 min period will receive a written response.**

### **List of Questions**

- 9.21 A list of the questions of which notice has been given shall be circulated to Members of the Council/Committee at, or before, the meeting at which they are to be asked, **with priority being given to questions submitted by members of the public who have not asked such a question at any Council meeting in the previous six months.**

### **Procedural Requirements**

- 9.22 A public question shall be put at a Council/Committee meeting provided that: -
- (a) a copy of the question has been delivered to the office of the Chief Executive (see Procedure Rule 1.6) by not later than 12 noon on the second working day after publication of the agenda of the meeting at which it is to be put;
  - (b) the name and address of the questioner is indicated on the question;
  - (c) the questioner is present at the time when the question is put;
  - (d) the questioner is not presenting a petition or deputation on the same, or substantially the same, issue at the same meeting.

### **Length of Questions**

- 9.23 A question shall not exceed 100 words in length. The Chief Executive, after consultation with the questioner, may summarise a question to comply with this requirement.

### **Formal Referral of Questions from full Council**

- 9.24 If the Mayor considers that it would be more appropriate to do so, a question received for submission to Council may instead be referred to the relevant Committee or Sub-Committee (but not Joint-Committee) for answer and shall be dealt with in accordance with the Council's Protocol for Public Questions at Committee and Sub-Committee meetings which forms Part 8.9 of the Constitution.

### **Waiver of Notice Requirement**

- 9.25 If the Mayor/Chair considers that, by reason of special circumstances, it is desirable that a question shall be asked at a meeting of the Council/Committee although due notice of the question has not been given, and if the Mayor/Chair is satisfied that as much notice as is possible has been



given to the person of whom it is to be asked, they may permit the question to be asked.

### **Putting Questions**

- 9.26 **Subject to CPR 9.21 above**, questions will be asked in the order notice of them was received, except that the Mayor/Chair may group together similar questions. Any question shall be notified to the relevant Member of the Council/Committee and shall be put to such Member at the Council/Committee meeting by the questioner, **who shall read the question out loud without additional comment.**

### **Answers**

- 9.27 Questions shall be put and answered without discussion, but the person to whom a question has been put may decline to answer. The person who asked the question may ask one relevant supplementary question, which must relate to the response received, which shall be put and answered without discussion.

### **Form of Answers**

- 9.28 An answer may take the form of:-
- (a) a direct oral answer; or
  - (b) where the desired information is contained in a publication of the Council, a reference to that publication; or
  - (c) where the reply to the question cannot conveniently be given orally, a written answer given to the member of the public submitting the question and circulated to the Council.
- 9.29 No questioner may submit more than one question for answer at the same meeting.
- 9.30 **Any question properly submitted but not dealt with at the Council meeting for reasons of insufficient time shall be answered in writing to the questioner as soon as reasonably practicable after the meeting.**

[ .. ]



## ***Rule 15: Rules of Debate (All Meetings)***

### **General**

- 15.1 The rules of debate in this Procedure Rule shall apply to all meetings of the Council, Committees and Sub-Committees. In the case of Committees and Sub-Committees, however, the Council recognises that a greater informality may be exercised by the Chair in order to efficiently transact the business before the meeting. Such informality shall be at the discretion of the Chair.

### **Seconding Motions and Amendments**

- 15.2 A motion or amendment shall not be discussed unless it has been proposed and seconded.

### **Reserving Speech**

- 15.3 When seconding a motion or amendment, a Member may reserve their speech until a later period of the debate by declaring their intention to do so.

### **Notice of Amendments**

- 15.4 Copies of amendments will be prepared and circulated prior to the start of a meeting only if such amendments are presented to the Chief Executive by 10am on the working day which precedes the meeting. Amendments for which notice has not been given may be permitted at any time at the discretion of the Mayor or Chair if they consider it appropriate with regard to the complexity of the matter, the question of whether notice has been given as soon as is reasonably practicable and any other circumstances that appear to be relevant. Such amendments shall be put in writing unless the Mayor or Chair exercises their discretion to allow an amendment to be put orally.

[ .. ]

## ***Rule 22: Urgency Sub Committees***

- 22.1 Each Committee of the Council shall appoint an Urgency SubCommittee to exercise its powers. The membership of such Urgency Sub-Committee shall normally consist of the Chair of the Committee, as well as two other Members nominated by the Group Leader or Leaders as appropriate to meet the requirements for the allocation of seats between Political Groups.
- 22.2 A meeting of the Urgency Sub Committee may be called if the Committee Chair takes the view that it is not appropriate to convene a full Committee meeting, having had regard to the importance of the business to be considered, the urgency of the decision and the need to avoid disproportionate inconvenience. A meeting of the Urgency Sub Committee may also be called where a majority of members decide to do so at an Ordinary or Special Committee meeting.



[ .. ]

## ***Rule 24: Proceedings of Committees and Sub Committees***

[ .. ]

### **24.3 Inclusion of Items on Council Agenda**

a) Items for information shall relate to decisions made by the Committee under delegated powers. The Committee may determine that any agenda item is to be included in the report to Council. In addition, each minority Political Group represented on the Committee may specify one further item which shall be so included, by notifying the Chief Executive of the item not later than 10.00 am on the eighth working day before the Council meeting to which the report is to be made or, if the Committee meeting takes place after this deadline, immediately at the conclusion of the Committee meeting. **Items referred for information under this provision are referred to Council for information only – not for further discussion. As such, they are not subject to call over and are not moved for discussion but are included in the agenda for information only.**

b) Items for decision by Council shall be all those where a recommendation is made on matters falling outside the delegated powers of the Committee or where the Committee decides that the decision is to be made by the Council.



## APPENDIX 1A PROPOSED CHANGED TO PART 8.9

Insertions shown in red and deletions tracked.

### PART 8.9 PROTOCOL FOR PUBLIC QUESTIONS AT COMMITTEES AND SUB-COMMITTEES OF BRIGHTON AND HOVE CITY COUNCIL

1. A period of not more than **thirty** minutes shall be allowed at each ordinary meeting of any Committee or Sub-Committee (see note 1 below), but not any Joint Committee, for questions submitted by any member of the public who either lives or works in the area of the authority. **Any questions not dealt with in the 30 mins will receive a written response.**
2. References below to “Committee” include “Sub-Committee”
3. A list of the questions of which notice has been given shall be circulated to Members of the relevant Committee at, or before, the meeting at which they are to be asked, **with priority being given to questions submitted by members of the public who have not asked a question at the same Committee meeting in the previous six months.**
4. A public question shall be put at a meeting of the relevant Committee provided that: -
  - (a) a copy of the question has been delivered to the office of the Chief Executive by not later than 12 noon on the second working day after publication of the agenda of the meeting at which it is to be asked;
  - (b) the name and address of the questioner is indicated on the question;
  - (c) the questioner is present at the time when the question is put;
  - (d) the questioner is not presenting a petition or deputation on the same, or substantially the same, issue at the same meeting.
5. A question shall not exceed 100 words in length. The Chief Executive, after consultation with the questioner, may summarise a question to comply with this requirement.
6. The Chief Executive or Chair may reject a public question if, following consultation with the Monitoring Officer, it is in their opinion:
  - not about a matter for which the Authority has a responsibility or which affects Brighton & Hove;
  - It is determined by the Chief Executive or Chair, following consultation with the Monitoring Officer, that the meeting to which the question has been addressed is not the appropriate forum;
  - defamatory, frivolous or vexatious;



## APPENDIX 1A PROPOSED CHANGED TO PART 8.9

Insertions shown in red and deletions tracked.

- the same, or substantially the same, as a petition, deputation or public question which has been put at a meeting of a Committee or a Sub-Committee or at full Council in the past six months;
- requires the disclosure of confidential or exempt information;
- from a member of staff on matters affecting them as employees; or
- otherwise inappropriate.

The Chief Executive may also reject a public question where they determine, following consultation with the Monitoring Officer, that the meeting to which the question has been addressed is not the appropriate forum.

If the Chief Executive or Chair rejects a public question, petition or deputation, then their decision is final.

7. If the Chair considers that it would be more appropriate to do so, a question received for submission to a Committee may instead be referred to a different Committee (but not Joint Committee) for answer.
8. If the Chair considers that, by reason of special circumstances, it is desirable that a question shall be asked at a meeting of a Committee although due notice of the question has not been given, and if the Chair is satisfied that as much notice as is possible has been given to the person of whom it is to be asked, they may permit the question to be asked.
9. Subject to paragraph 3 above, questions will be asked in the order notice of them was received, except that the Chair may group together similar questions.
10. Any question shall be notified to the relevant Member of the Committee as determined by the Chair and shall be put to such Member (see note 4 below) at the Committee meeting by the questioner, **who shall read the question out loud without additional comment.**
11. The question will be answered without discussion. The questioner may ask one relevant supplementary question, which must relate to the response received, which shall be put and answered without discussion. The Member to whom a question, or supplementary question, has been put may decline to answer it. (See notes 2 & 3 below.)
12. An answer may take the form of: -
  - (a) a direct oral answer; or



## APPENDIX 1A PROPOSED CHANGED TO PART 8.9

Insertions shown in red and deletions tracked.

- (b) where the desired information is contained in a publication of the Council, a reference to that publication; or
    - (c) where the reply to the question cannot conveniently be given orally, a written answer given to the member of the public submitting the question and circulated to the Committee.
  - 13. No questioner may submit more than one question for answer at the same meeting.
  - 14. Any question properly submitted but not dealt with at the relevant Committee meeting for reasons of insufficient time shall be answered in writing to the questioner as soon as reasonably practicable after the meeting.
- 

### Notes:

- 1. Public questions are not permitted under this Protocol at meetings of the Licensing Panel or the Standards Panel.
- 2. The Council's Procedure Rules in Part 3.2 of the Constitution govern public questions to meetings of the full Council.
- 3. It will not normally be appropriate for a Chair to answer questions under this Protocol about: -
  - (a) matters which are subject to quasi-judicial processes such as particular applications for planning permission, licences, registration, consents or other permissions, or
  - (b) matters for which there are other processes under the Council's Constitution, such as individual complaints or cases, personnel or disciplinary matters, ethical matters or allegations of fraud.
- 4. There is a separate Protocol under which it may be possible to make representations about particular applications for planning permission. This is the "Protocol for Public Representations at Planning Committee" in Part 8 of the Council's Constitution.
- 5. Questions will usually be answered by the Chair or Deputy Chair or person presiding at the meeting.

Any queries regarding this Protocol may be directed to the Head of Democratic Services on 01273 291006







## **Appendix 2: Tracked changes excerpts from Part 7.5 of the Constitution: the Council's Contract Procedure Rules.**

[..]

### **Contract Standing Order 17: Contracts Register and Records**

- 17.1 All contract awards in excess of £30,000 shall be published, via the Council's e-tendering platform, on Contracts Finder. For procurements above the Procurement Thresholds, the contract award details must be published on Find a Tender Service, as well as Contracts Finder.
- 17.2 Each Contract Officer, responsible for the procurement process, shall be responsible for publishing the information set out in CSO 17.3 below, onto Contracts Finder and Find a Tender Service, through the Council's e-tendering platform, within 30 days of award.

[..]







# Brighton & Hove City Council

## Finance Strategy and City Regeneration Committee

## Agenda Item 64

**Subject:** Improvements to the Council's Redeployment Procedure

**Date of meeting:** 5 October 2023

**Report of:** Executive Director Governance People & Resources

**Contact Officer:** Alison McManamon  
Email: [alison.mcmanamon@brighton-hove.gov.uk](mailto:alison.mcmanamon@brighton-hove.gov.uk)

**Ward(s) affected:** All

**For general release**

### 1. Purpose of the report and policy context

- 1.1. The purpose of this report is to recommend improvements to the council's approach to redeployment, applied in situations where there are service changes that put staff at risk of redundancy. Currently staff are entitled to redeployment rights if they have 2 years' service, and this report recommends a change to provide more staff with redeployment rights from the start of their employment.
- 1.2. The recommendations of this report sit within a wider context, whereby the council works closely with both staff and recognised trade union colleagues, to manage change effectively, and avoid compulsory redundancy where possible. The redeployment policy is an important part of this approach, and it is felt important to make these proposed improvements to ensure the council is applying best practice in its approach to change management.

### 2. Recommendations

- 2.1 That Committee agrees to change the qualifying service requirement in the redeployment policy as follows (proposed changed wording in bold):

*Employees will be entitled to go onto the redeployment register if their continued employment is at risk due to redundancy if they have over 2 years service, **or if they have under 2 years service but are on an employment contract that is due to be at least two years' duration.***

- 2.2 That Committee agrees the draft amended Redeployment Policy at Appendix 2.

### 3. Context and background information

- 3.1 The current Redeployment Policy states employees are entitled to go onto the redeployment register when continued employment is at risk due to redundancy or ending of a temporary/fixed-term contract, but only where they



have over 2 years' service.

- 3.2 This policy clause links to the point in time when employees have the right to claim unfair dismissal through an employment tribunal process. These rights are accrued when an employee reaches 2 years continuous employment, and this was the reason the current council policy also applies that approach to the application of redeployment rights.
- 3.3 During the process of considering a change to this policy, information has been sought from other local authorities. There are varying practices, with many authorities applying one year as the minimum service, and many authorities applying no qualifying period. Where there is no minimum service, it is common for authorities to apply some restrictions for staff who are on fixed term contracts.
- 3.4 Across the council, some staff are employed on very specific fixed term contracts or on seasonal contracts. It is important to retain the ability of the council to use, where necessary, these flexible and agile arrangements to meet short term needs. However, where staff are employed on either permanent contracts, or fixed term contracts of over 2 years, it is felt appropriate to provide redeployment rights from day one of employment.
- 3.5 This will enable the council to retain valued skills and experience and apply effective redeployment processes to offer other opportunities to valued staff who may be at risk of redundancy due to service changes.
- 3.6 The equalities implications section of the report also demonstrates that our workforce profile, for those with less than 2 years' service, has a greater diversity than our overall workforce profile. Making this change is important in ensuring potential systemic or unconscious bias in our approach to redeployment is removed.

#### **4. Analysis and consideration of alternative options**

- 4.1 Alternative options have been considered, including consideration of the approach taken in other authorities (as discussed in section 3 above). It is felt that the proposed approach balances the need for flexibility and agility in the use of short-term contracts (such as seasonal posts or fixed term posts for the completion of a set project), with ensuring those staff employed in longer term positions are provided with redeployment rights from day one.

#### **5. Community engagement and consultation**

- 5.1 Consultation and discussions with Trade Union colleagues have taken place, and in the light of learning from previous change exercises.
- 5.2 A full lesson learnt process was carried out with Trade Union colleagues to gather learning from the 23/24 budget process. The approach to redeployment was highlighted in that review, and this report addresses some of the concerns raised.



- 5.3 Some comments have been made, that ask for redeployment rights to be offered for all employees from day one. This has been considered, and it is concluded that to offer redeployment to seasonal or short-term fixed term staff would be administratively difficult and disproportionate, particularly given some of these staff would not want further employment with the council following their fixed term contract (such as students undertaking seasonal roles). In addition all staff have full access to openly advertised vacancies.
- 5.4 Trade union colleagues have been asked if they would like any comments to be submitted to the committee in writing (see appendix 3).

## **6. Conclusion**

- 6.1 The proposed changes provide more security of employment for those with under two years' service and supports our aim to embed equality and diversity in everything that we do.

## **7. Financial implications**

- 7.1 There are no direct financial implications arising from the recommendations of this report. There is a risk that a wider group of employees with access to the redeployment pool could limit redeployment opportunities and potentially increase the possibility of redundancy and therefore redundancy costs, however this is unquantifiable and represents a low risk.

Name of finance officer consulted: James Hengeveld Date consulted:22/09/23

## **8. Legal implications**

- 8.1 There is a statutory duty to try to offer suitable alternative employment to employees at risk of redundancy.
- 8.2 Employees with more than two years' service could claim unfair dismissal if there is suitable alternative employment and we do not offer it as an alternative to redundancy.
- 8.3 Employees with less than two years' service do not currently have unfair dismissal rights or the right to redundancy pay.
- 8.4 In respect of redundancy then there is an obligation to offer suitable alternative employment (if available), and the consequence for unreasonable rejection of this employment is generally the foregoing of the statutory redundancy payment. To not offer alternative employment (if available) could amount to an unfair dismissal – if two years' continuous employment had been attained.

Name of lawyer consulted: Chris Kingham Date consulted (07/09/2023):



## 9. Equalities implications

- 9.1 Data shows that a higher percentage of our workforce with under 2 years service are BME

Workforce profile by ethnic group	<2 years' service	2+ years' service
BME	14.1%	8.6%
White - British	70.4%	81.7%
White - Irish	2.0%	2.2%
White - Other	13.4%	7.5%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>

Workforce profile by disability	<2 years' service	2+ years' service
Disabled	9.3%	8.3%
No disability	90.7%	91.7%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>

Workforce profile by sexual orientation	<2 years' service	2+ years' service
Heterosexual / Straight	80.0%	86.5%
LGBTQ+	20.0%	13.5%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Supporting Documentation

### 1. Appendices

1. Current Redeployment Policy
2. Amendment Redeployment Policy
3. Email to Trade Unions dated 14.9.23



## Redeployment Policy

### 1 Introduction

- 1.1 The Council's redeployment policy sets out the arrangements that are in place for the Council to maximise the opportunity to secure the employment of existing staff when the needs of the organisation change or in circumstances where individuals can no longer undertake the role they were employed to do.
- 1.2 This policy and procedure aims to provide a fair, transparent and effective process for dealing with such situations, ensuring compliance with statutory requirements. It recognises that during the course of employment, some employees will be affected by changing circumstances such that they are unable to continue in the job they were originally employed to do.
- 1.3 Where these circumstances are beyond the employee's control the Council is committed to:
  - maximising the opportunities to achieve the redeployment of employees in alternative job roles when their continued employment is at risk;
  - minimising the distress and adverse impact of any such change on the individuals affected;
  - retaining within the Council, wherever possible, the valuable expertise of employees;
  - minimising the cost of displaced employees to the Council as a consequence of possible payment of e.g. redundancy costs; and
  - Re-skilling displaced employees to maximise their chances of being offered another role

### 2 Scope

- 2.1 This Policy applies to:
- 2.2 Those Council employees whose continued employment is at risk due to redundancy or ending of a temporary/fixed-term contract (for employees with more than 2 years continuous service).
- 2.3 Employees who have acquired redeployment status through the Attendance Management or Performance Capability processes.
- 2.4 In order to maximise the opportunity to find alternative employment, opportunities will be sought from across the Council. However, this policy (or any amended version of this policy) may only be applied to school based vacancies with the agreement of schools' governing bodies.



### **3 Redeployment Status**

3.1 Employees acquire redeployment status when their employment is at risk for the following reasons:

- Redundancy – as soon as they have been notified that their continued employment is at risk, in accordance with the Managing Change Framework;
- Temporary contracts - For employees with 2 or more years continuous service on a temporary contract, they will acquire redeployment status at the start of their notice period;
- Fixed Term Contracts - For employees with 2 or more years continuous service whose fixed term contract is due to end, they will acquire redeployment status as soon as they are advised by their manager that their contract will not be renewed past its natural expiry date;
- Fixed Term Contracts - For employees with 2 or more years continuous service, they will acquire redeployment status as soon as they have been issued notice to bring their fixed term contract to an end before the natural expiry date;
- Ill-health - in accordance with the Attendance Management Policy;
- Capability - in accordance with the Capability Policy.

3.2 The Council will look for suitable alternative employment for individuals until such time as they have been successfully redeployed or until the effective termination date, whichever is the sooner.

### **4 Seeking Alternative Employment**

4.1 The Council will seek, wherever possible, to find permanent, alternative employment for employees commensurate with their experience, skills and abilities and, where practicable and appropriate, at a status and level of remuneration comparable with their former position.

### **5 Responsibilities of Employees with Redeployment Status**

5.1 Employees are required to co-operate fully with the Council whilst efforts are made to find alternative employment opportunities.

5.2 Redeployees will be given access to the jobs prior to them being advertised internally / externally. They should advise the redeployment co-ordinator when there are jobs that they think potentially match their skill set.

5.3 Where a potential job has been identified, the same steps set out below in paragraphs 8.3 to 8.7 will apply.



## **6 Responsibilities of Managers**

- 6.1 The Council expects managers to treat employees fairly and consistently and to accept a redeployee into a vacancy if the individual meets the essential criteria for the post or would do so with reasonable training.
- 6.2 If a recruiting manager does not consider a redeployee a suitable match, s/he will need to provide detailed written reasons to the employee and Human Resources within two working days of the matching meeting (or competitive interview decision).
- 6.3 Once a trial period has been agreed, it is the recruiting manager's responsibility to manage the trial period, including ensuring that any training and adjustments that were agreed are put in place.

## **7 Support for Employees**

- 7.1 Employees will receive appropriate advice, guidance and general support throughout the redeployment process from their manager and Human Resources. The nature and level of assistance will be that which the Council considers appropriate and reasonable given the circumstances of the case.

## **8 Identification of Potential Job Matches**

- 8.1 All vacancies will be screened by Human Resources for possible job matches against the profiles of those employees listed on the Redeployment Register. A potential job match is where the employee's experience, knowledge and skills appear very similar to the essential criteria for the post and where any shortfall could be made up within a reasonable period with appropriate training.
- 8.2 Employees on maternity leave and parents on paternity, adoption or shared parental leave have legal protection of their right to return to work. Therefore, an employee(s) on maternity, paternity, adoption or shared parental leave who are under notice of redundancy, must be offered any suitable alternative vacancy in preference to other employee(s). This means that if a vacancy that is suitable for the employee(s) exists, they must be offered it even if this means that they are treated more favourably than another employee who is in the redeployment pool. This is the case even if the other employee is better qualified than they are.
- 8.3 Where a potential job match has been identified by either the employee or HR, information may be requested from the employee to illustrate how their skills and experience meet the particular requirements of the vacancy. Human Resources will then determine whether to proceed to a meeting between the recruiting manager and redeployee to assess their suitability for the role.
- 8.4 Following the meeting between the employee and the manager, if for any reason, the manager or employee decides not to go ahead with the trial period,



they will need to provide written reasons to Human Resources within two days of the meeting.

- 8.5 Where more than one employee from the Redeployment Register has been matched to a particular vacancy then the manager will be asked to shortlist and then conduct competitive interviews to determine who should be offered the trial period.
- 8.6 In the event that an employee enters the redeployment pool who is a potential match to a job that has already been advertised (but has not reached the stage where a conditional offer has been made), then the recruitment to that post will be placed on hold whilst the matching / trial process takes place.

## **9. Trial Period**

- 9.1 The length of the trial period will be four weeks, however this can be extended to take account of reasonable training/re-training needs, following agreement with Human Resources and the substantive manager.
- 9.2 During the trial period, the employee will continue to be paid at the current pay grade of his / her substantive post.
- 9.3 An employee can commence a trial period within four weeks of their termination date, provided the match was agreed prior to employment ending. In this circumstance, employment will be extended to the end of the trial period. If the trial is not successful, then dismissal will take effect.
- 9.4 If a trial period does not conclude before the termination date, then the individual's employment will be extended to the end of the trial period. If the trial is not successful, then dismissal will take effect.
- 9.5 If the recruiting manager concludes, either during or at the end of the trial period, that the job is unsuitable, a further job match will be sought provided the employee's effective termination date has not passed. The recruiting manager will meet the employee to explain the reasons the trial period was unsuccessful and, specifically, how the employee fell short of the minimum requirements of the post. The recruiting manager will then confirm the reasons for the decision in writing to the employee and Human Resources.
- 9.6 Upon the successful completion of a trial period, the employee will be offered a new contract of employment for that post and the appointment support procedure will be implemented.
- 9.7 If an employee refuses the offer of a trial period or decides during or at the end of the trial that the job is unsuitable, without good reason, he/she must be made aware of the possible consequences of his/her actions. See Section 10.



- 9.8 Once an individual has been offered a trial period he/she is removed from the redeployment pool. If during a trial period an employee wishes to apply for another position, they are no longer eligible to apply for posts as a redeployee, but can apply in accordance with the Council's normal recruitment and selection process.
- 9.9 Where a redeployment trial is due to take place into a post that requires a Disclosure and Barring Service Check (DBS) and where the redeployee does not have a DBS, or requires a new DBS (see paragraph 10.4) the trial period can only commence where agreement from the Director of Adult Services / Director of Children's Services (DAS/DCS) has been given, or once the DBS is received and checked in line with the usual process.
- 9.10 A new DBS disclosure will be required for those who:
- Are redeployed from a post not requiring a check to one that does;
  - Are redeployed to a post that requires a higher level of disclosure;
  - Have not had a DBS in the last 4 years and the post requires one; or
  - Have never had a DBS and the post requires one
- 9.11 Prior to the trial period Human Resources will liaise with the redeployee and the recruiting manager to ensure all necessary checks, including Disclosure & Barring Service checks, are held to the necessary level, and to arrange the completion of checks.

## **10 Entitlement to a Redundancy Payment for those staff at Risk due to Redundancy**

- 10.1 If an employee at risk of redundancy is successfully redeployed, he/she will not be entitled to a redundancy payment.
- 10.2 An employee will also lose his/her potential entitlement to a redundancy payment and the opportunity to be considered for further redeployment opportunities if he/she:
- refuses without good reason an offer of suitable alternative employment;
  - declines without good reason the offer of a trial period or interview for a post which is considered to be suitable by the Council;
  - is dismissed for misconduct during the training/trial period;
  - resigns during the training/trial period without good reason; or
  - Accepts another position either within the Council, or with an employer covered by the Modification order and takes it up within 4 weeks of the old employment ending.

## **11 Redeployment Opportunities after Employment Ends**

- 11.1 When an employee is dismissed by reason of redundancy, he/she will retain the right to have a meeting / be interviewed for an alternative job for which he/she



has applied or has been matched against prior to leaving providing that the offer of alternative employment is made within four weeks of the date of leaving i.e. the termination date.

- 11.2 In these circumstances the Council would withhold any redundancy payment to which the employee may be entitled until the outcome of the interview / meeting or trial period is known.

## **12 Appeals against not being job matched to a Vacancy**

- 12.1 If an employee believes that he/she has been overlooked/unreasonably refused for a job match he/she should appeal in writing, on the attached form, to the Head of Human Resources & Organisational Development, within seven calendar days of this decision. A written response to the appeal will be issued **within seven calendar days** of the receipt of the appeal form.



### Formal Offer of Re-deployment

The offer of re-deployment must be made in writing and within four weeks of the employee's effective termination date. The offer must specify the following: -

- the type of work to be undertaken
- the nature and length of any re-training programme agreed
- the nature of any reasonable adjustments that are to be made
- the location of the new job
- the rate of pay and other terms and conditions
- the normal number of hours per week
- the entitlement to a trial period of four weeks (or a right to a **statutory** trial period in cases of redundancy)
- the situation regarding the employee's entitlement to a redundancy payment, if any
- details of any salary protection should the appointment be confirmed
- the fact that confirmation of the appointment is subject to satisfactory completion of the trial period by the employee.







## Redeployment Policy

### 1 Introduction

- 1.1 The Council's redeployment policy sets out the arrangements that are in place for the Council to maximise the opportunity to secure the employment of existing staff when the needs of the organisation change or in circumstances where individuals can no longer undertake the role they were employed to do.
- 1.2 This policy and procedure aims to provide a fair, transparent and effective process for dealing with such situations, ensuring compliance with statutory requirements. It recognises that during the course of employment, some employees will be affected by changing circumstances such that they are unable to continue in the job they were originally employed to do.
- 1.3 Where these circumstances are beyond the employee's control the Council is committed to:
  - maximising the opportunities to achieve the redeployment of employees in alternative job roles when their continued employment is at risk;
  - minimising the distress and adverse impact of any such change on the individuals affected;
  - retaining within the Council, wherever possible, the valuable expertise of employees;
  - minimising the cost of displaced employees to the Council as a consequence of possible payment of e.g. redundancy costs; and
  - Re-skilling displaced employees to maximise their chances of being offered another role

### 2 Scope

- 2.1 This Policy applies to:
- 2.2 Those Council employees whose continued employment is at risk due to redundancy if they have over 2 years service, or if they have under 2 years service but are on an employment contract that is due to be at least two years' duration.
- 2.3 Employees who have acquired redeployment status through the Attendance Management or Performance Capability processes.
- 2.4 In order to maximise the opportunity to find alternative employment, opportunities will be sought from across the Council. However, this policy (or any amended version of this policy) may only be applied to school based vacancies with the agreement of schools' governing bodies.



### **3 Redeployment Status**

- 3.1 Employees acquire redeployment status when their employment is at risk, (providing they have over 2 years service, or they are on an employment contract due to be of at least two year's duration:
- 3.2 The Council will look for suitable alternative employment for individuals until such time as they have been successfully redeployed or until the effective termination date, whichever is the sooner.

### **4 Seeking Alternative Employment**

- 4.1 The Council will seek, wherever possible, to find permanent, alternative employment for employees commensurate with their experience, skills and abilities and, where practicable and appropriate, at a status and level of remuneration comparable with their former position.

### **5 Responsibilities of Employees with Redeployment Status**

- 5.1 Employees are required to co-operate fully with the Council whilst efforts are made to find alternative employment opportunities.
- 5.2 Redeployees will be given access to the jobs prior to them being advertised internally / externally. They should advise the redeployment co-ordinator when there are jobs that they think potentially match their skill set.
- 5.3 Where a potential job has been identified, the same steps set out below in paragraphs 8.3 to 8.7 will apply.

### **6 Responsibilities of Managers**

- 6.1 The Council expects managers to treat employees fairly and consistently and to accept a redeployee into a vacancy if the individual meets the essential criteria for the post or would do so with reasonable training.
- 6.2 If a recruiting manager does not consider a redeployee a suitable match, s/he will need to provide detailed written reasons to the employee and Human Resources within two working days of the matching meeting (or competitive interview decision).
- 6.3 Once a trial period has been agreed, it is the recruiting manager's responsibility to manage the trial period, including ensuring that any training and adjustments that were agreed are put in place.



## **7 Support for Employees**

- 7.1 Employees will receive appropriate advice, guidance and general support throughout the redeployment process from their manager and Human Resources. The nature and level of assistance will be that which the Council considers appropriate and reasonable given the circumstances of the case.

## **8 Identification of Potential Job Matches**

- 8.1 All vacancies will be screened by Human Resources for possible job matches against the profiles of those employees listed on the Redeployment Register. A potential job match is where the employee's experience, knowledge and skills appear very similar to the essential criteria for the post and where any shortfall could be made up within a reasonable period with appropriate training.
- 8.2 Employees on maternity leave and parents on paternity, adoption or shared parental leave have legal protection of their right to return to work. Therefore, an employee(s) on maternity, paternity, adoption or shared parental leave who are under notice of redundancy, must be offered any suitable alternative vacancy in preference to other employee(s). This means that if a vacancy that is suitable for the employee(s) exists, they must be offered it even if this means that they are treated more favourably than another employee who is in the redeployment pool. This is the case even if the other employee is better qualified than they are.
- 8.3 Where a potential job match has been identified by either the employee or HR, information may be requested from the employee to illustrate how their skills and experience meet the particular requirements of the vacancy. Human Resources will then determine whether to proceed to a meeting between the recruiting manager and redeployee to assess their suitability for the role.
- 8.4 Following the meeting between the employee and the manager, if for any reason, the manager or employee decides not go ahead with the trial period, they will need to provide written reasons to Human Resources within two days of the meeting.
- 8.5 Where more than one employee from the Redeployment Register has been matched to a particular vacancy then the manager will be asked to shortlist and then conduct competitive interviews to determine who should be offered the trial period.
- 8.6 In the event that an employee enters the redeployment pool who is a potential match to a job that has already been advertised (but has not reached the stage where a conditional offer has been made), then the recruitment to that post will be placed on hold whilst the matching / trial process takes place.



## **9. Trial Period**

- 9.1 The length of the trial period will be four weeks, however this can be extended to take account of reasonable training/re-training needs, following agreement with Human Resources and the substantive manager.
- 9.2 During the trial period, the employee will continue to be paid at the current pay grade of his / her substantive post.
- 9.3 An employee can commence a trial period within four weeks of their termination date, provided the match was agreed prior to employment ending. In this circumstance, employment will be extended to the end of the trial period. If the trial is not successful, then dismissal will take effect.
- 9.4 If a trial period does not conclude before the termination date, then the individual's employment will be extended to the end of the trial period. If the trial is not successful, then dismissal will take effect.
- 9.5 If the recruiting manager concludes, either during or at the end of the trial period, that the job is unsuitable, a further job match will be sought provided the employee's effective termination date has not passed. The recruiting manager will meet the employee to explain the reasons the trial period was unsuccessful and, specifically, how the employee fell short of the minimum requirements of the post. The recruiting manager will then confirm the reasons for the decision in writing to the employee and Human Resources.
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- 9.7 If an employee refuses the offer of a trial period or decides during or at the end of the trial that the job is unsuitable, without good reason, they must be made aware of the possible consequences of their actions. See Section 10.
- 9.8 Once an individual has been offered a trial period they are removed from the redeployment pool. If during a trial period an employee wishes to apply for another position, they are no longer eligible to apply for posts as a redeployee, but can apply in accordance with the Council's normal recruitment and selection process.
- 9.9 Where a redeployment trial is due to take place into a post that requires a Disclosure and Barring Service Check (DBS) and where the redeployee does



not have a DBS, or requires a new DBS (see paragraph 10.4) the trial period can only commence where agreement from the Director of Adult Services / Director of Children's Services (DAS/DCS) has been given, or once the DBS is received and checked in line with the usual process.

9.10 A new DBS disclosure will be required for those who:

- Are redeployed from a post not requiring a check to one that does;
- Are redeployed to a post that requires a higher level of disclosure;
- Have not had a DBS in the last 4 years and the post requires one; or
- Have never had a DBS and the post requires one

9.11 Prior to the trial period Human Resources will liaise with the redeployee and the recruiting manager to ensure all necessary checks, including Disclosure & Barring Service checks, are held to the necessary level, and to arrange the completion of checks.

## **10 Entitlement to a Redundancy Payment for those staff at Risk due to Redundancy**

10.1 **An employee made redundant with two years's service or more will be entitled to a redundancy payment**

10.2 If an employee at risk of redundancy is successfully redeployed, they will not be entitled to a redundancy payment.

10.3 An employee will also lose their potential entitlement to a redundancy payment and the opportunity to be considered for further redeployment opportunities if they:

- refuses without good reason an offer of suitable alternative employment;
- declines without good reason the offer of a trial period or interview for a post which is considered to be suitable by the Council;
- is dismissed for misconduct during the training/trial period;
- resigns during the training/trial period without good reason; or
- Accepts another position either within the Council, or with an employer covered by the Modification order and takes it up within 4 weeks of the old employment ending.

## **11 Redeployment Opportunities after Employment Ends**

11.1 When an employee is dismissed by reason of redundancy, they will retain the right to have a meeting / be interviewed for an alternative job for which they



has applied or has been matched against prior to leaving providing that the offer of alternative employment is made within four weeks of the date of leaving i.e. the termination date.

- 11.2 In these circumstances the Council would withhold any redundancy payment to which the employee may be entitled until the outcome of the interview / meeting or trial period is known.

## **12 Appeals against not being job matched to a Vacancy**

- 12.1 If an employee believes that they have been overlooked/unreasonably refused for a job match they should appeal in writing, on the attached form, to the Head of Human Resources & Organisational Development, within seven calendar days of this decision. A written response to the appeal will be issued **within seven calendar days** of the receipt of the appeal form.



### Formal Offer of Re-deployment

The offer of re-deployment must be made in writing and within four weeks of the employee's effective termination date. The offer must specify the following: -

- the type of work to be undertaken
- the nature and length of any re-training programme agreed
- the nature of any reasonable adjustments that are to be made
- the location of the new job
- the rate of pay and other terms and conditions
- the normal number of hours per week
- the entitlement to a trial period of four weeks (or a right to a **statutory** trial period in cases of redundancy)
- the situation regarding the employee's entitlement to a redundancy payment, if any
- details of any salary protection should the appointment be confirmed
- the fact that confirmation of the appointment is subject to satisfactory completion of the trial period by the employee.







**From:** Tracy Lucas  
**Sent:** Thursday, September 14, 2023 11:00 AM  
**To:** Mark Turner <Mark.Turner@brighton-hove.gov.uk>; Corinna Edwards-Colledge <Corinna.Edwards-Colledge@brighton-hove.gov.uk>; Diana Leach <Diana.Leach@brighton-hove.gov.uk>  
**Cc:** Joel Caines <Joel.Caines@brighton-hove.gov.uk>; Alison Mcmanamon <Alison.McManamon@brighton-hove.gov.uk>  
**Subject:** Amendment to Redeployment Policy

Dear all,

Further to the meeting on 5 September I am writing to confirm the proposed change the redeployment qualifying service period.

The proposed change is as follows

**Scope**

***This policy applies to***

***Those Council employees whose continued employment is at risk due to redundancy if they have over 2 years service, or if they have under 2 years service but are on an employment contract that is due to be at least two years' duration.***

At the meeting on 5 September I understand a query was raised about why this change is for employees at risk of redundancy only and not for ill health retirement. The review was undertaken to respond to issues raised by both unions about the redeployment qualifying period in cases of redundancy.

The scope for medical redeployment is not the two years required for redundancy redeployment and is set out in the policy as

- employees who have acquired redeployment status through the Attendance Management or Performance Capability processes

This is unchanged in the amended policy.

I am attaching the amended policy which will go to SFCR Committee for approval on 5 October. If you would like any representations to be considered by the Committee please could you put these in writing to me by Wednesday 19 September.

Kind regards

**Tracy Lucas** | Lead Consultant Policy and Projects | Human Resources & Organisational Development | Governance, People and Resources  
**Mobile** 07871734158  
You can call or message me on Teams  
[Brighton & Hove City Council](#)







# Brighton & Hove City Council

## Strategy Finance and City Regeneration Committee

## Agenda Item 65

**Subject:** Improvements to the use of temporary employment arrangements

**Date of meeting:** 5 October 2023

**Report of:** Executive Director Governance People & Resources

**Contact Officer:** Name: Alison McManamon

Email: [alison.mcmanamon@brighton-hove.gov.uk](mailto:alison.mcmanamon@brighton-hove.gov.uk)

**Ward(s) affected:** All

### For general release

#### 1. Purpose of the report and policy context

- 1.1. A review into the use of fixed term contracts, secondments and acting up arrangements has taken place. The review resulted in the majority of staff on long term temporary employment arrangements being made permanent.
- 1.2. In order to ensure governance and appropriate use of these arrangements going forward it is recommended a new policy on the use of fixed term contracts is put in place. In keeping with the recommendations from the review amendments have also been made to three existing policies – the Secondment Policy, Additional Payments Policy and the Recruitment and Selection Policy. The Committee are asked to approve these new and amended policies.

#### 2. Recommendations

- 2.1 That Committee agrees the amended policies on Secondments, Additional Payments and Recruitment.
- 2.2 That Committee agrees the new Policy on the Use of Fixed Term Contracts.

#### 3. Context and background information

- 3.1 A project commenced in December 2021 to review the council's frameworks and controls regarding fixed term contracts, secondments and acting up arrangements. It was undertaken to address concern over the high number of staff who have experienced long-term acting-up arrangements, secondments and fixed term contracts. This was an issue that created concerns across the organisation and was also raised by GMB and UNISON as a result of the impact on the employment stability for some of our staff.



### 3.2 The remit of the project was to:

- Ensure we can manage workloads across the organisation and have agile arrangements that enable us to manage peaks of work and project work.
- Ensure that our frameworks provide appropriate opportunities to staff to progress in line with our People Promise commitments on providing opportunities and also being a fair & inclusive employer
- Ensure we have the appropriate controls in place to effectively manage the need, duration, renewals and extensions of acting ups, secondments and fixed-term contracts
- Explore if our current policies are fit for purpose
- Recommend solutions to address long-term acting ups, secondments and fixed-term contracts and reduce any adverse impact on our employees of short term contractual arrangements

### 3.3 There were specific decisions made following the review to make changes as follows:

#### **Fixed Term Contracts**

- Move employees on fixed term contracts exceeding two years to permanent contracts wherever possible
- Introduce a new policy on the use of fixed term contracts, with controls in place for managing the implementation of contracts
- Put in place monitoring of fixed term contracts going forward
- Advertise all fixed term posts internally and externally

#### **Secondments**

- Move all secondments of 2 years plus into post permanently
- Put in place monitoring of secondments going forward
- Amend the existing Secondment Policy

#### **Acting up Arrangements**

- Review longer term acting up arrangements and discuss with manager with aim of ending of making permanent
- Introduce limit on a period of acting up to, usually 6 months with a maximum of one year
- Review additional payments policy to ensure transparency in access to such opportunities

### 3.4 Most of the recommendations of the review have been actioned. This has resulted in a high percentage of fixed term contract employees being made permanent. There has been improved monitoring and governance in place going forward. The changes ensure we are not in breach of employment legislation.

Total Number of Fixed Term Contracts		2 years service +		Of these 4 years service +	
Dec 21	July 23	Dec 21	July 23	Dec 21	July 23
401	357	272	53	269	6



Total Number of Secondments		Secondments 2 years +	
Dec 21	July 23	Dec 21	July 23
178	97	137	30

- 3.5 The actions taken have meant more security of employment for many with a positive impact on wellbeing, motivation and commitment. They should also have a positive impact on retention levels where those on fixed term contracts may otherwise have sought alternative employment without a guarantee of on-going employment.
- 3.6 In accordance with the review it is proposed that the Secondment Policy, Additional Payments Policy and Recruitment Policy are amended to ensure the circumstances for these arrangements are clear.
- 3.7 A new Use of Fixed Term Contract Policy has been written to ensure managers are clear on when it is appropriate to use a fixed term contract.
- 3.8 The three amendment policies and the new policy have been shared with UNISON and GMB for feedback and input and amendments made accordingly.
- 3.9 These policies are now presented to Committee for sign off.

#### **4. Analysis and consideration of alternative options**

- 4.1 The option to leave the current policies without amendments, and not establishing a fixed term contract policy has been considered. Without these suggested changes there is a risk that temporary work arrangements may be over used, and some of the issues identified in 3.1 and 3.2 will continue.

#### **5. Community engagement and consultation**

- 5.1 GMB and UNISON have been consulted throughout the review process and the changes proposed to the policies have been shared and an opportunity to feedback given. The proposals are designed to address concerns that Trade Union colleagues have raised with us, and UNISON have confirmed they are in full agreement with the proposals (see appendix 5). No concerns have been raised by GMB.

#### **6. Conclusion**

It is anticipated that the new policies recommended by this report will ensure the aims outlined in 3.2.

#### **7. Financial implications**

- 7.1 There are no direct financial implications arising from the recommendations of this report. The proposed amendments to policies will support greater cost



certainty of arrangements and in turn support improved financial management.

Name of finance officer consulted: James Hengeveld Date consulted 22/09/23

## **8. Legal implications**

- 8.1 The recommendations of the review and actions taken will inevitably provide greater certainty and security for those in post, and will assist in mitigating the risk that the Council is in breach regarding any disparity of treatment between those on fixed term contracts and those on permanent contracts.
- 8.2 In general terms Council policies tend to be drafted so as to align as far as possible with any relevant statutory position – including the treatment of fixed term contracts and any related redundancy considerations.
- 8.3 In amending existing policy the Council is making a meaningful effort to ensure that those on fixed term contracts are treated as fairly as possible and, importantly, do not find themselves at a disadvantage when compared to those on a permanent contract.
- 8.4 The recommendations do not significantly alter the landscape from a legal perspective but do provide greater clarity for all concerned parties.

Name of lawyer consulted: Chris Kingham Date consulted 21/08/2023:

## **9. Equalities implications**

- 9.1 Equality Impact Assessments have been completed for the new and amended policies and have been signed off by the Equality Diversion and Inclusion Manager.
- 9.2 The recommendations to advertise all posts externally, to ensure opportunities to act up are more transparent and inclusive and to monitor and limit acting up arrangements, secondments and fixed term contracts will ensure more competitive appointments to these arrangements, as well as ensuring more transparency and fairness.
- 9.3 As at 31 December 2021, Our People Data reports a higher percentage of staff in the council's corporate workforce identifying as BME, White Other, disabled, female and LGBTQ+ employed on fixed term contracts when compared with permanent contracts, and as a % of the total workforce.
- 9.4 Moving employees from fixed-term onto permanent contracts as recommended has increased the percentage of staff from under-represented groups on permanent contracts and support our fair and inclusive aims for proportionate representation of staff across all contract types.



## **Supporting Documentation**

### **1. Appendices**

1. Use of Fixed Term Contracts Policy (new)
2. Secondment Policy (amended)
3. Additional Payments Policy (amended)
4. Recruitment and Selection Policy (amended)
5. Emails to trade unions dated 31.07.2023 and 13.09.2023 requesting any written representations for Committee







## **Policy for the use of fixed-term contracts**

### **1. Introduction**

Brighton and Hove City Council (BHCC) recognises that not all employment opportunities that arise will be of a permanent nature. This document aims to set out the definitions of fixed-term contracts, describe the situations in which they can be fairly used and advise on the management of fixed-term contracts.

It is important that managers use the same standards and guidelines for recruitment, induction and probation for fixed term posts as for permanent posts.

### **2. Definitions**

The Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 came into force on 1 October 2002. The term “fixed-term contract” means a contract of employment that, under its provisions determining how it will terminate in the normal course, will terminate:

- a) on the expiry of a specific term or period. This period can, however, be shortened by appropriate notice given by either side within a specified period;
- b) on the completion of a particular task or job, or
- c) when a specified event does or does not happen.

The reason for the fixed-term nature of an appointment must be stated from the establishment of the post, throughout the recruitment process and in the contract of employment. In cases of doubt as to whether a post should be filled on a fixed-term basis, you should contact Human Resources.

Fixed-term employees enjoy all the legal protections that apply to permanent employees.

This policy is not intended to enable managers to deal with all issues regarding fixed-term staff without seeking specific advice from the HR Department.

### **3. Range of jobs that can be covered**

Fixed-term contracts can be used for all roles.

Please note this policy does not apply to the council’s Supported Placement Programme or work experience placements that are externally funded.

### **4. Circumstances in which fixed term contracts may be issued or extended**

- Covering long term sickness absence
- Covering for maternity/adoption/shared parental leave



- Covering for other long-term absence
- Covering pending service redesign
- Funding project for a defined time period with a clear start and finish date
- Legal right to live and work in the UK for a limited period

## **5. Circumstances in which fixed term appointments must not be used**

- a) to 'test out' a person in a post;
- b) for apprenticeships (there are separate arrangements for apprentices);
- c) for work experience opportunities or
- d) if someone is employed by an agency or are a contractor

## **6. Management of fixed-term contracts**

### **Responsibilities of Service Leads/Heads of Departments and line managers**

Service Leads/Heads of Departments/Managers are responsible for ensuring the following:

- a) the reason for the establishment of the fixed-term appointment is for one of the reasons listed under point 4 above
- b) an appropriate recruitment process is followed in line with the Recruitment and Selection Policy
- c) fixed-term contracts comply with BHCC's procedures
- d) keeping track of fixed term end dates via monthly Service Heads report to ensure conversations take place on a timely basis with employees and no later than 3 months before the expiry of the contract
- e) completing the staff amendment form on PIER no later the last working day before the 10<sup>th</sup> of the month of effective change, i.e. the month the fixed term contract is due to end, be extended or made permanent.

### **Responsibilities of Human Resources**

Human Resources and Business Operations teams are responsible for ensuring the following:

- a) fixed term contracts are recorded accurately
- b) contracts, letters of extension and termination are issued following receipt of the relevant information on PIER and advice is provided to employees and managers throughout the process
- c) sending prompts to managers reminding them of the expiry of fixed term contracts
- d) ensuring employees who qualify are added to the redeployment register two months prior to the end of the fixed term contract
- e) overseeing the redeployment process



## **7. Redeployment**

The redeployment policy applies to fixed term contract employees if they meet the requirements set out in the Redeployment Policy.

## **8. Extending, renewing or ending a fixed term contract**

It is the manager's responsibility to ensure they are aware when a fixed term contract is due to end and to take appropriate action within a timely manner.

Two months prior to the expiry of a fixed term contract, the line manager will receive a reminder the FTC is due to end. It is important the manager talks to the employee in good time? to give an indication of what is likely to happen at the end of their fixed term contract.

### **Extension/ renewal of a fixed-term contract**

If it is the intention to extend the current contract beyond the initial end date, the line manager must do the following:

- go to the PIER or onto Wave and complete the staff amendment form
- ensure this is done as early as possible to minimise uncertainty for the employee concerned. Please note this must be completed by the last working day prior to the 10<sup>th</sup> of the month the change is effective.

The line manager must ensure the reason for the fixed term contract to continue is for one of the valid reasons listed at point 4.

### **Ending a fixed-term contract**

If the line manager wishes to end a fixed term contract before the due end date, they must speak to their HR Business Partner/Consultant before taking any action as the law regards the ending of a fixed term contract as a dismissal.

Before dismissing, it is important to ensure that there is a fair reason to justify the dismissal and a full and fair procedure is followed. Failure to ensure this may result in a claim of unfair dismissal to be made to an employment tribunal if an employee has two or more years' service.

While a full and fair process must be followed there is no requirement for the employee or BHCC to give notice at the end of a fixed term contract where the end date is set out in the contract.

Ending the fixed-term contract on the basis of being employed under such a contract will not be fair unless this can be justified and the reason for the appointment of the fixed term contract, as detailed under point 4, no longer exists.



### **If the employee has less than two years' service at the due end of the FTC**

Line managers must do the following:

- a) discuss the decision with the employee to ensure they are kept informed
- b) complete the Leaver Form on PIER as soon as possible and no later than the last working day before the 10<sup>th</sup> of the month before the fixed term contract is due to end.

### **If the employee has two or more years' service at the due end date of the FTC**

Line managers must do/be aware of the following:

- a) Discuss with HR to determine if consultation is appropriate.
- b) The employee will be added to the redeployment register at the beginning of this process.
- c) Write to or email the employee informing them of the reasons why BHCC is proposing a termination of their employment and invite them to a meeting. Advise them of their right to be accompanied at this meeting to discuss this.
- d) Hold a meeting with the employee to discuss the nature of their fixed term contract coming to an end which will include any options for redeployment
- e) Outcome of the meeting may be to advise the employee that their contract be terminated.
- f) Keep notes of the meeting as a record.
- g) (Following the decision) complete the Leaver Form on PIER or the Wave.

Failure to follow this process puts BHCC at risk of an employment tribunal claim.

## **9. Redundancy payment**

An individual with two years or more service may be entitled to a statutory redundancy payment, if they are redundant and no suitable alternative job can be found, HR will notify the individual in their termination letter if this is the case. The redundancy payment will be funded from the departmental salary budget.

## **12 Appointing an individual to a fixed-term post that is to be made permanent**

Line managers must follow the usual authorisation process if they want to make a fixed term post permanent. In cases where the employee has more than two years' service, the employee on the fixed term contract will be offered a permanent contract.

In cases where the employee has less than two years' service the contract will usually be made permanent subject to the following:

- the employee was offered the fixed term contract following a competitive



- process in accordance with the Recruitment and Selection Policy.
- the employee has successfully completed their probationary period.
- the employee is not currently subject to any formal capability or disciplinary procedures
- the roles and responsibilities of the post remain unchanged.

In the circumstances outlined above the post may go out to redeployment or be re-advertised before a decision is made. If a line manager would like to consider this option they must speak to HR.

If the decision is made to offer the fixed term employee a permanent contract the line manager should complete the Staff Amendment form on PIER as soon as possible

If there are a number of employees undertaking an identical role and only one permanent post, they should all be offered the opportunity to take part in the selection process.

This is to ensure

- all those employees have the chance to be considered for the permanent opportunity and
- there is a clear rationale for the decision.

Please seek advice from HR.

### **13. Using successive fixed-term contracts**

When an individual has been employed on one or successive fixed term contracts for two years they have the right to make a request to their manager that the fixed term nature of their contract be reviewed. Only contracts which can be objectively justified for one of the reasons listed in point 4 will continue to be fixed term.

When an individual has been employed on one or successive fixed term contracts for four years they will automatically become a permanent employee unless a further fixed term contract can be objectively justified for one of the reasons listed in point 4.

If a manager receives such a request, they should seek advice from HR.







## Secondment Policy

### 1 Introduction

- 1.1 As set out in the People Promise, Brighton and Hove City Council are committed to develop all our people to do their best and to identify talent to support progression.
- 1.2 The Council recognises that enabling staff secondments to resource temporary projects or assignments can provide benefits to both the organisation and the employees concerned.
- 1.3 Secondment opportunities to suitable posts will be encouraged to give people internal development opportunities.
- 1.4 In addition the Council encourages secondments to and from partnership organisations where appropriate.
- 1.5 Posts identified as suitable for a secondment opportunity for up to two years' may be advertised internally and to appropriate partnership organisations identified for the post.
- 1.6 This Policy sets out a framework to ensure the effective management of secondments and the fair and consistent treatment of secondees.

### 2 Purpose

- 2.1 The Policy aims to:

- enable the Council to better meet its business needs and objectives
- improve partnership working with other organisations in the public, private and voluntary sectors thereby raising the Council's profile and reputation
- provide development opportunities for employees
- facilitate the retention of high calibre employees and their valuable skills and experience
- enable the Council to benefit from increased motivation and the broadening of experience, knowledge and skills of employees returning from internal or outward secondments.

### 3 Scope

- 3.1 This Policy applies to:

- internal secondments i.e. those within the Council
- external secondments i.e. existing Council employees working temporarily for another organisation

### 4 Definitions

- 4.1 "Host" – the receiving department or employer



“Employing Organisation” – the statutory employer who holds the contract for the employee.

## 5 Duration of Secondments

The normal duration of secondments will be up to two years.

In exceptional circumstances, ie, to complete an ongoing project, this may be extended, please discuss with HR in the first instance.

## 6. Suitable posts for secondment opportunities

A post advertised as a secondment should be a post limited for up to two years

Examples of this would be

- It is covering the temporary absence of the substantive period, ie on maternity leave
- It is a project and the role will end when the project is complete
- It is temporary role pending a service redesign (to be complete within 12 months)

## 7 Eligibility to Apply for Secondments

7.1 Permanent employees are eligible to apply for a secondment where they have:

- held their current post for at least twelve months **and**
- there is a defined development need that may be met through the secondment **or**
- there is a defined organisational need that will be met via the secondment

7.2 Temporary employees are not eligible to apply for vacancies on a secondment basis.

## 8. General Principles of External Secondments

8.1 The following principles will apply to secondments involving the Council and an external organisation:

- a secondee will continue to be paid by their employing organisation and will therefore remain an employee of that organisation.
- the full employment cost of an external secondment (i.e. salary, employer's national insurance and pension contributions, etc. plus on-costs) will be met by the host organisation. The Council will continue to pay the employee but will invoice the host organisation to recover these costs.
- the cost of internal secondments will be met by the host department (Note: this does not extend to the cost of “back-filling” the secondee).



## 9. Employment Conditions of Secondees

- 9.1 Where the secondment is agreed the employee will have an automatic right to return to their substantive job at the end of the secondment. If there are any changes during the period of secondment that would affect a substantive post, the manager is required to inform and consult the secondee of the changes and outline the impact and options as a result. Advice should be sought from Human Resources.
- 9.2 Where the secondee will receive a higher salary on secondment, at the end of the secondment, they will revert to the level of salary that would have applied had they remained in the substantive job.
- 9.3 Managers must ensure that employees who are on secondment (internal or external) are formally consulted over any proposed changes such as restructuring etc. which may directly or indirectly affect their substantive job.
- 9.4 The Council will make every effort to find suitable, alternative employment for secondees whose substantive post has been deleted or significantly changed such that the terms and conditions are substantially less favourable than they would have enjoyed prior to the secondment.
- 9.5 The Council cannot guarantee finding suitable, alternative employment for returning secondees in these circumstances.
- 9.6 Where the Council has been unable to secure suitable alternative employment for a secondee who is otherwise redundant, the cost of any redundancy will be met by the department in which the secondee was employed immediately prior to commencing the secondment.
- 9.7 If a secondment opportunity becomes a permanent post it will usually need to be advertised in the normal way.
- 9.8 If an employee has been seconded into the post for more than one year and the opportunity to continue in the post permanently arises the manager may choose to appoint them permanently to the post without a further recruitment process subject to the Appointment Support Process being followed.

## 9 Advertising Secondments

### Internal secondments

- 9.1 The line manager should discuss initially with HR if they are considering advertising a post internally as a secondment
- 9.2 All secondments must be advertised and equalities monitoring data must be recorded.
- 9.3 The advertisement should clearly state the duration of the secondment up to a period of two years.



9.4 In accordance with the Council's "Organisation Change Framework Policy" under "Redeployment Policy", all secondment opportunities will be screened for a possible 'match' against those employees on the Council's Redeployment register prior to advertising.

9.5 Recruitment to the vacancy will be in accordance with the Council's normal recruitment and selection practices.

External secondments

9.6 Appointments will be made in accordance with the host organisation's recruitment and selection procedures.

## **10 Obligations on Employees Applying for a Secondment**

10.1 Employees wishing to apply for a post on the basis of either an internal or external secondment must secure the written approval of their line manager before applying and evidence of this must be included with their application.

## **11 Considering Requests for a Secondment**

11.1 A secondment request should only be refused where there are good business reasons for doing so and this can be objectively justified.

## **12 Terms of the Secondment**

12.1 In order to avoid any misunderstanding, it is imperative that the terms and conditions of the secondment are agreed at the outset between the originating department/organisation, the host department/organisation and the secondee.

12.2 Managers involved in arranging a secondment (internal or external) are strongly advised to seek advice from Human Resources at the earliest possible opportunity.

## **13 Managing the Secondment - Responsibilities**

The host department or organisation:

13.1 It is usual practice for the host department/organisation to be responsible for the following aspects of the secondment:

- briefing the secondee prior to the secondment commencing
- ensuring that all costs for the secondee are being met by the host department and are allocated to the correct budget code and establishment
- re-imbursing the secondee for any travel, subsistence or out of pocket expenses etc. incurred whilst carrying out the duties associated with the secondment, where applicable
- providing induction at the commencement of the secondment and any training which may be required
- providing regular two-way meetings to discuss progress and any other issues arising during the secondment period



- maintaining and notifying the secondee's originating department/organisation of their attendance record
- notifying the secondee's originating department/organisation regarding any incident of gross or serious misconduct or lack of capability
- ensuring that the secondee complies with all relevant health and safety requirements
- providing the secondee with a de-briefing session at the end of the secondment.

#### The secondee's originating department or organisation:

13.2 It is usual practice for the secondee's originating department or organisation to be responsible for the following aspects of the secondment:

- arranging for the secondee's post to be covered during the period of the secondment
- checking that the secondee has been briefed by the host department/organisation
- *internal secondment*: checking that the secondee's salary, employer's national insurance and pension contributions etc. are being charged to the host department's budget code and establishment
- *external secondment to an outside organisation*: ensuring that the secondee continues to be paid by the Council and that the administrative arrangements have been set up to recover these costs from the host organisation. To include, notifying the host organisation of any increase in the secondee's pay as a result of annual pay awards, incremental progression etc.
- participating in regular meetings with the secondee and the host department/organisation to discuss progress and any issues arising during the secondment period
- keeping the secondee in touch whilst they are away with any developments in the department/organisation or with any matters affecting the secondee's substantive post e.g., re-structuring, redundancy issues etc.
- ensuring that the secondee is properly de-briefed and supported during the period of re-integration into the workplace
- identifying what has been learned during the secondment and how the experience and skills can be applied in the workplace
- ensuring that, where appropriate, redeployment opportunities are sought for the secondee in good time and before the secondment comes to an end (see the Council's "Organisation Change Framework Policy").

## 14 Monitoring

14.1 The operation of the policy in practice will need to be carefully monitored to ensure that decisions to recruit to secondment opportunities and managers' decisions to release staff on secondment are not influenced by factors such as an employee's gender, ethnicity, disability, sexual orientation, or religion or belief.







## Policy on Awarding Additional Payments

### 1 Introduction

- 1.1 There will be occasions when, to ensure the delivery of an efficient and effective service, employees will be required to undertake additional duties and responsibilities and/or to work reasonably beyond their normal contractual hours.
- 1.2 **Such arrangements should be short term up to a maximum of one year.**
- 1.3 In certain circumstances, employees may be awarded an additional payment in recognition of this extra work. This policy sets out the different types of additional payment which managers, in consultation with human resources, may award and the criteria which must be met for each type of payment to be made.
- 1.4 Where the requirement for an employee to undertake additional duties and responsibilities is likely to exceed a year alternative arrangements will need to be made, ie, a secondment or fixed term contract. Please refer to the appropriate policies.

### 2 Scope

- 2.1 This Policy applies to all employees of the Council with the exception of the Chief Executive.

In relation to Schools, this policy applies to Community Maintained Schools where employees' terms and conditions are set with respect to the NJC (Green Book) terms and conditions. Voluntary Aided Maintained Schools, where the Governing Body of the school is the employer of staff, may adopt this policy and related guidance at their discretion.

### 3 Consistent Application of the Policy

- 3.1 To ensure that such payments are made only where the employee meets the specified criteria and that awards are applied consistently and fairly to employees across the Council, managers must consult their relevant HR Business Partner/HR Consultant for schools **before** awarding any additional payment under this Policy.

### 4 Fair Selection of Employee(s)

- 4.1 Where a manager identifies a need for employee(s) to act-up into a higher-graded post or to undertake additional duties or a project outside the scope of the employee's contract of employment, it is important that the selection process is handled fairly.
- 4.2 The opportunity to act up must be advertised amongst the appropriate group(s) of staff within the section/department. Managers must seek advice from HR on this. If more candidates express an interest than is required, please refer to the Recruitment and Selection Policy for more information on interviews.



## 5 “Acting-up” Allowance

### Eligibility:

- 5.1 An employee is entitled to receive an acting-up allowance when they are asked to provide temporary cover for a higher-graded post over a period of four consecutive weeks or more. Circumstances which may merit an acting up arrangement include:
- the postholder is absent for any reason other than annual leave or
  - the post is vacant and there is a need to maintain continuity of work until the post can be filled.
- 5.2 The allowance is payable only where the targets and performance levels within the section are continuing to be maintained.
- 5.3 An acting-up allowance should not be awarded to employees for additional duties carried out at the same or lower grades as these would constitute an increase in volume of work rather than in complexity or level of responsibility. In these circumstances, it would be more appropriate to consider paying overtime (if the employee qualifies) or granting the employee compensatory time off in lieu (see Section 8 below).
- 5.4 However, where the additional duties are significant and outside the scope of the employee’s existing contract of employment, then payment of a discretionary honorarium may be justified (see section 6 below).

### Calculation of the allowance:

- 5.5 The acting-up allowance is calculated on the basis of the difference between the basic salary which would apply if the employee were to be promoted to the higher-graded post (normally the minimum point of the scale) and the employee’s existing basic salary.
- 5.6 The full acting-up allowance will be payable only where the full duties and responsibilities of the higher-graded post are being undertaken.
- 5.7 In cases where two or more employees are jointly undertaking the full duties and responsibilities, the allowance should be calculated on an individual basis and weighted according to the number of hours/weeks/months each individual spends covering the higher-graded post. The full acting-up allowance cannot be paid to more than one employee in respect of the same period of cover.
- 5.8 Where an employee is undertaking a proportion only of the full duties and responsibilities, authorised managers may award one of three levels of payment only i.e. 25%, 50% and 75% of the full allowance (please see guidance notes).



Authorisation and payment of the allowance:

- 5.9 Payments should be agreed by a manager in consultation with the relevant HR Business Partner/HR Consultant and Head of Service, before they are awarded.
- 5.10 On receipt of the employee's formal acceptance of the acting-up arrangements, the line manager should complete an online staff amendment form for approval by the Budget Holder and Accountant (please see Staff Amendments on the HR pages of the Wave). Once approved, the required changes will be made in payroll in order that payment can be made to the employee.
- 5.11 Where an extension to an acting up arrangement is sought, the approval workflow is extended to include HR Advisory.
- 5.12 The acting-up allowance will not be paid until the employee has completed four consecutive weeks in the "acting-up" role. It will be paid in monthly instalments together with salary.
- 5.13 The acting-up allowance may continue to be paid during short periods when the employee acting-up is absent due to sickness or leave. However, should the employee's absence be for a continuous period of more than two weeks due to sickness, leave (including maternity, parental, or adoption leave) etc. then the acting-up allowance will cease automatically and will not become payable again until the employee returns to work and assumes the higher-level duties. It is the responsibility of the employee's manager to notify Payroll of any absences or other relevant information which might require the payment to be re-calculated or terminated.
- 5.14 Payroll will not process a payment where the payment either does not meet the requisite criteria or has not been calculated in accordance with the provisions set out in this Policy.

Termination of the allowance:

- 5.15 The acting-up allowance is paid to an employee on the understanding that they are actively undertaking the higher-level duties.
- 5.16 A manager can terminate the acting-up arrangements and payment of the allowance where there are concerns over the employee's performance, conduct and/or attendance during the acting-up period. Please see guidance notes for details of other circumstances when the acting-up allowance would cease.
- 5.17 Payment of an acting-up allowance would also cease where it is necessary for a manager to authorise another employee to undertake the acting-up duties.

## **6 Discretionary Honorarium Payment**

Eligibility:



- 6.1 A discretionary honorarium payment may be made where an employee is required by their manager to undertake **exceptional work of a temporary and non-recurring nature outside the scope of their contract of employment. The appropriate level of authorisation must be obtained before the work commences and before confirmation and detail of any payment is made to the employee.**
- 6.2 Circumstances which may merit such a payment being made include:
- an employee making a significant contribution to a substantial one-off special project beyond that normally expected in the course of their normal duties
  - an employee achieving required business/service objectives despite exceptionally difficult circumstances over a period of at least three consecutive months e.g. significant staff shortages due to illness or unforeseen vacancies in the employee's section and where the employee:
    - is not entitled to receive payment in respect of overtime under their contract of employment
    - cannot be granted compensatory time off in lieu, either at the time the extra hours are worked or at any future date, because the absence cannot be accommodated within the needs of the service **and**
    - such work is deemed to be outside the scope of the employee's contract of employment and they have received no other payment in recognition of the additional hours worked.
- 6.3 Such payments should not be awarded where, having regard to the size of the project, it would be more appropriate to create a temporary post to undertake the additional work (see guidance notes).
- 6.4 Similarly, discretionary honoraria must not be used to reward employees who have worked additional hours and/or undertaken extra duties which would be considered to fall within the scope of the employee's contractual obligation to meet the demands of the service. In these circumstances it would be more appropriate to consider paying overtime (if the employee qualifies) or granting the employee compensatory time off in lieu (see Section 8 below).

Calculation of the honorarium:

*Additional duties/project work evaluated at the same grade as the employee's substantive post*

- 6.5 The payment should be equivalent to the average value of one salary increment within the grade of the employee's post.



- 6.6 The resulting “full-year” figure should then be proportioned according to the duration of the additional work/project or the number of weeks the employee has been working the additional hours.

Additional duties/project work evaluated at a higher grade than the employee’s substantive post

- 6.7 Refer to Acting Up payments at paragraph 5 and manage as an acting up.

Authorisation and payment of the honorarium:

- 6.8 Honorarium payments must be authorised by ELT in addition to the relevant tier approvers as follows:
- the relevant HR Manager and Head of Service for all employees below Head of Service level AND the Executive Director
  - the relevant HR Manager and the Assistant Director for employees at Head of Service level AND the Executive Director
  - the relevant HR Manager and the Chief Executive for employees at Director level.
- 6.9 The discretionary honorarium will be made as a “once-and-for all” payment either upon the satisfactory completion of the additional work/project or when the employee finishes undertaking the additional hours.
- 6.10 Management reserves the right to reduce the level of the payment where an employee’s actual personal contribution to the additional work/project has been significantly reduced from the level originally envisaged. Please see guidance notes for the circumstances in which the payment should be reduced.
- 6.11 Payroll will not process a payment where the payment either does not meet the requisite criteria or has not been calculated in accordance with the provisions set out in this Policy.

## **7 Accelerated Incremental Progression within the Existing Grade**

Eligibility:

- 7.1 A manager in consultation with their Director/Head of Service and Human Resources, has the discretion to award up to a maximum of two additional salary increments, within the salary scale, to an employee in recognition of **exceptional performance**.
- 7.2 The employee’s work performance must meet one or more of the following criteria to qualify:
- consistent performance of high-quality work over and above that normally expected of the postholder for a period of at least six months



- consistent performance of work of the same level and quality as employees at a higher salary point on the grade
- performance of work to such a high standard that little supervision is required in circumstances where there would usually be a strong supervisory element.

7.3 The award of accelerated increment(s) must only be made in exceptional circumstances. It must not be used to recognise exceptional work of a temporary and non-recurring nature (see guidance notes).

Approval and payment of the accelerated increment(s):

7.5 Payment should be agreed by the manager in consultation with their Director/Head of Service and Human Resources and processed via the online staff amendment form approval workflow from the Budget Holder and Accountant. On receipt of an authorised online staff amendment form the necessary changes will be made to payroll.

Notification to the employee:

7.6 The employee will be issued with an 'amendment to contract letter' by Business Operations, detailing the accelerated salary progression, approved by the budget holder.

7.7 The Business Operations team will place a copy of the letter on the employee's personal file.

**8 Rules regarding employees undertaking extra duties or working additional hours WITHIN the scope of the employee's contract of employment**

Employee(s) undertaking additional duties:

8.1 Under the terms of their contracts of employment, all Brighton & Hove City Council employees can be required by management to undertake, from time to time, duties additional to their normal duties in order to meet the demands of the service.

8.2 Where such duties are considered reasonable and appropriate to the grade and general character of the work for which they are employed, the employee is not entitled to receive any additional payment in recognition of undertaking the additional work (see guidance notes).

8.3 If the additional duties are significant and deemed to be outside the scope of the employee's contract of employment payment of a discretionary honorarium may be justified (see Section 6 "Discretionary Honorarium Payment" above).

Employee(s) working additional hours:





- 8.4 Employees may also, on occasions, be required by management to work hours additional to their normal contractual working hours in order to meet the exigencies of the service arising from emergencies, increase in work volume or from the occasional need to cover for absences.
- 8.5 Whether such additional hours would qualify for payment is dependent upon the grade of the employee's post. Please refer to the guidance notes for the rules governing such payments.

### **Monitoring of Additional Payments**

- 9.1 HR Business Partners/HR Consultant for schools will be responsible for monitoring the award of all additional payments to employees under this Policy. This is to ensure that these provisions are being appropriately and consistently applied both within and between teams and departments. HR Business Partners/HR Consultant for schools should provide, for consideration by their Department's Management Team, on a six-monthly basis, a report detailing the acting-up allowances, honoraria payments and instances of accelerated incremental progression awarded to employees.

## **Guidance Notes on Awarding Additional Payments**

### **1. Introduction**

- 1.1 These guidance notes are designed to provide practical guidance for applying the Additional Payments Policy in order to ensure that its provisions are applied consistently and fairly to employees across the Council.

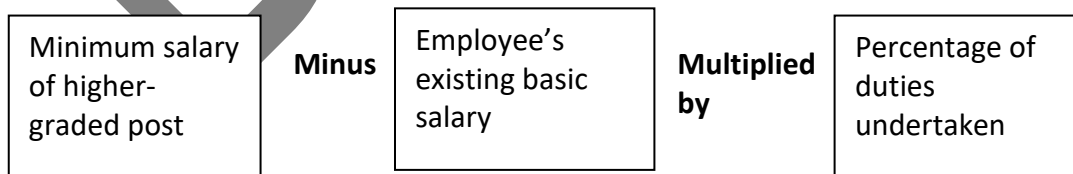
### **2 Acting –up Allowances**

*Calculation of the allowance:*





- 2.1 The salary used to calculate the acting-up allowance should be at least the equivalent of one salary increment above the employee's existing salary. This would normally be the minimum point of the scale of the higher-graded post which the employee is required to cover.
- 2.2 The allowance is then calculated on the basis of the difference between the "new" salary and the employee's existing basic salary.
- 2.3 Where an employee is undertaking a **proportion only** of the full duties and responsibilities of the higher-graded post, it is necessary to assess as objectively as possible, the proportion of the higher-level duties the individual is undertaking. Advice should be sought from the relevant HR Business Partner when assessing an employee's contribution.
- 2.4 Only one of three levels of payment may be authorised. The criteria for each level of payment are given below as a guide:
- 2.4.1 **25%** - an employee undertaking only a proportion of the full duties and responsibilities of the higher-graded post. This means that the employee will be carrying out the more routine, less onerous tasks associated with the higher-graded post and will be expected to make routine decisions only. The more complex issues will be referred to a more senior manager. There will, therefore, be a need for a high level of supervision, guidance and assistance.
- 2.4.2 **50%** - an employee undertaking a significant proportion of the full duties and responsibilities of the higher-graded post but excluding the most onerous duties. This means that the employee will be expected to make more than routine decisions but there will still be a need to refer more complex issues to a more senior manager. There will therefore be a need for a reasonably high level of supervision, guidance and assistance.
- 2.4.3 **75%** - an employee undertaking the majority of the duties and responsibilities of the higher-graded post and making all but the most complex decisions. This means that the employee will require a level of supervision, guidance and assistance above that normally required of the postholder.
- 2.4.4 The following formula should then be used to calculate the acting-up allowance:



- 2.4.5 Where more than one employee is undertaking a proportion of the full duties and responsibilities, the sum of the percentages must not exceed 100%.

### 3 Discretionary Honorarium



*Calculation of the honorarium:*

- 3.1 It is necessary in the first instance for the manager, in conjunction with the relevant HR Business Partner to arrange for the additional work/project to be evaluated corporately and an appropriate "grade" allocated to it.

*Additional duties/project commensurate with the employee's substantive grade:*

- 3.1.1 In these circumstances, the honorarium would be based on the average value of one salary increment within the grade of the employee's post and proportioned according to the length of time the employee undertakes the extra work.

*Additional duties/project evaluated at a higher grade than the employee's substantive grade:*

- 3.1.2 Where the grade of the work to be undertaken is higher than the grade of the employee's existing post, the honorarium should be calculated in the same way as for acting-up allowances (see Section 2 above).
- 3.2 There may be cases where, because of the size and likely duration of the additional work/project, it would be more appropriate to create a temporary post and to recruit to this vacancy in accordance with the Council's normal recruitment procedures.
- 3.3 Where managers are unclear about which process to adopt, they should seek advice from their HR Business Partner.

*Payment of the honorarium:*

- 3.4 The discretionary honorarium payment is calculated on the basis that the employee(s) actively undertake the additional work/project for the whole of the period originally envisaged. Where an employee's contribution has been significantly reduced from the level originally envisaged, due to sickness, leave or for some other reason, the discretionary honorarium payment made to the individual will be reduced accordingly.
- 3.5 Should the employee's absence make it necessary for management to authorise another employee to undertake the additional work/project for the remaining period that the work/project has to run then the discretionary honorarium payment will be re-calculated on the basis of the period up to the date on which the employee relinquished the additional work.

- 4 Accelerated Incremental Progression within the existing grade

*General:*

- 4.1 Accelerated increments must not be awarded in any of the following circumstances:



- as a means to correct salary anomalies
- where such an award results in the creation of salary anomalies within the team/section/department
- where the manager has concerns about an employee's conduct, capability or attendance record.
- to recognise an employee's contribution to work which is of an exceptional, temporary and non-recurring nature and which is deemed to be outside the scope of the employee's contract of employment. This is because it would give a long-term reward for a short-term contribution.
- to enhance the level of pension payable to an employee in their last year of service. **This practice is unlawful.**

4.2 The award of additional salary increments does not interrupt the employee's normal annual salary progression.

*Confirmation of the award of accelerated increment(s):*

4.3 Once Business Operations have been notified using the staff amendment form, they will issue an amendment to contract letter to the employee to confirm:

- the number of salary increments to be awarded
- the reason for the award
- the date on which the increment(s) will be awarded
- the employee's revised salary
- confirmation of the date on which the employee's next scheduled salary increment is payable (if appropriate).

4.4 Business Operations will place a copy of the on the employee's personal file.

## **5 Rules governing the undertaking of additional duties or hours within an employee's contract of employment**

5.1 The following rules are incorporated within individual employees' contracts of employment:

*Employees graded M7 to M5 inclusive:*

5.2 Employees at this level are required to work such reasonable additional hours as are necessary to ensure the efficient and effective discharge of their duties. This may necessitate their working outside normal office hours i.e. in the evenings, at weekends and/or on Bank / Public Holidays.





- 5.2.1 Any additional hours worked will not qualify for additional payment because the grading of the individual's post will have been set having regard to these hours and working requirements. However, compensatory time off in lieu may be granted by the employee's Director/Head of Service where this can be accommodated within the needs of the service.

*Employees graded SO1/2 to M8 inclusive:*

- 5.3 Any additional hours worked by employees within this grade band will not normally qualify for additional payment but compensatory time off may be granted by the employee's manager where this can be accommodated within the needs of the service.

*Employees graded Scale 1 to Scale 6 inclusive:*

*For employees participating in the Council's Flexible Working Hours Scheme*

- 5.4 The Council's Flexible Working Hours Scheme is designed to accommodate fluctuations in workload so that employees can be credited with any additional hours they may be required by Management to work, from time to time, in order to meet the demands of the service.
- 5.4.1 The standard practice, therefore, should be for managers to grant compensatory time off in lieu to an employee who has been required to work hours in excess of their contractual hours.
- 5.4.2 In cases where the number of extra hours worked is significant, and application of the flexi-time rules governing the carry-over of credit hours from one accounting period to the next would result in the employee losing a proportion of the accrued hours, managers can vary the standard Scheme to permit a greater number of hours to be carried forward.
- 5.4.3 Having said this, it must be emphasised that managers have a duty of care to their employees under health and safety legislation and therefore they should not encourage their employees to work excessive hours and permit the build-up of a large number of hours. Therefore, any such variation of the carry-over rules must be made, in exceptional circumstances only, to accommodate a specific peak in workload of finite duration. It must not be applied as a matter of routine.
- 5.4.4 However, any such variation must be on a temporary basis only and the manager must agree with the employee the period over which the extra hours will be reduced to normal levels by the individual taking time off in lieu.
- 5.4.5 Managers should, therefore, seek to minimise the payment of overtime to employees within this grade band by varying the standard provisions of the Flexible Working Hours Scheme in this way.
- 5.4.6 However, in exceptional circumstances, where compensatory time off cannot be accommodated within the needs of the service and/or the workload makes it



impossible for an employee to take time off, at any time, then overtime may be paid in accordance with the terms referenced in the Council's Allowance Scheme.

- 5.4.7 Important note: Payment for overtime working will be made only in cases where the relevant manager has given their approval in advance to the employee working additional hours.
- 5.4.8 Overtime at the enhanced rate is payable only in respect of those additional hours worked in excess of 37 hours.
- 5.4.9 Additional hours (part time workers up to 37 hours in a week) worked within the hours of 6.00 am to 8.00 pm will be paid at plain time rates where, exceptional circumstances mean that compensatory time off in lieu cannot be granted. These hours attract working pattern allowances, where they would similarly qualify for full time workers, as set by the terms referenced in the Council's Allowance Scheme. Payment will not be made unless such working can be justified and the employee has been required by management to work the extra hours.

*For employees not participating in the Council's Flexible Working Hours Scheme*

- 5.5 An employee who works hours additional to their normal contractual weekly working hours and outside their normal start and finish times should normally be granted compensatory time off in lieu of any extra hours worked.
- 5.5.1 However, where compensatory time off cannot be accommodated within the needs of the service, then overtime may be paid in accordance with the terms referenced in the Council's Allowance Scheme

*Payment for Overtime (other than planned overtime):*

- 5.6 Overtime will be aggregated for each calendar month (or other appropriate period where the hours are averaged over a period longer than a week).
- 5.6.1 Overtime, hours worked above 37 in a week, will be paid at time and a half Monday to Sunday, or for public holidays double time.
- 5.6.3 The employee's basic rate of pay will be used in calculating overtime payments.
- 5.6.4 Part-time employees are entitled to these enhancements only at times and in circumstances in which full-time employees in the establishment would qualify. Otherwise, a full working week for full-time employees will have to be worked by a part-time employee before these enhancements apply.



# Recruitment & Selection Policy

## Introduction

The council is committed to providing continuously improving, efficient and effective services to the diverse communities of Brighton and Hove. To achieve this, the council recognises that it is crucial to recruit the right people with the right skills and values to the right job and that these individuals should reflect, as far as possible, the diversity of the local community it serves.

This Policy provides a framework to ensure the council has a fair, objective, consistent and transparent recruitment and selection process that promotes good practice and supports a proactive approach to equality and diversity.

As it only sets out the broad principles, recruiting managers should read it in conjunction with the more detailed guidance relating to each stage of the process published on The Wave.

If this Policy is successful, the council will not only be able to appoint talented people with the right skills, values and behaviours more consistently but the workforce at all levels within the organisation will more accurately reflect the City's economically active population.

## Scope

This policy applies to all individuals employed by Brighton & Hove City Council. It should be used for any appointment including permanent and temporary/fixed-term staff, apprentices, work placements and casuals.

Recruitment of the Chief Executive, Chief Officer and Deputy Chief Officers (i.e. those who report directly to a Chief Officer but excluding support staff) will be carried out in accordance with this Policy's general principles and the rules set out in the council's Constitution.

It is recommended that schools adopt this policy.

## Aims

This Policy aims to:

- ensure the council has a talented, skilled, flexible and motivated workforce that can deliver effective, value-for-money services in line with the organisation's strategic priorities, both now and in the future
- set out the standards to ensure that the council's recruitment processes are fair, consistent and transparent and comply with relevant legislation and lead inclusive practice
- ensure that the recruitment process is accessible and inclusive and that reasonable adjustments are made to support disabled candidates to achieve their best during the process



- ensure that the right person with the right skills is appointed to the right job, first time
- increase the diversity of the workforce through the attraction and recruitment of high quality candidates from across the community, particularly from under-represented groups
- balance the benefits of recruiting externally with the aspirations of existing staff to develop and progress within the organisation
- ensure that new recruits are assessed not only on their technical ability, but also for their compatibility with the council's values and behaviours
- promote a positive image of the council as an employer.

## **General Principles**

- The recruitment and selection process must be appropriate to the job concerned and be able to deliver a quality candidate for the job at a reasonable cost
- safer recruitment practices must be employed for all posts involving contact with children and/ or vulnerable adults
- vacancies to be advertised will be screened against council redeployees for potential "matches" in the first instance
- disabled applicants who meet the minimum essential selection criteria for the job will be offered an interview.
- no job will be advertised without having been job evaluated
- all appointments must be made on merit following assessment against clearly defined criteria
- All managers must have completed the mandatory training before undertaking the recruitment
- the Chair of the recruitment panel should be at least grade SO1/2
- the process must be transparent and auditable with detailed written evidence available to support the decision made in respect of each applicant
- there must be consistent and impartial treatment of candidates throughout the whole process
- the required pre-employment checks must be carried out on all preferred candidates
- no appointee can start work before receipt of satisfactory pre-employment checks.

## **Responsibilities**

**Executive Directors and Heads of Service** are directly responsible for ensuring that:

- this Policy is followed within their own service areas
- their managers attend recruitment and selection training, including refresher training, as required
- their managers are held accountable for their practices.



**Recruiting Managers** are responsible for:

- familiarising themselves with, and adhering to, this Policy
- having a broad understanding of the current legislation relating to recruitment and selection
- adhering to the council's recruitment and selection processes, including safer recruitment practices where appropriate to the job role
- carrying out recruitment fairly, transparently and without prejudice in accordance with council procedures.
- fulfilling the council's commitment to leading inclusive practice by proactively making reasonable adjustments and practical changes for disabled candidates during the recruitment process.
- maintaining their technical knowledge and skill levels by undertaking recruitment and selection training, including refresher courses, as required

Failure to carry out their responsibilities in line with this Policy may be viewed as a potential disciplinary or capability matter.

### **Reviewing the Vacancy**

Before beginning the process to fill any vacant post, managers should review it against their service area's strategic plans to make sure there is still a need for the role in its current form. See the Recruitment Toolkit for more information.

### **Opportunities for Young People**

The council is committed to helping young people get into work through its work placements and apprenticeships. Managers are, therefore, encouraged to consider creating suitable opportunities that would enable young, unemployed people to gain valuable work experience and skills. Managers should contact the council's Apprenticeship Programme Officer if they are interested in taking on an apprentice.

### **Use of Agency Workers**

The council aims to fill all vacant posts with directly employed staff. The use of agency workers should therefore be kept to a minimum and used for short-term or emergency staffing needs only (up to a maximum of 12 weeks). For further information, refer to the Agency & Casual Workers' section on the Wave.

### **Job descriptions and person specifications**

All posts must have an up-to-date, accurate job description/ person specification or job role profile. The person specification or job role profile is the central tool of the recruitment and selection process as it sets down the experience, knowledge, skills, values and behaviours that are necessary to enable a person to perform successfully in that job.

All job descriptions/ person specifications or job role profile should be clear and written in easy-to-understand plain language, free from jargon and acronyms. Care must be



taken to ensure that the person specification does not include excessive, discriminatory or desirable criteria.

Ideally, person specifications should have no more than 10 -12 key criteria against which applicants are to be assessed.

### **Customer-facing roles**

When recruiting to roles where the employee is required, as a regular and intrinsic part of the job, to speak to members of the Public, either face-to-face or over the telephone, managers must have regard to the guidance within the “Code of Practice on the English Language Requirement for Public Sector Workers”. This means that they must ensure that employees in such roles, irrespective of their nationality or origins, have a command of spoken English which is sufficient to enable them to perform the role effectively. The level of fluency required must be appropriate to the demands of the role and this must be specified in the person specification or job role profile.

### **IMPORTANT NOTE:**

Fluency does not relate to regional or international accents, dialects, speech impediments or the tone of conversations

See the Recruitment Toolkit for more information.

### **Vacancy Control Procedures**

Managers must follow the vacancy control procedures in place at the time they propose to recruit.

### **Moves Not Requiring Selection Procedures**

Vacancies will require a formal selection process except in the following circumstances:

- where an employee who is under notice of redundancy or dismissal on the grounds of capability has been “matched” to the vacancy under the council’s Redeployment Policy)
- voluntary or directed moves at the same grade as part of a service restructure that could prevent a potential redundancy situation
- where one half of a job-share partnership leaves, the remaining partner will be offered the position on full-time basis (see Job-Share Policy) before the position is advertised
- making a temporary/fixed-term/seconded employee, permanent but only where the employee had been recruited to that post through a competitive, external recruitment exercise (for seconded employees this is a competitive, internal recruitment exercise).



## **Advertising the vacancy**

Once released from redeployment, all permanent vacancies and temporary posts will be advertised internally and externally at the same time.

Only vacancies for a period of twelve weeks or less and which are not expected to be extended, can be covered using an agency worker. However, should it then transpire that there will be a requirement to fill the post beyond the twelve weeks the vacancy should be advertised externally.

This approach will maximise the chances of recruiting the best person for the job by ensuring fair and open competition for jobs.

## **Advertising Media**

Advertising will be designed to ensure that job opportunities are accessible to as wide and diverse an audience as possible and that they attract the strongest possible field of candidates.

## **Adverts**

Recruitment advertisements should reflect the realistic requirements of the job with regard to skills, qualifications and experience and shall not include any unjustifiable or discriminatory requirements. See the Recruitment Toolkit for more information.

The council will include generic, positive action statements in its advertisements. Other targeted positive action initiatives may also be undertaken where there is data to justify this.

## **Executive Search**

For a limited number of senior management positions or hard-to-fill professional posts, it may be appropriate to use a consultancy firm to assist with finding potentially suitable candidates. This approach may be used to complement advertising on the open market to attract a wide pool of suitable candidates.

The approval of the Head of HR&OD is required in all cases where it is proposed to use executive search techniques and the company to be used must be selected in accordance with the council's procurement rules.

## **Shortlisting**

The recruitment and selection of employees is one of a manager's most important responsibilities. In view of this, only those managers who, as a minimum, have undertaken the council's recruitment and selection and equalities e-learning training can be involved in the recruitment and selection process. The Chair of the recruitment panel should be at least grade SO1/2 and be more senior than the post being recruited to.

Normally, all members of the recruiting panel should shortlist.



All must be impartial and be able to add value to the process. Under no circumstances must an individual who is a friend, family member or has, or has had, a personal relationship with a candidate participate in shortlisting or sit on an interview panel. The same would apply if an individual's knowledge of an applicant is such that their objectivity may be compromised. This may have particular relevance where internal applicants have been shortlisted and where the need for impartiality and consistent treatment of candidates is of particular importance.

In these circumstances, the individual must declare an interest and withdraw from the recruitment process.

Disabled candidates who meet the essential criteria for the role will be offered an interview (see the Offer of an interview scheme).

### **Interview Panels**

For continuity and consistency, it will be usual for the same managers who were involved in shortlisting to also sit on the interview panel. Under no circumstances should a manager interview alone.

An employee who is leaving should not be involved in the recruitment of their successor.

To be able to Chair an interview panel, the manager must have successfully completed the council's recruitment and selection and equalities e-learning modules in the last 12 months and, it is recommended that they have completed the council's additional recruitment and selection skills training. This recognises the important role the Chair plays in ensuring that the selection process is carried out fairly and objectively and that the recruitment decision is robust and will stand up to scrutiny. If a suitably qualified individual cannot be found to chair the Panel, then the recruiting manager should contact HR &OD who will assign a Chair.

In order to be able to sit on an interview panel the panel members must have at least completed the mandatory e-learning modules within the last 12 months. There is an expectation that they will also have completed the council's additional recruitment and selection skills training.

Observers on recruitment panels must not participate in the decision-making process. Where a first-time recruiter is involved as part of their management development, there must be at least 2 other experienced recruiting managers on the panel.

### **Selection process**

An interview must form the core part of every recruitment and selection process and, for a large number of posts, it will be sufficient to use it as the sole method of assessment.

However, for others, particularly more senior or technical roles, a more challenging selection process involving some form of selection exercise might be appropriate.

### **Selection exercise**



**The recruiting manager must** ensure that any assessment exercises used during recruitment is fully accessible to all candidates. Care must be taken to ensure that ~~tests~~ assessment exercises are inclusive and accessible so that all candidates can fully access and engage with the assessment exercise.

When inviting candidates to take part in an assessment, the panel must make the candidate aware of what the assessment will involve and the specific format of the assessment. All candidates must then be asked if they need any adjustments or support when undertaking the assessment exercise. This could include allowing extra time to complete the assessment exercise.

All proposed assessments should be discussed with HR. See the Recruitment Toolkit for more information.

### **Involvement of clients/service users**

Where the successful candidate will have to work extensively and closely with children or vulnerable adults, it may be desirable to involve representatives of the clients/service users in the recruitment and selection process.

In order to make sure that the objectivity and robustness of the process is not compromised in any way, managers who are contemplating involving clients/service users in a recruitment exercise should refer to the Recruitment Toolkit and seek advice from HR before doing so.

### **Post Selection Checks**

The council reserves the right to undertake such pre-employment checks as are necessary to ensure the suitability of the applicant for the job in question. This means that job offers must be made conditional to the following pre-employment checks and the outcomes considered satisfactory. These include:

- appropriate written references (see below)
- health clearance
- verification of qualifications and/or professional registration where appropriate to the role
- Disclosure & Barring Service check where appropriate to the post
- Right to Work in the UK check
- Driving licence check where appropriate to the post

### **References**

References should be sought from those referees identified on the candidate's application form. One of these should always be the current or last employer unless the candidate is a school or college leaver. A copy of the job description and person specification or job role profile must be sent to referees to enable them to make informed comment on the candidate's suitability for the job.

Two satisfactory references must be obtained for an external candidate covering at least the last three years of employment.



Where the preferred candidate is a current council employee, at least one reference must be obtained and this should be from the current line manager or other relevant manager where appropriate.

Additional references should be sought where, for example:

- the reference(s) provided contain only very limited information on the candidate's experience and abilities e.g. they are addressed "To Whom It May Concern" or only give dates of employment
- the preferred candidate has had more than two employers in the last three years
- where the original referee(s) does not provide a reference

For more information see the Recruitment Toolkit.

## **Record Keeping**

Recruiting managers must keep accurate and detailed records of the recruitment and selection process in order to be able to provide feedback to unsuccessful candidates and as evidence in case the appointment decision is challenged.

All records including application forms and written evidence to support shortlisting and appointment decisions must be kept confidential and stored securely in accordance with the Data Protection Act. Records must be retained for a period of twelve months after an appointment has been made in case they are needed to defend an Employment Tribunal claim. After this time, all documents must be confidentially destroyed.

## **Feedback**

Recruiting managers should always offer to provide feedback to candidates on the outcome of their application.

Feedback given must be accurate and any comments must be able to be substantiated by documentary evidence if required. Feedback must relate specifically to the individual's personal application and must not include comments about the specific performance of other applicants.

## **Complaints**

Complaints relating to any aspect of the recruitment process or decisions made should be made in writing to the Head of HR in the first instance.

## **Monitoring**

In order for the Council to ensure that recruitment and selection practices are undertaken in accordance with the principles set out in this policy, HR will monitor and review arrangements through any of the following:



- structured telephone discussions with recruiting managers prior to, and on completion of, the recruitment process
- random scrutiny of individual recruitment exercises
- manager surveys to review the ongoing effectiveness of the recruitment and selection procedures
- ad hoc surveys to review the candidate experience
- production and analysis of annual recruitment and selection statistics for the purposes of equalities monitoring.

Directorate Management Teams (DMTs) will also monitor the impact of this policy on workforce profile targets

DRAFT







**From:** Corinna Edwards-Colledge <Corinna.Edwards-Colledge@brighton-hove.gov.uk>  
**Sent:** Thursday, September 14, 2023 3:29 PM  
**To:** Tracy Lucas <Tracy.Lucas@brighton-hove.gov.uk>  
**Cc:** Richard Woolven <Richard.Woolven@brighton-hove.gov.uk>  
**Subject:** RE: Update on Review of Fixed Term Contracts, Secondments and Acting Up arrangements

Hi Tracy

We can't see any substantive changes from what we previously commented on so all good from our perspective.

Thanks

Corinna

**Corinna Edwards-Colledge**  
Joint Branch Secretary, Brighton & Hove UNISON



01273 291612 (main office 01273 291611) | 07563 420176 |  
Brighton & Hove Unison Branch Office | Brighton Town Hall | Bartholomew Square |  
Brighton, BN1 1JF

*Please note: I work flexibly three and a half days a week but will get back to you as soon as I can.*

### [JOIN UNISON HERE](#)

**From:** Tracy Lucas <[Tracy.Lucas@brighton-hove.gov.uk](mailto:Tracy.Lucas@brighton-hove.gov.uk)>  
**Sent:** Wednesday, September 13, 2023 11:13 AM  
**To:** Mark Turner <[Mark.Turner@brighton-hove.gov.uk](mailto:Mark.Turner@brighton-hove.gov.uk)>; Corinna Edwards-Colledge <[Corinna.Edwards-Colledge@brighton-hove.gov.uk](mailto:Corinna.Edwards-Colledge@brighton-hove.gov.uk)>; Diana Leach <[Diana.Leach@brighton-hove.gov.uk](mailto:Diana.Leach@brighton-hove.gov.uk)>; Richard Woolven <[Richard.Woolven@brighton-hove.gov.uk](mailto:Richard.Woolven@brighton-hove.gov.uk)>  
**Cc:** Alison Mcmanamon <[Alison.McManamon@brighton-hove.gov.uk](mailto:Alison.McManamon@brighton-hove.gov.uk)>  
**Subject:** Update on Review of Fixed Term Contracts, Secondments and Acting Up arrangements

Dear all

As advised in my email of 31 July 2023 we are preparing to take these policies to SFCR Committee for approval on 5 October. If you wish to provide any feedback or comments to the Committee please could you provide to me in writing by 19 September 2023.

Thank you.

Kind regards



**Tracy Lucas** | Lead Consultant Policy and Projects | Human Resources & Organisational Development | Governance, People and Resources  
**Mobile** 07871734158

You can call or message me on Teams

[Brighton & Hove City Council](#)

### **Our customer promise to you**

We will make it clear how you can contact or access our services | We will understand and get things done | We will be clear and treat you with respect



**From:** Tracy Lucas

**Sent:** Monday, July 31, 2023 11:31 AM

**To:** Mark Turner <[Mark.Turner@brighton-hove.gov.uk](mailto:Mark.Turner@brighton-hove.gov.uk)>; Corinna Edwards-Colledge <[Corinna.Edwards-Colledge@brighton-hove.gov.uk](mailto:Corinna.Edwards-Colledge@brighton-hove.gov.uk)>; Diana Leach <[Diana.Leach@brighton-hove.gov.uk](mailto:Diana.Leach@brighton-hove.gov.uk)>; Richard Woolven <[Richard.Woolven@brighton-hove.gov.uk](mailto:Richard.Woolven@brighton-hove.gov.uk)>

**Subject:** Update on Review of Fixed Term Contracts, Secondments and Acting Up arrangements

Dear all

As you are aware a review has been undertaken on the use of fixed term contracts, secondments and acting up arrangements across the council.

The recommendations of the review were as follows

#### **Fixed Term Contracts**

- Move employees on fixed term contracts exceeding two years to permanent contracts wherever possible
- Introduce a new policy on the Use of Fixed Term Contracts
- Put in place monitoring of fixed term contracts going forward
- Advertise all fixed term posts internally and externally

#### **Secondments**

- Move all secondments of 2 years plus into post permanently unless there is a significant business need for an extension
- Put in place monitoring of secondments going forward
- Amend the existing Secondment Policy

#### **Acting up Arrangements**

- Review longer term acting up arrangements and discuss with manager with aim of ending of making permanent.
- Introduce limit on a period of acting up to, usually 6 months with a maximum of one year.
- Review additional payments policy to ensure transparency in access to such opportunities



Most of the recommendations of the review have been actioned. This has resulted in a high percentage of fixed term contract employees being made permanent and long term secondments being confirmed in post. There is improved monitoring and governance in place going forward.

Total Number of Fixed Term Contracts		2 years service +		Of these 4 years service +	
Dec 21	July 23	Dec 21	July 23	Dec 21	July 23
401	357	272	53	269	6

Total Number of Secondments		Secondments 2 years +	
Dec 21	July 23	Dec 21	July 23
178	97	137	30

The actions taken have resulted in more security of employment for many with a positive impact on wellbeing, motivation and commitment. They should also have a positive impact on retention levels where those on fixed term contracts may otherwise have sought alternative employment without a guarantee of on-going employment.

Thank you for any feedback provided on amended policies (Secondment, Additional Payments and Recruitment) and on the new Use of Fixed Term Contract Policy. I am attaching the final versions of these and just want to let you know we are planning on taking them to Strategy Finance & City Regeneration Committee for approval on 5 October 2023.

If you have any queries please let me know.

Kind regards

**Tracy Lucas** | Lead Consultant Policy and Projects | Human Resources & Organisational Development | Governance, People and Resources  
**Mobile** 07871734158  
 You can call or message me on Teams  
[Brighton & Hove City Council](#)

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# Brighton & Hove City Council

## Strategy, Finance & City Regeneration Committee

## Agenda Item 66

**Subject:** Our People Strategy 2023 to 2027

**Date of meeting:** 5<sup>th</sup> October 2023

**Report of:** Executive Director for Governance, People & Resources

**Contact Officer:** Name: Alison McManamon – Director of Human Resources  
& Organisational Development  
Email: [alison.mcmanamon@brighton-hove.gov.uk](mailto:alison.mcmanamon@brighton-hove.gov.uk)

**Ward(s) affected:** All

**For general release**

### **1. Purpose of the report and policy context**

- 1.1 The purpose of this report is to update on work that has been undertaken to develop a single people strategy for the Council and seek the Committee's endorsement of the strategy.

### **2. Recommendations**

- 2.1 That Committee agrees Our People Strategy as described in the report and set out at **Appendix 2**.

### **3. Context and background information**

- 3.1 Our People Promise (OPP) was established in 2017 to address a number of issues identified from the staff survey and other data. It was co-created with staff and other stakeholders and was an extensive programme of work to improve our employment offer and the experience of staff. Successive staff surveys have demonstrated sustained improvement and Our People Strategy will build on this success, ensuring we continue to attract the best talent to serve the city and, as one of the biggest employers in the City, further develop our offer as an employer of choice.
- 3.2 OPP is framed around five separate promises underpinned by a workstream which delivered on projects, initiatives and developments in our employment offer. The Council's workforce related actions in the Fair and Inclusive Action Plan are also a key part of OPP. A summary of what has been delivered under this programme is attached at **Appendix 1**.
- 3.3 OPP has become an established brand that is recognised as the Council's employment offer.
- 3.4 Over the last 12 months or so there has been an increased drive to develop a single people strategy that formally articulates the Council's current and future workforce needs and challenges and how it will seek to address them.



3.5 These drivers are:

- Unprecedented levels of change in ways of working since the pandemic
- Significant changes in the national labour market impacted by Brexit and the pandemic impacting on the ability to recruit.
- A perfect storm of rising cost pressures from inflation and demand for services as well as the rising cost of living driving demand for higher pay, in the context of acute financial pressures facing local government.
- A recommendation in the External Auditors Annual report for 2021/2022 that the Council consider developing a single workforce strategy.

3.6 It is also important to recognise the current financial and operational context of the Council with very significant budget pressures and rising demand for services and the impact of savings in the budget setting process. It is critical that despite these challenges the Council continues to look forward, considers its future needs and what it needs to do to address this but also to continue to support our workforce in these difficult times by continually developing our offer and practice as an employer to make the Council a great place to work.

3.7 The Council Plan was agreed by Full Council in July 2023 and states that at the heart of this council, and delivering the plan for 2023 to 2027, are our hard-working staff. We will keep Our People Promise to our staff and, as one of the largest employers in the region we will enable them to do their jobs well and work to recruit and retain the very best talent for council services.

3.8 Our People Strategy will serve as one of a number of key organisational pillars to support the delivery of the Council Plan and improve the council's effectiveness, and to modernise our ways of working. It sits alongside, amongst others, the:

- Medium Term Service & Financial Plan
- Accommodation Strategy
- Digital Data & Technology Strategy
- Customer Experience Strategy
- Health & Safety Strategy
- Fair & Inclusive Action Plan

#### **Development of a new Strategy**

3.9 A review of the OPP programme commenced in Autumn 2021 to assess the plans and priorities in the light of the Covid 19 pandemic and other organisational challenges. This evolved into a plan to develop Our People Strategy for the period 2023 to 2027.

3.10 The Council engaged with a range of internal stakeholders throughout the last year to identify the workforce challenges and needs both now and looking forward to 2027. The engagement undertaken is detailed in section 5 of this report.



- 3.11 From this engagement five strategic priorities have been identified around which Our People Strategy is structured. The five promises under OPP have been reviewed in this context and aligned with the five strategic priorities as set out in Table 1.

**Table 1**

Strategic Priority	Strategic Aim	Our Promise to Each Other
1. Recruiting and rewarding well, with flexible paths for progression	We will use effective workforce planning to attract and retain a diverse and skilled workforce that meets the Council's current and future needs and provide meaningful career paths and a modern package of rewards in return for the hard work, commitment and great performance of our staff.	We promise to appreciate, recognise and reward you for the great work you do.
2. Great performance supported by the right development	We will maximise organisational capacity and capability by continuously developing skills for the future, improving performance, the sense of belonging and engaging and motivating our staff to do their best work.	We promise you opportunities to do your best for the city and our residents
3. A fair and inclusive workplace, where everyone feels a sense of belonging	We will be reflective of the communities we serve and embed equality, diversity, and inclusion at the heart of everything we do, with strong inclusive leadership to embed a positive culture where equity and inclusive behaviours are role modelled throughout the organisation.	We promise that we will be a fair and inclusive place to work and treat each other with dignity and respect.
4. A safe and healthy working environment that supports wellbeing	We will improve health, safety and wellbeing to demonstrate how we value and engage our people, keeping them healthy and safe so they can deliver to the city.	We promise to support each other's wellbeing at work.
5. A culture and ways of working together that provide a great place to work	We will build our reputation as an inspiring place to work and ensure that our culture and ways of working enable our staff do their best for residents, customers and the City.	We promise to create an environment for us to work together and do our best for the city

- 3.12 The full strategy document is attached at **Appendix 2**. Under each of the five priorities above there a number of strategic objectives which will provide the overarching framework for the development and delivery of our workforce plans in the coming years.

#### **Action Plans, Accountability and Governance**

- 3.13 A high level action plan has been developed for year 1 of the strategy which is attached at **Appendix 3**. The current financial year 2023/2024 is year 1 and while Our People Strategy has been in draft form until now this has not prevented the Council from developing and delivering plans identified throughout the process for developing the strategy.



- 3.14 Accountability for delivery of the strategy and the plans underneath it will be managed within the governance framework for corporate modernisation programmes. An Our People Promise Board led by the Director of HR & OD will oversee day to day management and accountability of the programme and feed into corporate governance arrangements as shown in the following diagram:



- 3.15 The impact of the work delivered under Our People Strategy will be measured by a range of key performance indicators and measures. In addition, the staff survey 2023 is underway which will set a benchmark for measuring our progress in delivering against the strategy over the coming years as well as informing the development of delivery plans for year 2 of the strategy.

#### **4. Analysis and consideration of alternative options**

- 4.1 The Council could continue to operate without a formal people strategy and simply review and update the OPP programme and priorities. However this approach is less strategic and risks not addressing the key issues for the organisation.
- 4.2 A formal strategy provides a clear framework owned by the organisation that sets out the priorities and so guides the allocation of resources and capacity. It also provides a vehicle to communicate to all stakeholders what the Council is doing in relation to the workforce including prospective new employees.
- 4.3 Finally, a formal strategy enables the Council to demonstrate its understanding of its workforce needs and commitment to addressing those, and providing reassurance to internal and external stakeholders such as the



external auditors that the Council has grip and is taking steps to plan and achieve efficiency and value for money.

## **5. Community engagement and consultation**

5.1 In the development of Our People Strategy the Council has engaged with a variety of stakeholders including:

- Executive Leadership Team
- Directorate Management Teams
- Elected Members
- Leadership Network
- Trade Unions
- Employee networks
- HR & OD
- Communities & Equalities Team

5.2 The first phase took place in the Summer/Autumn of 2022 with meetings and discussions with stakeholders that were designed to assess the workforce challenges for the Council and services currently and looking forward to 2027.

5.3 This led to the development of the strategic priorities and their objectives and the initial action plans for delivering against the strategy.

5.4 The second phase has been ongoing since then and involved presenting the draft strategy and action plan back to stakeholders to seek further feedback on proposed actions.

5.5 Most recently we ensured that the draft strategy aligns with the new Council Plan and supports the delivery of the priorities set out within it.

5.6 The Council has also used the wealth of intelligence and data that it has related to the workforce to inform and evidence some of the challenges that we need to address. This included analysing a range of feedback direct from staff that has been obtained over recent years through various means including staff surveys, wellbeing surveys, Our People Promise focus groups and ways of working focus groups.

## **6. Conclusion**

6.1 Our People Strategy provides clarity and direction on the priorities and actions required to ensure that the Council has a workforce that is skilled, diverse, motivated and high performing and will be able to support the delivery of the Council Plan.

## **7. Financial implications**

7.1 For 2023/24, £0.313m resources have been allocated to support Our People Promise activity. Future years funding requirements will be identified through



business cases and be included in budget projections, subject to approval as part of the overall budget package at Budget Council

Name of finance officer consulted: James Hengeveld Date consulted: 20/9/2023

## **8. Legal implications**

- 8.1 Our People Strategy will support the Council to evidence compliance with its commitments and obligations to be a fair and inclusive employer, including its duty to have regard to the need to eliminate discrimination and advance equality of opportunity.

Name of lawyer consulted: Elizabeth Culbert Date consulted: 15/09/23

## **9. Equalities implications**

- 9.1 As part of the Public Sector Equality Duty under the Equality Act 2010, the council must seek to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

- 9.2 The council has developed Our People Strategy in collaboration with key stakeholders. It has clearly defined actions under the fair and inclusive promise and a long-term commitment to continue to engage with a wide range of individuals and assess the equalities impacts of actions across all promises.

- 9.3 The council has a role as civic leader, with legal duties to eliminate discrimination, advance equality of opportunity and foster good relations. All communities in the city need to be confident that their voices are represented, know that services meet their needs fairly, and feel that the council is an employer of choice.

- 9.4 All staff must be confident that they can be themselves at work and feel valued and supported by an inclusive culture that enables them to deliver inclusive and accessible services for the city.

- 9.5 Our People Strategy will support these aims and bring benefits to our workforce as well as to the reputation of, and trust and confidence in the council across the city.

## **10. Sustainability implications**

- 10.1 There are no direct implications arising from the adoption of Our People Strategy however sustainability considerations will be embedded in actions



that are taken to deliver the objectives in the strategy. For example factoring this in when we procure our staff benefits platform, the design and content of health and wellbeing initiatives or considering policies that impact on staff travel and working arrangements,

## **Supporting Documentation**

### **1. Appendices**

Appendix 1 – Previous work delivered under Our People Promise Programme

Appendix 2 – Our People Strategy (DRAFT)

Appendix 3 – Year 1 (23/24) Action Plan for Our People Strategy







## **Appendix 1 – Our People Promise Activity**

This list highlights many developments, initiatives, projects and pieces of work undertaken under the remit of Our People Promise (OPP) since 2017. It is not an exhaustive list with a great deal of work happening all of the time and on an ongoing basis. Many of the activities highlighted below involved extensive collaboration with services and groups across the council including Human Resources & Organisational Development, Public Health, Property & Design, Information Technology & Data, Education & Skills, Communities, Equalities & Third Sector, our staff networks and our Trade Unions.

### **Good Place to Work / Working Together for the City**

- Our People Promise engagement sessions delivered across the council exploring what staff wanted and valued in terms of the employer offer. 38 sessions took place in 2019, many in frontline work place settings, with a total of 432 staff members attending
- A new induction programme including a welcome session on supporting wellbeing
- 2-yearly Staff Surveys used as a key measure for the OPP taking since 2014 in current format
- New ways of working quickly introduced in response to the Covid 19 pandemic, working from home. We have implemented a Future Ways of Working programme responding to the challenges and opportunities of the changing ways of work.
- Trialling new Collaborative Spaces
- Implementation and ongoing development of Team Agreements
- Development of technology to support new ways of working, communicating and collaborating. For example Microsoft 365 and the Connecting You programme

### **Recruitment Reward and Recognition**

- Implementation of My Staff Shop employee benefits portal including enabling access to foster careers and shared lives carers and later expansion to carers in the city
- Shared Cost AVC Scheme launched to help staff plan/save more for retirement with regular relaunches to maintain awareness and increase uptake.
- Implemented a policy for reimbursement of staff professional fees/registrations that are required to undertake a particular role.
- Annual Leave Purchase Scheme implemented
- Rental Deposit Loan scheme implemented
- Pension awareness training provided such as Pension Information, Pre-retirement planning and Shared Cost AVCs



- Low Pay review and redesign of the grading structure and temporary mileage review. The proposals included an increase in the minimum hourly rate paid by the Council from £9.90 to £10.60, and increases of pay between 2% and 9.2% for approximately 3,800 council staff, many of who are in frontline roles including in schools.
- Implemented a temporary mileage rate increase for most of the 2022/2023 financial year to recognise the substantial increase in fuel costs and impact on staff who use their own vehicles for work, which particularly impacted many front line staff.
- Development of a new recruitment model investing in resources to provide a greater level of strategic and professional advice and support to the organisation to communicate our brand as an employer, what it's like to work for the council and better enable the council to recruit the skilled and diverse workforce that we need
- External recognition as a fostering friendly employer by the Fostering Network for the support and policies we have in place for our staff who wish to consider fostering
- Awarded the 'employer with heart' charter mark for our Premature Babies Leave policy by The Smallest Things charity.

## Learning & Development

- 360 degree feedback for senior managers embedded into the rated senior manager PDP process Ongoing since 2017
- A new PDP process including establishing agreed council behaviour expectations for the whole organisation.
- Launch of a Leadership Development Programme in April 2019 with 3 mandatory elements following a successful pilot. This was co developed by a group of senior managers who would be subject to the programme.
- Increasing support for line managers developing a new Induction Programme for Line Managers, a new Management Development page was created on our learning management system to clearly signpost to all relevant development opportunities and launched our new Managers Network
- Facilitated the participation of teams from the Council in the South East Local Authority Challenge (now known as the trisector challenge) and successfully entered three winning teams over the past three years. We are further developing past participants through the delivery of the Managers' Network.
- Established a coaching scheme with continued professional development in place for trained internal coaches and a mentoring scheme in development.
- Response to Covid involving significant shift in ways of delivering learning and development supported by e-learning and virtual training.
- Implemented a Diverse Talent Programme for BME staff underrepresented in our workforce which has been run again and expanded in 2023 in light of the experience and feedback of the first cohort.



## Wellbeing

- Wellbeing Zone developed for the council website providing comprehensive information and advice staff and the public related to Covid 19 2020
- Well Workforce Survey delivered in 2018 and 2020 with subsequent action plans developed
- Pulse Survey regarding impact of Covid-19 on council employees took place in July 2020 to identify what was working and not working for staff at this unprecedented time.
- Wellbeing support embedded into induction checklist.
- Mental health awareness and practical training for managers regarding mental health implemented.
- Launch of new Attendance Management Policy in April 2021 with a focus on managing attendance and wellbeing across the council, with a new training package to support this.
- With Albion in the Community we have delivered courses on Prostate Cancer Awareness, Breast Cancer & Cervical Cancer Awareness, Keep Yourself Safe in the Sun, Lung Cancer and Bowel Cancer.
- A leaflet to support better sleep practices was produced to coincide with National World Sleep Day on 13 March 2020
- We create monthly wellbeing content for national health awareness events/raising awareness of staff support
- Established a financial wellbeing hub on website and Wave in response to rising inflation and cost of living crisis
- Delivery of pilots projects such as onsite physiotherapy, mental health first aid, and menopause support groups.

## Fair & Inclusive

- Fair & Inclusive Action Plan Co-created with the organisation and launched
- Mandatory Fair and Inclusive briefing session delivered online to 3400 staff
- Definitions of racism and zero tolerance agreed and published
- 'Improving practice workshops' delivered with HR Advisory Team and the Black, and Minority Ethnic Workers' Forum
- A virtual Fair and Inclusive team established as safe space for staff to report issues
- Held BME Wellbeing Listening workshops facilitated by senior leaders
- Published 'Recruiting Virtually' and 'Managing Remote Teams' e-learning
- Delivered Anti-racism and White Privilege training online
- Positive action training programme established for BME staff
- A workplace mediation offer put in place to encourage informal resolution of issues and reduce formal grievances and disputes
- We need to talk about Race campaign launched to raise awareness and communicate the council's zero tolerance approach.



- Explored and developed new approaches to recruitment including establishing a dedicated resource to deliver this.
- Increased community engagement on recruitment for example attendance at job fairs and community events
- Recruitment campaigns provided with increased support to encourage diverse applicants and an increase in positive action (such as provision of training for BME applicants)
- Development of work experience programme
- Assistive Technology Review
- Developed E-learning regarding Sexual Orientation and Gender Identity
- Training related to menopause delivered- which includes Menopause Demystified for women, Supporting People during the Menopause for managers. A new course regarding Midlife Matters for Men. These courses have now been embedded in the corporate programme.
- Used the new Managers network to deliver Bi-Awareness development session.
- Reviewed and updated the Trans Policy and trans toolkit
- Senior recruitment external review and subsequent action plans.
- Implemented a practice of having ethnically diverse panels for all roles for all roles graded M8 and above where at all possible.
- Collaboration with Disabled Workers and Carers forum on accessibility and assistive technology
- Launch of volunteering policy and support for carers including a support page on the Wave for unpaid carers a carer's passport developed.



## **Our People Promise - Delivered by Our People Strategy 2023 – 2027**

### **Introduction from Will Tuckley**

Our Council plan sets out a vision for ‘A better Brighton & Hove for all’, and a clear steer on what our elected leadership and residents want to see changed to realise that vision. We know the greatest asset the council has is you, our people, who make such a positive difference every day to the lives of our residents and visitors. The plan is a call to action for us to continue our work together with residents, communities, and other local organisations to deliver on the priorities. Our council vision is that Brighton & Hove can be:

- A city to be proud of – we will champion a flourishing economy and a sustainable, safe and clean environment
- A fair and inclusive city – with homes for all, we will work to reduce inequality, challenge discrimination, improve accessibility and keep people safe
- A city where people can thrive – we will secure a better future for children and young people and enable people to live healthy and fulfilling lives
- A city of responsive and well-run council services – we will put the needs of our residents, businesses and visitors at the heart of what we do and enable our hard-working staff to do their best

The direction of travel set by the council plan underpins our people strategy, providing the ambition and determination to transform the way we do things and drive improvement across our services.

As we transform and improve our services the need to work collaboratively together and in partnership with others has never been greater. Delivering what is needed will mean facing up to many challenges, from the climate emergency to the cost-of-living crisis, increasing inflation, systemic inequality, and unprecedented demand for services. We are determined to face up to these challenges through inspiring and developing the talent, creativity and ambition that already exists across the council and beyond.

Our dedicated, diverse and hard-working staff are at the heart of this council. As one of the largest employers in the region we will enable our people to do their jobs well, to engage with our residents and communities and through their behaviours and actions, create a fair and inclusive workplace that enables them to deliver inclusive, welcoming, and accessible services to our city. We will work to recruit and retain the very best talent for council services and we will achieve this by keeping our promises to our staff:

- We promise to appreciate, recognise and reward you for the great work you do
- We promise you opportunities to do your best for the city and our residents
- We promise that we will be a fair and inclusive place to work and treat each other with dignity and respect.
- We promise to support your wellbeing at work
- We promise to create an environment for us to do our best for the city

**Will Tuckley**

**Interim Chief Executive**



# Background and Strategic Context

Our People Strategy sets out how we will have a diverse, high performing, resilient and skilled workforce well placed to respond to the opportunities and challenges ahead. It sets out how we will invest in the skills to support transformational change and improvement of services, including digital and data skills, inclusive leadership and the business skills needed to drive income and financial sustainability. It affirms our commitment to increasing our diversity and enabling a culture of innovation and improvement, where fairness, inclusivity, accessibility and anti-racist principles are at the heart of how we think, act, and deliver as a service provider and employer.

Our People Promise was established in 2017 to address a number of issues identified from our 2017 staff survey and other workforce data. It was co-created with staff and other stakeholders and was an extensive programme of work to improve our employment offer and the experience of staff. Successive staff surveys have demonstrated sustained improvement as we have built the strong and competitive offer we have today which recognises, rewards and develops our employees in return for their commitment and hard work delivering services to the City. Our People Strategy will build on this success, ensuring we continue to attract the best talent and as one of the biggest employers in the City, further develop our offer as an employer of choice.

Our People Strategy sits as part of the Council's Business Framework, which defines how the organisation will deliver the priorities of the Council Plan 2023 to 2027. The framework sets the principles for how we will deliver responsive and well-run council services. Our people strategy sits alongside the:

- Medium Term Service and Financial Plan
- Accommodation Strategy
- Digital Data & Technology Strategy
- Customer Experience Strategy
- Health & Safety Strategy
- Fair & Inclusive Action Plan and Council wide equalities work



# Our Workforce

- More than 4500 employees
- Workforce reduced by 9% since 2012
- Senior managers reduced nearly a third since 2015 (grade M8 and above)
- Employee engagement increased by more than 20% since 2014 (staff survey)
- Gender pay gap women are paid an average of 7.2% more than men
- Turnover is 11%

## Workforce Profile

- 9.9% identify as BME
- 9.7% identify as White Other
- 15.1% identify as LGBT
- 57% female and 43% male
- 39.3% of staff identify as having a religion or belief
- 8.6% of staff declare they have a disability
- 29.5% of our disabled staff identify as LGBTQ+
- 66% of staff who tell us they are carers are women
- 1.7% of staff tell us they've served in the UK Armed Forces
- 1.6% of staff say their gender identity is different from their sex registered at birth.
- 9.7% of women are from White Other backgrounds, compared with 7.5% of men
- 10.3% of women are from Black and Minority Ethnic backgrounds, compared with 9% of men
- 48.4% of staff are aged 50 and over
- 8.8% of staff are under 30



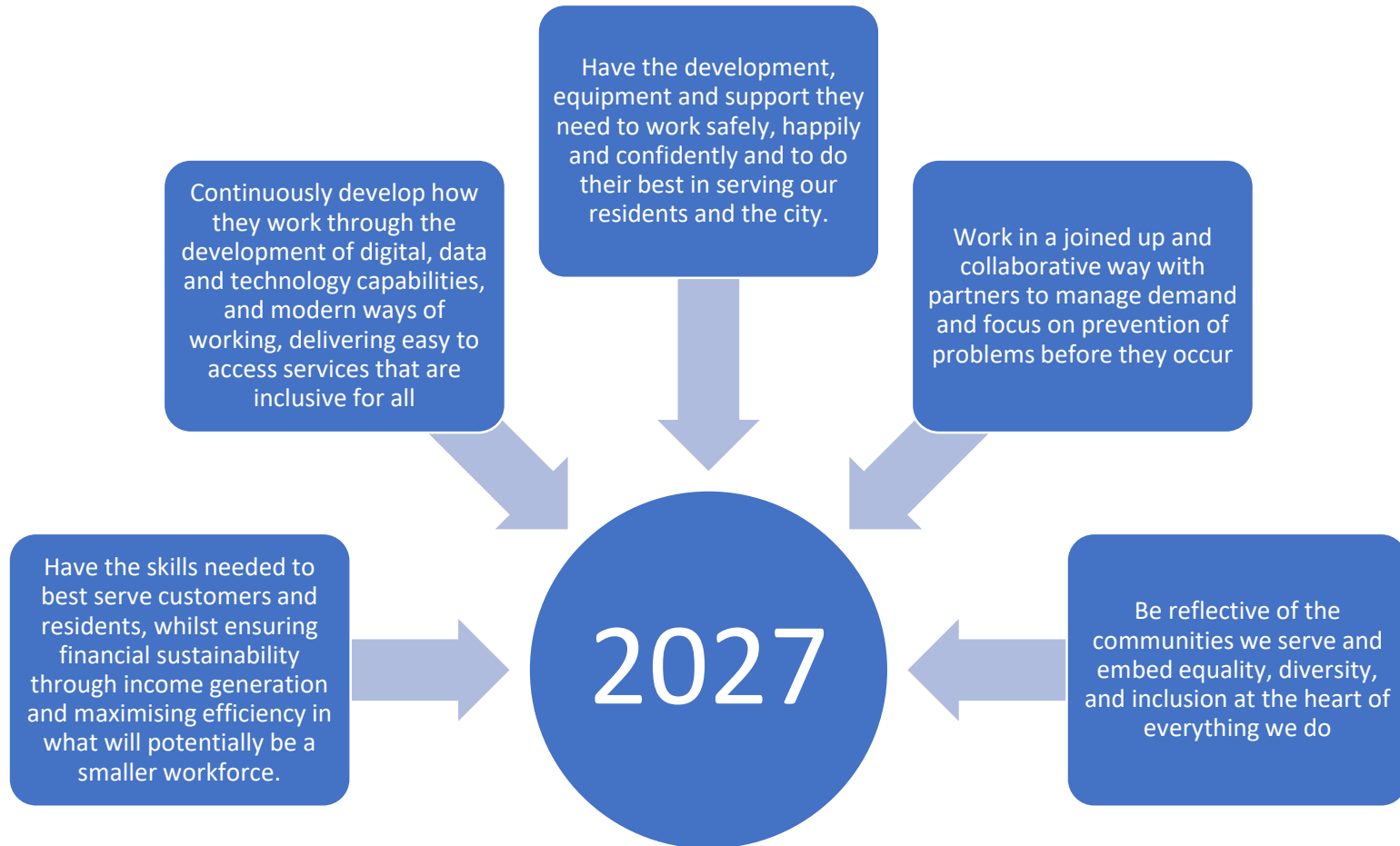
### **Workforce Profile for senior managers (scale M8 and above)**

- 7.5% identify as BME
- 5.4% identify as White Other
- 14.2% identify as LGBT  
60% female and 40% male
- 6.7% of staff declare they have a disability



# Workforce of the Future

The Council's ambition is to recruit, retain, develop, and enable a diverse, skilled workforce which reflects the communities we serve. Our people will fulfil their potential and be innovative, while thinking and acting in sustainable ways to support the council in meeting its duties and responsibilities as a service provider and employer. In 2027 our workforce will:





# Engagement & Insight

Our People Strategy has been developed over time alongside the development of the Business Framework and the Council Plan and through engagement with Directorate Management Teams and the Executive Leadership Team on the current and future workforce needs of services and by testing the strategy content with Directorate Management Teams as it has developed.

We have also obtained feedback from other stakeholders on our workforce issues currently and in the future which has informed the priorities in this strategy.

## **Senior Managers**

As well as through Directorate Management Teams, we have engaged with senior managers via the leadership network as part of the Business Framework development seeking feedback on what senior managers need from corporate services.

## **Elected Members**

We have shared the draft strategy with Group Leaders and, subsequent to the local elections in May 2023, engaged with the new Administration to ensure the strategy reflects their priorities as set out in the Council Plan 2023-2027.

## **Trade Unions**

Trade Unions were consulted ahead of the strategy being developed to identify their priorities and views on workforce challenges and subsequently the strategy and underpinning action plan have been shared in order to gather feedback.



### **Employee Networks (BME Workers Forum, Disabled Workers and Carers Network, LGBTQ Workers Forum, Women's Network)**

We have met with representatives from the networks to identify issues and share progress in the development of the strategy.

### **Staff Feedback**

We have also analysed our workforce data and the intelligence and feedback that has been gathered over time from our workforce in a variety of ways such as the Staff Survey, Wellbeing Surveys, Our People Promise focus groups and Ways of Working focus Groups.

### **Equality, Diversity, and Inclusion (EDI) Team and Fair and Inclusive Programme of Work**

We have consulted the EDI team within the council to ensure Our People Strategy and its goals are aligned with council-wide EDI strategies (5-year long-term, current, and upcoming planned work), Fair and Inclusive Action Plan work, and relevant workstreams and direction of travel.



# Our People Strategy

Priority	Strategic Aim	Our Promise to Each Other
1. Recruiting and rewarding well, with flexible paths for progression	We will use effective workforce planning to attract and retain a diverse and skilled workforce that meets the Council's current and future needs and provide meaningful career paths and a modern package of rewards in return for the hard work, commitment and great performance of our staff.	We promise to appreciate, recognise and reward you for the great work you do.
2. Great performance supported by the right development	We will maximise organisational capacity and capability by continuously developing skills for the future, improving performance, the sense of belonging and engaging and motivating our staff to do their best work.	We promise you opportunities to do your best for the city and our residents
3. A fair and inclusive workplace, where everyone feels a sense of belonging	We will be reflective of the communities we serve and embed equality, diversity, and inclusion at the heart of everything we do, with strong inclusive leadership to embed a positive culture where equity and inclusive behaviours are role modelled throughout the organisation.	We promise that we will be a fair and inclusive place to work and treat each other with dignity and respect.
4. A safe and healthy working environment that supports wellbeing	We will improve health, safety and wellbeing to demonstrate how we value and engage our people, keeping them healthy and safe so they can deliver to the city.	We promise to support each other's wellbeing at work.
5. A culture and ways of working together that provide a great place to work	We will build our reputation as an inspiring place to work and ensure that our culture and ways of working enable our staff do their best for residents, customers and the City.	We promise to create an environment for us to work together and do our best for the city



# Priority 1

## Recruiting and rewarding well, with flexible paths for progression

### Strategic Aim

We will use effective workforce planning to attract and retain a diverse and skilled workforce that meets the Council's current and future needs. We will provide meaningful career paths and a modern package of rewards in exchange for the hard work and commitment of our staff delivering services for the city.

### We will deliver this by:

- 1.1 Implementing a new recruitment model to provide professional and strategic support that explores and develops innovative and modern methods of attraction and selection and ensures that managers are upskilled.
- 1.2 Developing a social media and marketing strategy that enables the Council to reach a diverse range of people and communicates what we can offer and what it's like to work here.
- 1.3 Overcoming barriers to recruitment, retention and progression that impact on different groups
- 1.4 Implementing a clear process for workforce and succession planning.
- 1.5 Developing new approaches to support career paths and progression that will support retention and development of our diverse and skilled workforce.
- 1.6 Reviewing our pay and grading framework to ensure it is modern, fit for purpose and affordable
- 1.7 Reviewing and updating our package of non-pay benefits, and develop a culture where great performance is celebrated and shared.
- 1.8 Developing change management processes, training and support to enable transformative change



## **How we will measure progress**

Workforce Profile – Staff Survey results – Turnover rates – Recruitment data – Gender, Ethnicity and Disability  
Pay Gap data

## **How you can get involved**

- Make yourself aware of the opportunities that might be available across the council for you to consider in line with your personal aspirations.
- Make yourself aware of the wide range of benefits offered by the Council, including MyStaffShop, and spend time understanding what will provide the best value for you.
- Share access and opportunity with those different to you and who are under-represented in your grade, team, leadership, and service.
- Recruiting managers can plan recruitment exercises carefully, ensure you are trained and use all the tools available to help you recruit the staff you need.
- Aim to have shortlisting and interview panels that are diverse with representation from under-represented identities,



## Priority 2

### Great performance supported by the right development

#### Strategic Aim

We will maximise organisational capacity to deliver services and the Council Plan by continuously, improving performance, developing skills for the future recognising diverse skills and knowledge, sense of belonging and engaging and motivating our staff to do their best work.

#### We will deliver this by:

- 2.1 Implementing a strengthened and streamlined performance management process that supports high quality service delivery, continuous improvement, innovation and progression, with trust, support and recognition at its core.
- 2.2 Improving skills that enable staff to support customers, digital inclusion and service transformation through the development of inclusion, digital and data capabilities.
- 2.3 Improving skills that enable staff to work in partnership with others and to co-create services.
- 2.4 Improving business focused skills that support value for money, efficiency and income generation
- 2.5 Creating a leadership development programme with a refresh of leadership behaviours that supports leaders to be ambitious, to innovate, be more inclusive, lead through ambiguity and work collaboratively as 'one council' and with partners
- 2.6 Developing a clear statement describing the role of and key accountabilities of all line managers and develop the support and frameworks available to enable managers to do their best.
- 2.7 Ensuring that we take account of the range of different working arrangements and operational needs across the council and exploring ways to ensure frontline staff can access e-learning, wellbeing support and other development opportunities.



## **How we will measure progress**

Training take-up rates - Staff survey results – Personal Development Plan completion rates

## **How you can get involved**

- Do your best at work to help us deliver high quality services to the city and keep our [Customer Promise](#)
- Take an active role in your learning and development and consider what would help you to do your best in your job and help meet your aspirations such as apprenticeship opportunities where these are available.
- Use your knowledge and skills to support and develop colleagues, those you manage, and employees undertaking work placements, apprenticeships and other schemes.
- Continually develop and improve your digital skills and share your knowledge and skills with others.
- Encourage your staff and make time for your own self-education, especially to develop inclusive leadership knowledge.



## Priority 3

# A fair and inclusive workplace, where everyone feels a sense of belonging

### Strategic Aim

We will be reflective of the communities we serve and embed equality, diversity, and inclusion at the heart of everything we do, with strong inclusive leadership to embed a positive culture where equity and inclusive behaviours are role modelled throughout the organisation.

### We will deliver this by:

- 3.1 Working collaboratively to implement a refreshed Fair and Inclusive Action Plan that drives and delivers continued improvement in the experiences of our diverse staff groups, as well as supporting delivery of the Council's Anti-racism, Accessible City and other equalities strategies.
- 3.2 Delivering talent programmes to under represented groups as positive action to develop a representative future workforce and leaders.
- 3.3 Developing our learning offer to support nuanced and intersectional understanding of gender identities and sexual orientation.
- 3.4 Providing and nurturing a safe environment, where staff feel confident that if they experience any kind of discrimination, victimisation, harassment or bullying it will be addressed with appropriate action.
- 3.5 Embedding equality, diversity and inclusion considerations at the heart of all culture change work and thinking, ensuring accessibility, anti-racism, gender, faith and migrant experiences are additionally considered.



- 3.6 Working with our recognised Trade Unions to improve and develop a modern industrial relations environment to enable managers to work confidently with a range of staff and issues.
- 3.7 Providing training and support to managers and leaders to build their skills in industrial relations, and in creating an environment built on respect and where challenge is constructive.

### **How we will measure progress**

Workforce Profile – Delivery of actions in the Fair and Inclusive Action Plan – Staff Survey Results

### **How you can get involved**

- Get involved in employee networks. If you manage staff encourage and facilitate your team to attend.
- Understand, promote and behave in alignment with the Council's Behaviour Framework and challenge inappropriate behaviour where you see this.
- Champion equality, diversity and inclusion being compassionate, practicing genuine allyship, supporting others and treating them with respect.
- Make sure the way you communicate is clear and inclusive.
- Make yourself aware of and undertake equalities and inclusion training that is on offer



## Priority 4

# A safe and healthy working environment that supports wellbeing

### Strategic Aim

We will improve health, safety and wellbeing to demonstrate how we value and engage our people, keeping them healthy and safe so they can deliver to the city.

### We will deliver this by:

- 4.1 Collaborating with stakeholders to assess our current wellbeing offer to ensure we are meeting the needs of a diverse workforce.
- 4.2 Promoting a healthy workplace by empowering staff to prioritise their wellbeing and encouraging a culture of change through managers and leaders.
- 4.3 Developing our financial wellbeing offer, co-producing and co-delivering support with partners ensuring they are representative and inclusive of diverse lived experiences.
- 4.4 Reviewing and developing our approach to the prevention and support of mental health in our workforce, recognising for racial trauma, employing trauma-informed approaches, and considering for different barriers to and impacts on diverse staff and the nature of different roles, for example frontline, equalities, social work, customer services, management.
- 4.5 Implementing our Health & Safety strategy to improve risk management and the safety culture of the organisation



### **How we will measure progress**

Staff absence data – Health & Safety data – Staff survey results

### **How you can get involved**

- Take actions to support and maintain your physical and mental health and wellbeing using internal and external resources.
- Identify risks and report these in line with the relevant procedures.
- Understand the Council's wellbeing offer, what is available through the Employee Assistance Programme and the training available to support your own wellbeing and, if applicable, that of the people you manage.
- Keep up to date with the health and safety training relevant to your role.
- Use team agreements to consider actions related to wellbeing and to support team resilience



## Priority 5

### A culture and ways of working that provide a great place to work

#### Strategic Aim

We will build our reputation as an inspiring, welcoming, accessible and inclusive place to work and ensure that our culture and ways of working enable our staff do their best.

#### We will deliver this by:

- 5.1 Developing people policies, guidance and support that will support the implementation of an Accommodation Strategy that will make efficient use of our office accommodation.
- 5.2 Develop flexible workspaces and hybrid working approaches that support service delivery and customer needs and pursue joint working across other Public Sector bodies.
- 5.2 Provide the people and culture change support required as we implement new policies and ways of working, including the business framework, corporate plan and future ways of working to ensure a people and customer approach is at the heart of all change.
- 5.3 Creating accessible documents and communications for staff and improving our processes to implement inclusive workplace adjustments.
- 5.4 Improving internal communications to increase employee engagement and feeling of being valued.

#### How we will measure progress

Staff survey data



### **How you can get involved**

- Embrace our inclusive and accessible ways of working and share ideas to improve our ways of working for our customers, acknowledging that not all services are the same.
- Explore and experiment with hybrid and innovative ways of using available technology in inclusive ways to enable different and diverse staff to stay connected, build belonging, and participate in a variety of ways.
- Contribute to the development of your team agreements about the way you will work, ensuring that the needs of customers are at the centre.
- Share your ideas to improve services for our customers.
- Use council resources efficiently and identify opportunities to make savings or increase income.
- Make sure that you keep up to date with what's going on by using the communications channels available such as the wave, newsletters, corporate broadcasts and other service specific communications



## How Our People Strategy will be Delivered

Implementation of Our People Strategy will be owned by the Executive Leadership Team with Our People Strategy Action Plan delivered through the Human Resources & Organisational Development service working collaboratively with the Communities & Equalities Team, the Leadership Network and services across the council.

Our People Strategy Action Plan will be developed and measured through our corporate performance data and delivery of our corporate plan, our staff survey, our workforce profile and our success in recruiting and retaining the skills needed. This will be a living document which is continually reviewed and refreshed in line with the changing needs of the organisation.

HR Business Partners will work with directorate management teams and senior service managers to identify local workforce issues and how these can be addressed through the local delivery and adoption of plans and initiatives in Our People Strategy Action Plan. These local will feedback into the review and ongoing development of the overall Action Plan.







## Appendix 3 - Year 1 Action Plan

### Priority 1 Recruiting & rewarding well, with flexible paths for progression

1.1 Implementing a new recruitment model to provide professional and strategic support that explores and develops innovative and modern methods of attraction and selection and ensures that managers are upskilled

- Implement new recruitment structure and operating model
- Recruit to new Recruitment Manager post
- Communicate revised charging model
- Develop final structure model in line with budget plan
- Develop service level model and recruitment data dashboard
- Delivery of bitesize recruitment training as response to 21/22 recruitment equalities data review
- Following 22/23 recruitment equalities data review, design and deliver relevant recruitment training to address key parts of process, including minimum mandatory training/e learning
- Application and selection process Review findings from the work in Adult Social Care to identify improvements in the current process.
- Review background check processes
- Further refine TribePad application process removing questions and simplifying language
- Review data on TribePad application process to produce recommendations and guidance on most inclusive application method
- Develop toolbox of approaches to recruitment including guidance on assessment centres, open days, and alternative methods to traditional application/interview process.
- Engaging applicants - re-establish job alert system so that details of potential applicants can be captured to enable marketing of both individual vacancies and key employer brand messages.
- Establish ways to ensure collaboration between recruiting managers to coordinate and communicate groups of similar vacancies to applicants (eg for manual roles, for care roles, graduate training scheme)

1.2 Developing a social media and marketing strategy that enables the Council to reach a diverse range of people and communicates what we can offer and what it's like to work here.

- Branding/ Employer of Choice - Building on work already undertaken for roles at M8 and above, introduce standard job information packs with professional look and feel for **all** roles with generic information, to include guidance for hiring managers about what they can add to sell their job.



- Marketing and Advertising - For individual vacancies Develop clear plans for the deployment and management of social media including guidance for recruiting managers on how they can use social media.
- Review approach to recruitment fairs/events. Publish a calendar of events to ensure a more strategic, efficient, and targeted approach and involvement of services as needed.
- For employer brand campaign - develop and implement a marketing strategy that seeks to raise the profile and image of the council as an employer through various routes (website, LinkedIn/Indeed/Glassdoor, social media, use of buildings, vehicles and other facilities).
- Further develop bank of images and video of staff discussing their roles and working at the council
- Redesign job description questionnaire template and develop additional support and advice for managers on writing good role descriptions

### 1.3 Overcoming-barriers influencing retention and low conversions from applications to selection for diverse applicants.

- Actions contained in Fair and Inclusive Action Plan

### 1.4 Implementing a clear process for workforce and succession planning

- Establish tools and framework for workforce planning, including single points of failure, at a local level and at a strategic level linking to directorate and service plans.
- The tools and framework will be presented to ELT for sign-off. The toolkit aligns to the directorate plans and identifies people related actions that need to be delivered under the OPS to achieve business objectives. This workforce planning is at a strategic level.
- Review workforce planning outputs to inform our next steps to respond to wider workforce issues emerging across the organisation at a local level.
- Review where we might use a Graduate Scheme
- Look at other initiatives to target under represented areas as needed.

### 1.5 Developing new approaches to support career paths and progression that will support retention and development of our diverse and skilled workforce.

- Develop job families as a framework to underpin career pathways.



- 1.6 Reviewing our pay and grading framework to ensure it is modern and fit for purpose
- Identify issues with grading structure and seek strategic steer on potential solutions.
- 1.7 Reviewing and updating our package of non-pay benefits, and develop a culture where great performance is celebrated and shared
- Develop communication plan for raising awareness of the many staff benefits provided by the Council.
  - Write plan for reviewing benefits package and researching other potential benefits for the Council to consider.
- 1.8 Developing change management processes, training and support to enable transformative change
- Detail to be scoped

## **Priority 2 Great Performance supported by the right development**

- 2.1 Implementing a strengthened and streamlined performance management process that supports continuous improvement, innovation and progression, with trust, support and recognition.
- Refresh of onboarding and induction to ensure new staff and managers are equipped with the knowledge and skills needed for their roles, and ensure all mandatory training is implemented
  - Review of manager induction to ensure managers understand the expectations of managers in BHCC, and to ensure they are supported to do their best.
  - Review mandatory training / induction offer for all new starters as agreed by ELT, identify gaps and potential solutions.
  - Update mandatory training offer on LMS (largely eLearning content) including refresh of 'An introduction to Brighton & Hove City Council' eLearning with 'signposting' to recommended but no longer mandatory training.
  - Roll-out all mandatory training as agreed by ELT, and ensure monitoring arrangements are in place via the LMS (will potentially be limited by data issues with PIER still to be resolved).
  - Review of our performance management processes, and the data and feedback used to enhance leadership performance
  - Review of PDP and rated PDP process following 2023 PDP conversations, and ensure a balance between performance, support and wellbeing
  - Rollout any amendments to the process (if necessary) ahead of 2024 performance management cycle
  - Scope 360 appraisal for resource and funding implications - using prior roll-out pre-COVID to inform
  - 360 appraisal initial commissioning conversation with ELT - learning from pre-COVID experience; value, what worked well / less well



- Subject to ELT agreement, plan and deliver 360 appraisal to take place in April 2024 ensuring 360 feedback is available for end of year leadership rated reviews in 2024

## 2.2 Improving skills that enable staff to support customers, digital inclusion and service transformation through the development of inclusion, digital and data capabilities.

- Upskilling in new skills required to support digital inclusion, confidence and leadership and work with the Connecting You team to make best use of targeted digital training across the organisation.
- Engagement / training needs analysis of what skills are needed and where, linked to the business framework and new corporate plan and 31ten digital strategy
- Work alongside Connecting You to ensure the development is in place for immediate skills needs, with a 5 year plan to cover the core digital skills needed in the organisation
- Develop, as part of the Leadership development programme, the intervention needed to develop leadership and management digital capability and mindset
- Develop skills across the organisation to enable all staff to be digitally included, to support employee engagement and communication

## 2.3 Improving skills that enable staff to work in partnership with others and to co-create services.

- Work with the policy and partnership team and DMT's to understand the need for partnership skills and scope the support that is needed
- Engagement / training needs analysis (via HRBPs where possible) of what skills are needed and where, linked to the business framework and new corporate plan
- Scope support needed

## 2.4 Improving business focused skills that support value for money, efficiency and income generation

- Work with the finance team and DMT's to understand the need for business focused skills that support value for money, efficiency and income generation and scope the support that is needed Engagement / training needs analysis (via HRBPs where possible) of what skills are needed and where, linked to the business framework and new corporate plan
- Scope support needed.



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- 2.5 Creating a leadership development programme with a refresh of leadership behaviours that supports leaders to be ambitious, transform services, innovate (inc. with digital and in line with the customer service priorities), be more inclusive, enable and empower staff, be emotionally intelligent, lead through ambiguity and work collaboratively as 'one council' and with partners.
- Review of our leadership behaviours
  - Embedding leadership behaviours in development, recruitment, PDP etc - links to 'Phase 3' below
  - Explore if we should review employee behaviours & org values
  - Future Leaders Programme (programme for SO1/2-M8 BME, white other and disabled staff to increase diversity in senior roles)
  - Phase 3 of Leadership Network Development to support leaders to transform services, innovate, enable & empower staff, lead through ambiguity and work collaboratively as 'one council'
  - Review Leadership Behaviours and compare to DMT conversation on development needs
- 2.6 Developing a clear statement describing the role of line managers in Brighton & Hove, the key accountabilities of all line managers and develop the support and frameworks available to enable managers to do their best.
- Detail to be scoped
- 2.7 Ensuring that programmes and interventions take account of the range of different working arrangements and operational needs across the council and exploring ways to ensure frontline staff can access e-learning, wellbeing support and other development opportunities.
- Looking at ways to ensure frontline staff can access development opportunities, focusing and learning from how frontline staff can access Diverse Talent development through this programme and the barriers faced
  - Engage with services, partnered with the Future Ways of Working lead, to explore opportunities and barriers to accessing development
  - Work with training & engagement officer at City Environment to build on progress made and explore ways to allow other cohorts to access development opportunities

### **Priority 3 A Fair & Inclusive Workplace, where everyone feels a sense of belonging**

- 3.1 Working collaboratively to implement a refreshed Fair and Inclusive Action Plan that drives and delivers continued improvement in the experiences of our diverse staff groups, as well as supporting delivery of the Council's Anti-racism, Accessible City and other equalities strategies.



- Co-creation of 2023-27 FIAP and review of 22-23 progress. Engage with key stakeholders: staff networks, TUs, CEDG, CETS
- 2022-23 progress review - conduct data analysis to create workforce equalities report
- Ensure anti-racism is clearly referenced in all relevant activity following sign off at March TECC
- Agree intersectional data analysis approach and structure of reporting
- Plan and deliver comms campaign to ensure clarity for all including members
- Update FIAP as required to reflect new corporate plan
- Work with CETS, Comms and members to create cohesive messaging
- Deliver Accessible City actions (linking with FWOW)
- Use staff survey and Disability Smart framework (DSF) to support planning
- Reasonable /workplace adjustments including Microlink
- Senior recruitment project - Use findings from external review of senior recruitment commencing January to inform 23-24 activity
- Finalise senior recruitment packs
- Awareness raising re: Gender identity and sexual orientation
- Publish updated trans and non-binary policy with necessary Comms
- Commission new TNBI and sexual orientation training
- National Inclusion Week 2023 - Celebrate National Inclusion Week with a variety of events supported by our networks. This years theme is #TakeActionMake Impact.

3.5 Delivering talent programmes to under represented groups as positive action to develop a representative future workforce and leaders

- Actions in Fair & Inclusive Action Plan.

3.6 Developing our learning offer to support understanding of gender identities and sexual orientation

- Actions in Fair & Inclusive Action Plan.

3.7 Nurturing a safe environment, where staff feel confident that if they experience discrimination or bullying it will be addressed with appropriate action

- Actions in Fair & Inclusive Action Plan.



- 3.8 Embedding equalities, diversity and inclusion considerations at the heart of all culture change work and thinking, ensuring accessibility, anti-racism, gender, faith and migrant experiences are additionally considered.
- Detail to be scoped.
- 3.9 Working with our recognised Trade Unions to improve and develop a modern industrial relations environment to enable managers to work confidently with a range of staff and issues.
- Strategy to be developed over year 1, in line with new administration's direction and in collaboration with TU liaison member.
  - Providing training and support to managers and leaders to build their skills in industrial relations, and in creating an environment built on respect and where challenge is constructive

#### **Priority 4 A safe and healthy working environment that supports wellbeing**

- 4.1 Collaborating with stakeholders to assess our current wellbeing offer, to meet the needs of a diverse workforce.
- Assessing the current wellbeing offer to understand where we are now, and to build a culture of belonging
  - Review data, information & intelligence to inform future actions and development of wellbeing offer.
  - Engage with stakeholders to scope phase 2 of new wave project, using data, information & intelligence to inform approach - content review. Redesign of wave wellbeing pages to build organisational resilience, creating a self serve offer.
- 4.2 Promoting a healthy workplace by empowering staff to prioritise their wellbeing and encouraging a culture of change through managers and leaders.
- Comms & Engagement - Scope, design & deliver 23-24 monthly national health awareness campaigns/health & wellbeing comms priority focus.
  - Identify Key touch points of the employee lifecycle
  - Work with Recruitment Team to scope, design and deliver in collaboration with key stakeholders (as part of building our brand and employee value proposition, that wraps up our offer for interested future candidates & enables existing staff to easily access wellbeing support)



#### 4.3 Developing our financial wellbeing offer, co-producing and co-delivering support with partners

- Comms & Engagement - Engage with stakeholders to scope phase 2 of new wave project, using data, information & intelligence to inform approach - content review
- Redesign of wave financial wellbeing pages to build organisational resilience, creating a self serve offer & minimising the requirement for annual review of content.
- Scope, design & deliver e-learning support scope, design & deliver in collaboration with key stakeholders (working with external training provider (Skill Boosters) to agree topics of focus).
- Establish take up of employee benefits – My Staff Shop (MSS)/Simply health etc usage rates and Identify further staff support offers that could be developed & promoted.

#### 4.4 Reviewing and developing approach for the prevention and support of mental health.

- Assessing the Council's current mental health framework considering trauma & critical incident support
- Review our established framework - Health & Safety policy/standard/guidance, incident reporting process, risk assessment training, audit & assurance programme (based on the Health and Safety Executive Management standards approach in taking action on work-related stress that forms the Council's mental health at work plan) - Identifying gaps & making improvements
- Consider approach for critical incidents and control measures for the prevention and management of trauma, reducing the incidence & negative impact of mental ill health.
- Working with key stakeholders and L&OD to consider the provision of trauma informed reflective practice and trauma informed supervision across directorates.
- Work with Public Health - re Pan Sussex network on trauma-informed practice looking at learning and interventions.
- Comms and engagement - Engage with stakeholders to scope phase 2 of new wave project, using data, information & intelligence to inform approach - content review. Redesign of wave 'Wellbeing and support' (mental health & EAP pages) to build organisational resilience, creating a self serve offer & minimising the requirement for annual review of content.

#### 4.5 Implementing our Health & Safety strategy to improve risk management and the safety culture of the organisation

- Delivery & oversight of Health & Safety Strategy 2023-27
- Work with Directorate Management Teams to complete Directorate Safety Plans. Commission, communicate and Support ELT & DMT's to complete IOSH Training for Executives & Directors.
- Establish risk & progress reporting for delivery of H&S Strategy through the corporate performance reporting system Camms updates .
- Policy, Standards & monitoring - Review H&S audit approach and programme .



- Produce prioritised plan for updating H&S standards and work with comms team to ensure accessibility.
- Agree mandatory H&S training and review compliance .
- Co-ordinate wave phase 2 H&S content review

## **Priority 5 A culture and ways of working that provide a great place to work**

- 5.1 Developing people policies, guidance and support that will support the implementation of an Accommodation Strategy that will make efficient use of our office accommodation.
- Review and implement revised flexible working policy
  - Ongoing actions as required as and when needs identified and work commissioned..
  - Review and develop hybrid working guidance.
- 5.2 Provide the people and culture change support required as we implement new policies and ways of working, including the business framework, corporate plan and future ways of working.
- Actions To be scoped.
- 5.3 Improving internal communications to increase employee engagement and feeling of being valued.
- Deliver 2023 Staff Survey as a tool to understand and provide data on levels of sense of belonging and staff engagement at all levels of the organisation
  - Ensure survey question set fit for purpose to gather required information and use results for support evidence of progress
  - Work with HRBPs to get team mapping and headcounts as accurate as possible to get accurate results for service areas and teams
  - Communications to get as high a response rate for survey completion as possible
  - Staff Survey Results - communications
  - Staff Survey results - action planning
  - Develop internal communications development
- 5.4 Creating accessible documents and communications for staff and improving our processes to implement inclusive workplace adjustments
- Actions in Fair & Inclusive Action Plan.







# Brighton & Hove City Council

## Strategy Finance City Regeneration Committee

## Agenda Item 67

**Subject:** Collaborative Procurement of Hard Facilities Management  
Contracts - planned building maintenance

**Date of meeting:** 5 October 2023

**Report of:** Executive Director Economy, Environment & Culture

**Contact Officer:** Angela Dymott      Tel: 01273 291450  
Martin Hilson      Tel: 01273 291452

**Ward(s) affected:** All

### **1. Purpose of the report and policy context**

- 1.1 To seek approval to procure a planned maintenance work framework agreement for Hard Facilities Management in partnership with East Sussex County Council (ESCC) Property and Procurement officers led by East Sussex County Council's Orbis Procurement team. The work is delivered by external contractors and relates to civic offices, historic, operational, commercial buildings, social care premises, educational establishments and schools but exclude council housing and highways.

### **2. Recommendations**

- 2.1 That Strategy, Finance & City Regeneration Committee grants delegated authority to the Executive Director of Economy, Environment & Culture to procure a planned maintenance work framework agreement as detailed in Appendix 1 and to let call-off contracts for works in accordance with that framework agreement. Call off contracts shall be awarded via mini competition under the framework agreement for a duration of up to four years subject to satisfactory performance. Paragraph 3.1.5 sets out the approximate spends for the two sovereign authorities.

### **3. Context and background information**

#### **3.1 BHCC and ESCC collaborative procurement exercise for planned maintenance work framework agreement**

- 3.1.1 In September 2020, BHCC and ESCC awarded places to a range of external contractors on a suite of planned maintenance framework lots. The objectives of the collaborative procurement exercise were:
- To deliver contracts and a supply chain that could work in partnership with the Councils over a four-year period.



- Ensure our assets are maintained to an acceptable standard within limited resources.
- Create added and social value and increase benefit to our local economy and the environment.
- Increase focus on sustainability linked to the Climate Emergency.
- Maximise the benefits from two Councils working together.
- Secure optimum value for money.

3.1.2 The current procurement is being shaped to replace the existing framework for planned maintenance when they expire in September 2024. They are being designed to offer flexibility to the market, learning from the current framework arrangements and shall be further shaped by evidence from market engagement. Four years ago, this engagement suggested that was the approach which offered most competition, value for the services and best reflected the needs of both partner Councils.

3.1.3 Work has started on a re-procurement of a framework agreement for planned maintenance works in collaboration with ESCC. Both authorities remain keen to support our local SMEs.

3.1.4 Property Services in each authority manage a number of assets and customers on behalf of their respective sovereign authorities providing access to a range of services and the planned maintenance framework forms part of this offer.

3.1.5 The approximate annual spend across these two sovereign authorities for planned maintenance services is approximately £15m, with BHCC making up just over 50%. The annual expected expenditure based on the current contract is shown by Lot at Appendix 3.

3.1.6 The requirements will cover the majority of corporate and non-corporate buildings and assets within each authority's responsibility (excluding BHCC social housing and highways property). In addition, the framework agreement may be open for other local public sector organisations to call off contracts from; the details of which will be finalised prior to going to the market.

## **3.2 Governance Arrangements**

3.2.1 The procurement is being led by East Sussex County Council's Orbis Procurement team to ensure full compliance with the Public Contract Regulations 2015 and the Councils Contract Standing Orders..

3.2.2 Members of BHCC and ESCC Property teams meet regularly to discuss how to best shape the offer to the market to ensure it is attractive to local SMEs, shall offer good value for scarce planned maintenance monies available and provide added social value.

3.2.3 Representatives from the group shall also sit on a Board with Assistant Directors from both BHCC and ESCC to report upon progress and further shape the procurement offer. This shall include the financial threshold of each



Lot, maximum number of contractors on each planned maintenance Lot with the aim to maintain good competition whilst remaining attractive to the local market in particular.

- 3.2.4 Call off contracts shall be awarded via mini competition under the framework agreement for a duration of up to four years subject to satisfactory performance. Works shall be called-off through mini-competitions within each Lot. Works of a specialist nature can be procured outside of this framework, in line with Contract Standing Orders, where it makes economic sense such as stonework repairs, resurfacing of school playgrounds, etc.
- 3.2.5 The aim is to ensure that places on the framework agreement are awarded following a robust transparent process that is well communicated. It shall enable local SME's the opportunity to bid for a place on the framework to achieve a good outcome that delivers quality planned maintenance works and embeds, delivers and demonstrates real social value to our City. All bidders will be asked to provide a performance statement on social value, firstly as part of their evaluation for a place on the framework and then annually where a KPI will evidence year on year continuous improvement in adding social value to the City. Those awarded a place on the framework must sign the BHCC Social Value Framework pledge to adopt the principles. Bidders together with their supply chains must demonstrate examples of how they will add social value to the local area such as through employing local labour, interview conditioning to help young people in employment, training & upskilling, apprenticeships, work placements, school trade days, sponsorships, prioritising locally sourced materials, avoiding waste through recycling/reusing materials, innovation & offering cost saving alternatives, being a good neighbour, supporting & collaborating with charities & voluntary organisations, etc.
- 3.2.6 The anticipated timetable for the pre-tender, selection, tender award and mobilisation stages can be found in **Appendix 2**.

#### **4. Analysis and consideration of alternative options**

- 4.1 Failure to have robust routes to market for the procurement of all forms of building maintenance increases risks to meet statutory and Health and Safety liabilities, of inhibiting service delivery, may not deliver best use of scarce council budgets, and would not provide an opportunity for local SME contractors or delivery of social value within the City.
- 4.2 **Insourcing the hard facilities management services** – The diverse nature of planned maintenance framework works means that skilled specialist workers are required in a wide variety of construction and maintenance fields e.g., carpenters, bricklayers, plumbers, electricians, flat roofers, pitched roofers, scaffolders, tarmac layers, etc. To insource this would be challenging and very costly given that TUPE is likely to apply as well as many other implications. In addition, the market is very uncertain at the moment and ability to retain and attract such a large, diverse team of suitably qualified skilled and experienced staff might create an unsustainable pressure on the council, particularly as



salaries and associated benefits are lower than those offered in private practice. Furthermore, the infrastructure required would need significant investment in plant, equipment, buildings and depot, welfare facilities, specialist management and administration capacity as well as requiring additional support staff in legal and finance.

- 4.3 **Constructionline** – Prior to the current planned maintenance framework BHCC used lists created within Constructionline. Constructionline was set up around 25 years ago as a government run scheme. To be accredited to the scheme contractors have to meet pre-qualification criteria to assess suitability and competency such as financial checks, Health and Safety policy assessment, training, insurance etc. However, there were changes in the membership levels, fees and checks applied by Constructionline to contractors when registering and as such BHCC felt four years ago that this was not a sustainable compliant route to market.
- 4.4 **Other existing frameworks** – BHCC could access framework agreements already put in place by central purchasing bodies and other public sector organisations. The access would either be by direct call off or through mini competition as defined by each framework agreement. There are numerous options available to BHCC, however, the use of such agreements would limit the opportunity to deliver specific social value to the local area or provide opportunities for incumbents or local SMEs.

## 5. **Community engagement and consultation**

- 5.1 Regular consultations take place with all ESCC and BHCC Property and Procurement officers as well as all service client officers in the relevant Directorates. The relevant representatives meet regularly to progress the collaborative procurement.
- 5.1.1 A thorough market engagement exercise will be undertaken to ensure that contractor's views are considered in determining the most appropriate structure for the proposed new arrangements. This shall commence by the issuing of a Prior Information Notice (PIN) to notify the market about a joint market engagement exercise in relation to BHCC & ESCC planned maintenance requirements. The aim of the market engagement day is to obtain feedback from potential bidders on the following in order to inform future delivery and procurement activity:
- Current market interest and capacity
  - Factors affecting successful delivery
  - Appropriate procurement models and structures
  - Value for money and commercial considerations
  - Social Value including employment and environmental considerations



## **6. Conclusion**

- 6.1 The recommendation by officers is to proceed in accordance with the recommendations set out in the recommendations, Section 2 of this report.

## **7. Financial implications**

- 7.1 The planned maintenance works included within this procurement process will be met primarily from existing capital and revenue budgets with funding built into projected budgets for future years for the duration of the contract. The individual contracts procured for these works would be subject to the market conditions at the time, and though there may be some economies of scale they are not expected to generate significant budgetary savings. However, they may lead to efficiency savings, for example through reduced administration time. With the emphasis on quality of work as well as cost, there could be cost avoidance of repeat works or insurance costs. Indicative maintenance contracts and estimated annual spend is detailed in Appendix 2.

*Finance Officer Consulted: Rob Allen*

*Date: 22/08/23*

## **8. Legal implications**

- 8.1 The Framework Agreement will be procured in compliance with the Public Contracts Regulations 2015. The use of a Framework Agreement to call-off works contracts is a route to market which complies with the Regulations and the Council's Contract Standing Orders.

*Lawyer Consulted: Alice Rowland*

*Date: 14/8/23*

## **9. Equalities implications**

- 9.1 Where applicable, items of maintenance work within a programme will consider the Equality Act 2010 to improve access and general facilities to address the diverse needs of staff and users of the council buildings. Planned maintenance works may lead to a temporary reduction / change in access or other facilities. Where this may be the case the Contractor, Client and Contract Administrator work together with staff and users to agree how these changes can be managed to minimise any negative impact.

## **10. Sustainability implications**

- 10.1 Sustainability will be improved through the rationalisation of assets, associated infrastructure and environmental improvements. Energy efficiency measures will be incorporated into maintenance and improvement works where appropriate.



- 10.2 Sustainable Procurement is supported through specific KPIs and specifying certain requirements such as Waste to Landfill and Sustainable Sourcing of materials.
- 10.3 The market engagement will collate feedback from bidders on what they propose can be delivered in terms of social value under the contracts. Officers anticipate it will cover employment and environmental considerations such as volunteering, buying local, reuse, reduce waste and reducing carbon and the impact on climate change. Cost/quality weightings for the evaluation of submissions at SQ and ITT stages shall be developed that will include sustainability. For BHCC the signing of the Social Value pledge shall be a stand or fall assessment.
- 10.4 In terms of the market and supply chain Social Value might be; employing local labour, interview conditioning to help young people in employment, training & upskilling, apprenticeships, work placements, school trade days, sponsorships, prioritising locally sourced materials, avoiding waste through recycling/reusing materials, innovation & offering cost saving alternatives, being a good neighbour, supporting & collaborating with charities & voluntary organisations.
- 10.5 BHCC and ESCC operate different Social Value requirements. BHCC has the Social Value framework principles and ESCC has a SV charter. There is a need to ensure both requirements are met, and this will be monitored by procurement officers.

## **11. Other Implications**

- 11.1 The maintenance of operational properties is part of the BHCC Corporate Property Strategy & Asset Management Plan to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

### **Crime & Disorder Implications:**

There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of planned maintenance work try to minimise vandalism through design, specification and use of relevant materials.

### **Risk and Opportunity Management Implications:**

The risks and opportunities are dependent upon the successful outcome of the frameworks, robust contract and financial management to ensure that works are completed safely within budget, programme and meet any associated statutory duties. Officers shall monitor risk throughout this procurement with a live shared Risk Log document updated regularly by Property and Procurement officers.

The Construction Sector is currently experiencing high rates of liquidations due to the current market instability. Around 17% of all liquidations in the market are currently construction related companies and the number of liquidations in construction has sharply increased since 2021, with nearly a



50% increase in 2022 and currently a 30% increase in 2023. This is due to the ongoing effects of supply chain volatility (COVID, Ukraine conflict and Brexit), skilled labour shortages and as contractors fall into liquidation credit owed is damaging the supply chain creating cash flow issues and increased caution from materials suppliers.

To mitigate the financial risks the procurement will include a robust financial assessment model and the forms of call-off contract will include clauses to assist with financial difficulties in contract delivery.

The market volatility has resulted in steadily increasing costs which will be mitigated as far as reasonably practicable through the competitive procurement process. Another is that the market may not engage, this is being mitigated through robust communication by the ESCC Orbis Procurement team and the market engagement days.

**Public Health Implications:**

Planned maintenance works programmes will prioritise projects that reduce risk to public health e.g., structural repairs, etc.

**Corporate / Citywide Implications:**

The collaborative working on this procurement with ESCC provides added value. All regular forms of maintenance and repair of BHCC properties are part of the BHCC Corporate Property Strategy & Asset Management Plan in order to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities. By providing opportunities for local SMEs the procurement of the new arrangements will be supporting the local agenda.

**Supporting Documentation**

**Appendices:**

1. Framework Lots.
2. Timetable.

**Documents in Members' Rooms**

None

**Background Documents**

None



## APPENDIX 1: Framework Agreements for planned maintenance

Planned Maintenance Framework Lots	Number of Contractors
Lot A Mechanical	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot B Electrical	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot C Roofing	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot D Building -£100k	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot E Building -£100k-£250k	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot F Building - £250k-£1m	9 (top 3 are shared and then each Council gets another 3. 6 in total)
Lot G Asbestos	4

## APPENDIX 2: Anticipated Timetable

	Key Milestone	Date
Pre-Tender	Market Engagement Day	18/09/2023
	Document for final review	29/09/2023
	Strategy, Finance & City Regeneration Committee	05/10/2023
Tender Stage	Publish FTS Contract Notice	13/10/2023
	Deadline for SQ Applications	24/11/2023
	Inform Applicants of Outcome and Selection	26/02/2024
	Issue ITT documents	01/03/2024
	Deadline for receipt of ITTs	19/04/2024
	Final Moderation and Confirmation of Final Selection of Bidders	28/06/2024
Award Stage	PPR (part 2) Gateway 3 (Award) approval	18/07/2024
	Approval of Reg 84 report	18/07/2024
	Contract award date / Contract Award Letter sent	19/07/2024
	Contract Signed	30/08/2024
	Contract Start	01/09/2024

## APPENDIX 2: Annual expenditure by Lot.

Planned Maintenance Framework Lots	Number of projects	Total Estimated Annual Expenditure
Lot 8 Mechanical	8	c.£. 593,500
Lot 9 Electrical	8	c.£. 1,210,000
Lot 11 Roofing	14	c.£. 1,130,250
Lot 12 Building -£100k	27	c.£. 1,986,922
Lot 13 Building -£100k-£250k	7	c.£. 1,012,050
Lot 14 Building - £250k-£1m	4	c.£. 2,100,000



Lot 15 Asbestos	3	c.£.146,000
<b>Total</b>		<b>c.£.8,178.722</b>







# Brighton & Hove City Council

## Strategy, Finance and City Regeneration Committee

## Agenda Item 68

**Subject:** 7 Crowhurst Road

**Date of meeting:** 5 October 2023

**Report of:** Executive Director Economy, Environment & Culture

**Contact Officer:** Name: Jessica Hamilton  
Tel: 01273 291461  
Email: Jessica.hamilton@brighton-hove.gov.uk

**Ward(s) affected:** Patcham & Hollingbury

**For general release**

### **1. Purpose of the report and policy context**

- 1.1 The long lease for this property has less than 10 years to expiry. It is recommended that the lease be surrendered and a new long lease be granted to facilitate redevelopment of the site.

### **2. Recommendations**

- 2.1 That Committee notes that the existing lease will be surrendered under officer delegations.
- 2.2 That Committee agrees to grant a new 250 year lease and delegates authority to the Executive Director Economy, Environment and Culture and the Assistant Director Legal and Democratic Services to approve terms and take any necessary steps to facilitate this recommendation.
- 2.3 That the net capital receipt be invested into the council's corporate capital investment strategy to support future corporate investment plans.

### **3. Context and background information**

- 3.1 Unit 7 Crowhurst Road, Hollingbury comprises an ageing industrial building dating from c 1952 let on a long lease for eighty years from June 1952. It has been occupied throughout the whole term by Talbot Tool Company Limited at a rent of £1,922 pa, fixed throughout the term. The lease has less than ten years until expiry. The present building of c 23,000 sq ft sits on a site of 0.92 acres. This is the last remaining original industrial building at Hollingbury with the other original sites having been redeveloped over the last thirty years.
- 3.2 Talbot Tools have agreed an option for the disposal of their existing interest with Hanbury Developments, the head lessor of the adjoining site, recently redeveloped to provide a Harwoods JLR car Dealership and trade counter units, the largest of which have been let to Howdens and Screwfix.



3.3 In the full knowledge of Talbot Tools, Hanbury Developments approached the Council's agents Avison Young with a proposal to surrender the current lease with less than 10 years remaining in return for a new 250 year ground lease at a peppercorn rent. Following the completion of valuations and negotiations Avison Young has recommended acceptance of a premium in return for granting a 250 year lease at a peppercorn ground rent to facilitate the redevelopment of the site. The premium is calculated by way of marriage value methodology whereby the uplift in value over and above the combined current freehold and leasehold values is apportioned between the parties on an even split basis.

3.4 The proposal is for the site to be redeveloped for industrial/warehouse/trade counter use. This protects the site as employment land and based upon 45% site coverage, will produce an approximate aggregate square footage of 18,000 to 20,000 sq ft. The future use will be a condition of the lease.

#### **4. Analysis and consideration of alternative options**

4.1 Allow the current lease to continue until expiry in 2032. Options for use of the site would then be considered in 2032. These could include:

- The grant of a new lease to Talbot Tools who have a statutory right to renewal of a lease on the same terms as the existing (excluding rent);
- Refusal of a new lease to Talbot Tools to demolish and redevelop the site.

The site would sit undeveloped for at least another 8 years.

4.2 Surrender of the existing tenancy and grant of a new 250 year lease as negotiated with Hanbury Developments, facilitating redevelopment of the site. This is the recommended option.

#### **5. Community engagement and consultation**

5.1 Negotiations have been completed with the agent to Hanbury Developments in full knowledge of the existing tenant Talbot Tools. Wider public consultation will be undertaken as part of the planning application process.

#### **6. Conclusion**

6.1 The existing original building is old and the tenant, Talbot Tools, has agreed an option with Hanbury Developments for the disposal of their interest, which is less than 10 years.

6.2 Hanbury Developments have requested the lease be surrendered and a 250 year lease be granted to facilitate redevelopment of the site. Hanbury Developments have redeveloped the adjacent site to provide a car dealership and trade counter units. A premium has been negotiated.

6.3 It is recommended that the existing lease be surrendered and a new 250 lease be granted to achieve a capital receipt for the council and to facilitate the redevelopment of this site.

#### **7. Financial implications**



- 7.1 The council's agreed capital strategy includes the requirement that the net proceeds from the disposal of surplus or underperforming assets and other capital receipts from leases are used for reinvestment in the capital investment programme. This will support the council's future corporate capital investment funds and modernisation investment plans across the Medium Term Financial Planning period. The expected receipt from Unit 7 Crowhurst Road would be held corporately and applied in line with this strategy.
- 7.2 There is a minimal annual rental income of £1,922 this will not be recovered after the sale and may slightly impair Property & Design's rental income targets.

Name of finance officer consulted: Rob Allen      Date consulted: 06/09/23

## **8 Legal implications**

- 8.1 With reference to recommendation 2.2, Section 123 of the Local Government Act 1972 enables a local authority to dispose of land provided it achieves the best consideration reasonably obtainable.
- 8.2 The Council's constitution requires that a decision to dispose of land by way of a lease with a term in excess of 25 years must be taken by the Strategy Finance and City Regeneration Committee.

Name of lawyer consulted: Hannah Bassett      Date consulted: 21/08/23

## **9 Equalities implications**

- 9.1 It is not considered that the proposal would negatively impact on any particular group in relation to their 'protected characteristics'. Therefore, no equalities implications have been identified as arising from this report.

## **10 Sustainability implications**

- 10.1 The proposed redevelopment of the site would allow for energy efficiency improvements to be introduced as part of the design of any new property.

## **Supporting Documentation**

### **1. Appendices**

1. Site Plan







(site of)

CARDEN AVENUE

SM

ASDA

CROWHURST ROAD

Shelter

EI

A5

A1

Enterprise Estate

B14 B12

B7

B1

1 to 2

5

Tanks

EI Sub Sta

## Unit 7, Crowhurst Road

Scale: 1:1,250 @A4  
237









# Brighton & Hove City Council

## Strategy, Finance and City Regeneration Committee

## Agenda Item 69

**Subject:** Concessionary Fare Payments 1-year fixed deal 2023-24

**Date of meeting:** 5<sup>th</sup> October 2023

**Report of:** Executive Director, Economy, Environment & Culture

**Contact Officer:** Name: Paul Nicholls  
Tel: 01273 293287  
Email: paul.nicholls@brighton-hove.gov.uk

**Ward(s) affected:** All

### 1. Purpose of the report and policy context

- 1.1 This report seeks committee approval for the proposed arrangements with Brighton & Hove Bus & Coach Company (BHBCC) and Stagecoach South over the current financial year, for reimbursement of concessionary travel journeys.

### 2. Recommendations

That Committee:

- 2.1 Approves a 1-year fixed deal with Brighton & Hove Bus & Coach Company on the basis of 90% of pre-covid payments for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024;
- 2.2 Approves a 1-year fixed deal with Stagecoach South on the basis of 90% of pre-covid payments for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024;
- 2.3 Grants delegated authority to the Executive Director Environment, Economy and Culture to take all steps necessary to conclude the 1 year fixed contracts for travel concession in line with recommendation 2.1.and 2.2

### 3. Context and background information

- 3.1 The Council reimburses bus operators for Concessionary Travel undertaken by older people and eligible disabled pass holders. There are over 42,000 pass holders in Brighton & Hove of which 7,000 are issued to qualifying disabled residents.
- 3.2 On 13 February 2020 the Policy & Resources Committee approved a 3-year fixed deal with BHBCC from 1 April 2020 to 31 March 2023 for the payment of Concessionary Fares.
- 3.3 On 23<sup>rd</sup> February 2023 Budget Council agreed to apply savings of £950k for the 2023-24 financial year to concessionary fare payments budget to bus



operators. The previous 3-year fixed deal had maintained concessionary fare payments based on 100% pre-covid levels of patronage. This was in line with DfT guidance to maintain payments at pre-covid levels, although there is no legislative mechanism to enforce this.

- 3.4 Patronage levels are currently around 80% of pre-covid levels in the city. This is probably in part due to increased home working.
- 3.5 Negotiations have been held with Brighton & Hove Bus and Coach Company and they have agreed to a fixed deal with payments at 90% of pre-covid levels (paid monthly in installments) for this financial year. This would be in line with the savings agreed at February's Budget Council meeting.
- 3.6 All bus operators in the city have been offered the same fixed deal based on 90% of pre-covid patronage.  
**Brighton & Hove Bus & Coach Company**  
**Stagecoach South.**  
**The Big Lemon**  
**Metrobus**  
**Compass**

#### **4. Analysis and consideration of alternative options**

- 4.1 The option of proposing a longer-term fixed deal was considered of up to 3 years in line with the term of the previous deal. However, bus patronage levels might change considerably over that longer period. The Department for Transport has also indicated that it is reviewing national concessionary fare payments to bus operators, and they hope to provide updated guidance before the end of this financial year.
- 4.2 The option of reimbursement via the Department for Transport calculator (Reimbursement model) was considered. This would require further detailed negotiation, with calculations made monthly based on concessionary pass usage and no budget certainty over the next year.

#### **5. Community engagement and consultation**

- 5.1 The Council has been in negotiations with bus operators and this 1-year fixed deal has been agreed on the basis that it provides certainty to both parties and achieves the savings agreed at February's Full Budget Council.
- 5.2 This also meets the requirements of the local authority to ensure the bus company is paid for the concessionary travel journeys undertaken within the city.

#### **6. Conclusion**

- 6.1 It is recommended that the Strategy Finance & City Regeneration Committee approves a one-year fixed deal with Brighton & Hove Bus and Coach company and other bus operators as set out in this report.



## **7. Financial implications**

- 7.1 The Council approved a budget for Concessionary Fares payments to operators in 2023/24 of £9.785m which incorporated a saving of £0.950m. This report reflects the negotiated settlement with three of the providers of bus travel in the authority, including the two major providers, Brighton and Hove Buses and Stagecoach, for the current year of £9.224m.
- 7.2 Of the two smaller operators, Metrobus has requested payment based on actual journeys and Compass has yet to reply. Assuming the number of journeys are consistent with previous years, adequate budget will remain to cover the costs of concessionary fares delivered by those operators.

Name of finance officer consulted: Jill Scarfield Date consulted 05/09/2023

## **8. Legal implications**

- 8.1 The Council operates its concessionary fares scheme in accordance with the Transport Acts 1985 and 2000, the Concessionary Bus Travel Act 2007 and the Mandatory Travel Concession (England) Regulations 2011. The provision of a concessionary travel scheme in accordance with the national minimum is a statutory duty. There is discretion for councils to provide a scheme that extends the entitlement of services over and above the national minimum. The statutory framework for travel concessions does not stipulate a minimum or maximum duration for an individual scheme. It is for the travel concession authority (i.e. the Council) to propose a start and end date, and to seek agreement with the bus operator over the length of this term.

Name of lawyer consulted: Elizabeth Culbert Date consulted 04/09/23

## **9. Equalities implications**

- 9.1 The provision of disabled and concessionary bus passes is in line with the City Council plan 2023-27 'We want to ensure that everyone, from all areas of the city, can get around with a safe, accessible, and sustainable transport network'.
- 9.2 Concessionary bus passes provide older people who may not have access to private vehicles with a means of travelling around the city, resulting in a wide range of welfare benefits.

## **10. Sustainability implications**

- 10.1 The provision of disabled and concessionary bus passes reduces car dependency for those that use them thereby reducing the number of vehicles on the city's roads resulting in less congestion and benefits in terms of the city's air quality compared to the use of private vehicles. This is particularly so as bus operators work toward zero emission fleets.

## **Supporting Documentation**



None



# Brighton & Hove City Council

## Strategy, Finance & City Regeneration Committee

## Agenda Item 70

**Subject:** 71-73 Grand Parade, Brighton, Lease End Hand-back

**Date of meeting:** 5<sup>th</sup> October 2023

**Report of:** Executive Director Housing, Neighbourhoods & Communities

**Contact Officer:** Name: Martin Reid  
Email: [martin.reid@brighton-hove.gov.co.uk](mailto:martin.reid@brighton-hove.gov.co.uk)  
Name: Geof Gage  
Email: [geof.gage@brighton-hove.gov.uk](mailto:geof.gage@brighton-hove.gov.uk)

**Ward(s) affected:** Queens Park

### For general release

#### 1. Purpose of the report and policy context

- 1.1 71—73 Grand Parade, Brighton was leased to South London Family Housing Association by Brighton & Hove City Council on 9<sup>th</sup> December 1997. The property consists of 19 dwellings, currently occupied by 16 tenants of Southern Housing Group (SHG), who now hold the property following a series of registered provider mergers.
- 1.2 The 25-year full repairing lease, formerly held by Optivo, another registered provider who recently merged with SHG, came to an end on 8<sup>th</sup> December 2022. There is no obligation for the registered provider holding the lease to give the Council vacant possession at the end of the term. The Council held at least 75% nomination rights to individual homes in this property.
- 1.3 In meetings with Optivo leading up to the end of the lease the Council expressed serious concerns around the condition of the property and the expectation that it should be in repair when handed back. The Council refused to accept hand back of the property in the condition it was in at that time.
- 1.4 Following the concerns raised by the Council the Grand Parade hand back was delayed. Optivo then SHG, have held over on the terms of the existing lease while we have undertaken a period of review and negotiation. Some, though not extensive, works to the property have also been undertaken by the registered provider.
- 1.5 SHG now wish to terminate the lease and hand back the property in its entirety to the Council with tenants in occupancy, they have indicated they wish to do so on 15<sup>th</sup> January 2024. SHG also wish to conclude negotiation of a dilapidation settlement covering costs of works required at lease end as a separate matter. The purpose of the report is to delegate authority to the Executive Director, Housing, Neighbourhoods & Communities to negotiate the dilapidations settlement and to carry out works associated with the hand back process such as tenancy transfers.



## **2. Recommendations**

- 2.1 That Committee delegates authority to the Executive Director Housing, Neighbourhoods and Communities to negotiate a dilapidations settlement with Southern Housing Group in relation to the lease end hand back of 71-73 Grand Parade and to carry out works associated with the hand back process such as tenancy transfers.
- 2.2 That Committee agrees appropriation of 71-73 Grand Parade on its return to the Council from General Fund to the Housing Revenue Account at best consideration to be confirmed by an external valuer.
- 2.3 The Committee approves a capital budget up to the value outlined in the part 2 paper to be included in the HRA capital programme for 2023/24.

## **3. Context and background information**

### **Grand Parade tenants**

- 3.1 The property at 71-73 Grand Parade was leased to South London Family Housing Association (now SHG) on a 25-year full repairing lease. The lease has been held by registered providers since then, most recently by Southern Housing Group. The full repairing lease means that SHG are responsible for any costs related to dilapidations at the end of the lease term.
- 3.2 The property consists of 19 flats made up of 18 one bedroom and one two-bedroom dwelling. The property currently has 16 occupied flats and three empty homes. From the information shared to date the current occupiers mainly hold assured tenancies with some assured-shorthold tenants.
- 3.3 The Council retained nomination rights to at least 75% of the individual homes at 71-73 Grand Parade. From the initial tenancy information received most occupiers appear to be council nominees with others occupying following mutual exchange or transfer into the property.
- 3.4 The lease anticipated that the Council could inherit the registered provider tenants at the end of the lease term. There is no obligation for the registered provider to give the Council vacant possession of the dwellings.
- 3.5 Council Legal advice is that SHG are legally able to hand back the property at this time. Therefore, in the period leading up to the proposed hand back date of 15<sup>th</sup> January 2024 the Housing Management Service will work with SHG to manage the transfer of these homes into the council housing stock, including agreeing communications with residents. When the homes return to the Council, the current occupiers will become secure tenants of BHCC. SHG have confirmed that they are no longer letting to any empty homes at 71-73 Grand Parade ahead of hand back.

### **Grand Parade property condition**



- 3.6 71-73 Grand Parade consists of 19 dwellings in a converted Edwardian terrace. In meetings with Optivo (now SHG) leading up to the lease end date the Council expressed serious concerns over the condition of the property, in particular given the registered provider held a full repairing lease.
- 3.7 Concerns included structural elements of the building related to areas such as bay windows and, in particular, with regard to balconies at the front of the property. Also, the overall condition of the roof, fire safety requirements and the general external and internal condition of the property being in a poor standard. Concerns raised by the Council over the balcony structure led to Optivo installing a crash deck scaffold. Following council concerns over these and other matters we can confirm that some internal improvement works have been undertaken at the property, including fire safety and Decent Homes (kitchen) works which SHG advise have been completed. However, there have been no extensive repair works and our latest visit has identified a serious roof leak which has resulted in a further decant of a flat and is awaiting repair.
- 3.8 As part of our on-going review and negotiation council appointed surveyors have carried out visual inspections of the building to assess potential works costs. However, no intrusive investigation has yet been undertaken. Therefore, the full extent of any works required is not currently known.
- 3.9 SHG have advised that they are not in a position to carry out the works required at Grand Parade at lease end themselves. Council Legal advice is that we cannot enforce that the registered provider undertake this work under the terms of the lease. SHG do however wish to negotiate a dilapidations settlement with the Council to cover works costs.
- 3.10 The Council and SHG currently have differing views as to the appropriate sum, to reflect the works required at Grand Parade, and at which to settle any dilapidations claim. This report therefore recommends that authority be delegated to the Executive Director Housing, Neighbourhoods and Communities to negotiate a dilapidations settlement with Southern Housing Group.
- 3.11 Should cost recovery not be achieved the Council has no budget identified to meet any resultant shortfall in our Housing Revenue Account. Any outcome that would incur a cost to the HRA would require budget changes to be agreed.

#### **4. Analysis and consideration of alternative options**

- 4.1 As outlined in the report the 25 year lease on this property has come to an end and SHG have held over on the terms of the existing lease while we have undertaken a period of review and negotiation. SHG now wish to return the property to the Council and conclude the negotiation of a dilapidation settlement covering costs of works required at lease end as a separate matter. As outlined in the Legal comments to this report, there is no



provision to enable the Council to require the lease to continue. The report requests delegated authority for the Executive Director Housing, Neighbourhoods and Communities to negotiate a dilapidations settlement with SHG.

## **5. Community engagement and consultation**

- 5.1 The delegation of authority requested of Committee includes to carry out works associated with the hand back process such as tenancy transfers. The occupiers of homes at 71-73 Grand Parade remain tenants of SHG at this time. The Council will work closely with SHG to enable as smooth a tenancy transfer process as possible, including agreement of a tenant communications and hand back plan.

## **6. Conclusion**

- 6.1 This is outlined in the body of the report and report recommendations.

## **7. Financial implications**

- 7.1 Recommendation 2 sets out the need to appropriate the asset from the General Fund upon hand back of the lease. The appropriation is required to be at best consideration and based upon an external valuation being undertaken. The impact of the appropriation is that it will be treated as a capital receipt for the General Fund, however the capital funding guide allows General Fund receipts to fund the HRA capital programme where committee approves. Applying those receipts to the lease hand back will ensure that the cost of appropriation is neutral for the HRA.
- 7.2 The 2023/24 HRA capital programme doesn't currently include a budget provision for the hand back of the lease at 71-73 Grand Parade. As stated in paragraph 3.11 of the main report, there is a risk that following the negotiations, the value of compensation agreed will not cover the cost of the dilapidation works required. Should this situation occur the HRA will be required to fund this gap by using HRA borrowing.
- 7.3 A capital budget is required to be set up in order for negotiations to progress, the part 2 paper sets out the detailed financial implications associated with the lease hand back.

Name of finance officer consulted: Craig Garoghan      Date consulted  
21/09/2023.

## **8. Legal implications**

There is no ability for the Council, to prevent the hand back of the property. The lease has expired and there is no provision to enable the Council to require the lease to continue. Generally the position is that dilapidations are negotiated separately and there is no provision for a requirement that the property is handed back in an acceptable position. The statute provides for a court process to assess the level of claim, where agreement cannot be



reached. On hand back under the Housing Acts provisions the current tenants will, in our view, become secure tenants by operation of law.

Name of lawyer consulted: Hannah Bassett Date consulted 21/09/23:

## **9. Equalities implications**

- 9.1 A number of the tenants may well have protected characteristics. This is not known at the moment and will be part of the hand back process. As they will transfer as secure tenants we do not envisage that they will suffer any discrimination, but consideration should be given to reasonable adjustments for those who have a disability. For instance, how the Council communicate.

## **10. Sustainability implications**

- 10.1 There are no direct sustainability implications arising from this report. Any improvements that have or will be made to homes at 71-73 Grand Parade are likely to make them more sustainable and better quality for the tenants in occupancy.

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# Brighton & Hove City Council

## Strategy, Finance & City Regeneration Committee

## Agenda Item 71

**Subject:** Auditor's Annual Report (Value for Money) Year ending 31 March 2023

**Date of meeting:** 5 October 2023

**Report of:** Grant Thornton (External Audit)

**Contact Officer:** Name: Darren Wells  
Email: Darren.J.Wells@uk.gt.com

**Ward(s) affected:** All

**For general release**

### 1. Purpose of the report and policy context

#### **Auditor's Annual (Value For Money) Report Year ending 31 March 2023**

1.1 The external auditor's (Grant Thornton's) Annual Report for the year ending 31 March 2023 reports on the council's value for money arrangements and is attached at **Appendix 1**.

1.2 The external auditor is required to consider whether the authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources i.e. securing value for money. The report reviews this under three categories which are financial sustainability, governance and improving economy, efficiency and effectiveness. Appendix B (An Explanatory note on the recommendations) within **Appendix 1** sets out three types of recommendations that can be made by the external auditors in this report which are:

- **Statutory** – written recommendations to which the council is required to discuss and respond publicly to the report.
- **Key** – recommendations where significant weaknesses have been identified.
- **Improvement** – recommendations which are not a result of identifying significant weaknesses.

The auditor can also issue specific reports in the Public Interest in cases where there are serious governance, financial, fraud or other weaknesses identified.

1.3 For the first category, statutory, there were no recommendations raised. However, on page 4 of their report the auditor notes that due to the scale of the council's financial challenge, formal action by the auditor was considered and is being kept under review.



- 1.4 For the second year there is one 'key' recommendation (set out on page 4 of Appendix 1) highlighting continuing 'significant weaknesses' in the council's financial sustainability. It is important to note that the majority of UK local authorities are facing similar challenges, particularly unitary authorities outside of London, in the current economic climate.
- 1.5 The external auditor's Annual Report was considered by the Audit & Standards Committee on 26 September 2023 which is the committee that normally receives information and reports from the external auditor. However, given the concerns over the council's financial sustainability, the external auditor has recommended that this report should also be considered by the committee with responsibility for financial oversight and monitoring of the council's budget, which is the Strategy, Finance & City Regeneration Committee.
- 1.6 Alongside the recommendation concerning financial sustainability, there are 5 other improvement recommendations made to which management has responded positively.

## **2. Recommendations**

- 2.1 That the Strategy, Finance & City Regeneration Committee notes the Auditor's Annual Report (Value For Money) for the financial year ending 31 March 2023.

## **3. Context and background information**

- 3.1 This is set out in summary in section 1 of this report and in detail in Appendix 1.

## **4. Analysis and consideration of alternative options**

- 4.1 The annual Value for Money review is a statutory requirement for local authorities.

## **5. Community engagement and consultation**

- 5.1 The review must be published and considered by an appropriate committee of the council which in Brighton & Hove City Council is the Audit & Standards Committee. This ensures that the auditor's findings are publicly available on the council's website. The auditor also has statutory powers to bring other information and reports to the public's attention, for example Public Interest reports, where this is warranted. Given the financial challenges facing the authority, the external auditor has recommended that the report also be submitted to and considered by the Strategy, Finance & City Regeneration Committee.

## **6. Conclusion**

- 6.1 This report and appendix are for noting. The report contains improvement recommendations which the council has responded to positively and views



as an important part of providing assurance over its financial, governance and performance arrangements and in helping the council to identify continuous improvement.

## **7. Financial implications**

7.1 There are no direct financial implications arising from this report.

Finance officer consulted: James Hengeveld Date consulted: 26/09/2023

## **8. Legal implications**

8.1 The Local Audit and Accountability Act 2014 makes it a requirement that the council's external auditors consider whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (securing value for money). The Audit & Standards Committee is the appropriate body for the consideration of this report by elected members of the council. However, given the Key Recommendation in the report and the responsibility of the Strategy, Finance & City Regeneration Committee for oversight and monitoring of the council's budget, it is appropriate for the external auditor to request that this committee also considers the findings and recommendations set out in the report, which are for noting.

Lawyer consulted: Elizabeth Culbert Date consulted: 18/09/2023

## **9. Equalities implications**

9.1 There are none identified.

## **10. Sustainability implications**

10.1 There are none identified.

## **11. Other Implications**

11.1 There are none identified.

## **Supporting Documentation**

## **Appendices**

Appendix 1: Auditor's Annual Report on Brighton & Hove City Council 2022/23







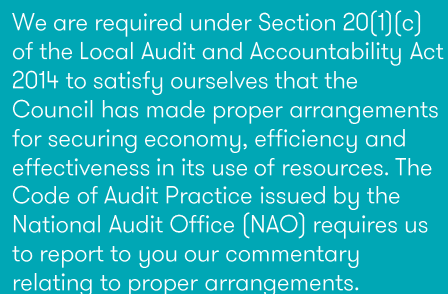
# Interim Auditor's Annual Report on Brighton & Hove City Council

2022/23

September 2023







We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2021/22 Auditor judgement on arrangements		2022/23 Auditor judgement on arrangements		Direction of travel
Financial sustainability	R	Significant weakness in arrangements identified and a key recommendation along with an improvement recommendation have been made	R	Significant weakness in arrangements identified, key recommendation made and two improvement recommendations raised	↔
Governance	A	No significant weaknesses in arrangements identified, but one improvement recommendation has been made	A	No significant weaknesses in arrangements identified but two improvement recommendations made	↔
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified and no improvement recommendations raised	A	No significant weakness in arrangements identified but two improvement recommendations made	↓

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.



# Executive summary



## Financial sustainability

The Council finished 2022/23 with an overspend on the General Fund revenue budget of £3m. This was the first time in over a decade that it had produced an overspend – reflecting the seriousness of the financial pressures it faces. During the year, the Council instituted spending control measures to mitigate cost pressures. These proved effective and the final position was significantly below forecasts made earlier in the year. The overspend was funded by the working balance reserves.

The latest budget monitoring reports are showing a £14m forecast overspend on the General Fund revenue budget for 2023/24. A significant level of savings (23%) £2.947m of the £13.043m package is also reported to be at risk as per M2 budget monitoring reports. The Council instituted spending controls earlier in the year to mitigate the overspend position although the projections continue to be high. The 2023/24 financial forecast is worrying.

The medium term position is of significant concern. The budget gap for 2024/25 is currently forecast to be £25m and over £70m for the cumulative period of the medium term financial plan. The Council is currently spending and forecasting to spend far beyond its means in the medium term. The current medium-term savings requirement is treble what the Council has been able to deliver in the past three years. Beyond 2023/24, the level of identification and development of savings schemes is rudimentary. The Council's only reserves available to fund revenue budget pressures is its working balance. The current working balance is £6m as per the July update to the Strategy, Finance & City Regeneration Committee. Based on current projections, if the Council's 2023/24 forecast overspend were to materialise, the Council would fully deplete its reserves balance.

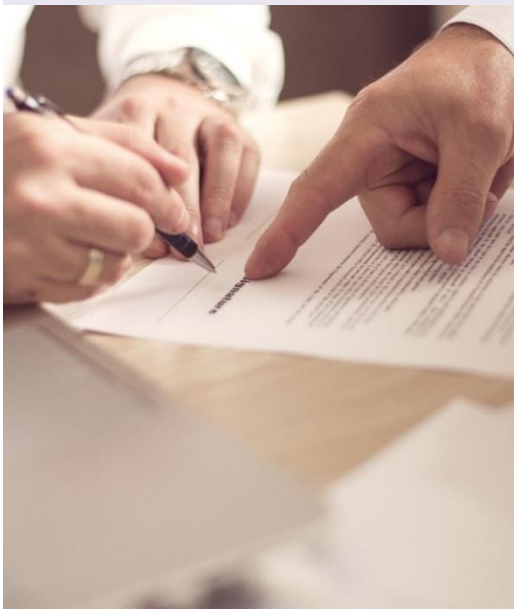
The Council's financial position has significantly worsened since our 2021/22 report which was presented to the January 2023 Audit & Standards Committee when we reported our judgement of a significant weakness in the Council's arrangements to ensure its financial sustainability.

The Council is aware of the financial challenge ahead and has responded by bringing forward the 2024/25 budget setting process and launching a multi-stranded approach to meeting the extraordinary ask. A step change in process has been instituted in order to put the Council in a financially sustainable position in the medium-term. We consider that a significant weakness in arrangements for financial sustainability remains for 2022/23. Due to the scale of the challenge ahead, we have considered whether we should exercise our statutory powers such as issuing a statutory recommendation under Schedule 7 of the Local Audit and Accountability Act 2014. We acknowledge senior officers' representations about the work in progress to address the challenge and consider it appropriate to wait to see the impact of this work. We will continue to monitor the Council's progress over the next few months to address the 2023/24 forecast overspend and the 2024/25 and medium-term gap and if there are changes in the position which warrant escalation, we will revise our approach.



## Financial Statements opinion

Our audit your financial statements is still in progress.





# Executive summary

## Governance

Our work has not identified any evidence of a significant weakness in arrangements with regard to governance. We have raised two improvement recommendations in relation to the Audit & Standards Committee and monitoring of the implementation of recommendations.

The Council has appropriate arrangements in place with regard to risk management. The implementation of the recommendations from the CIPFA 2021 review should help to further strengthen these arrangements. There was an effective internal audit service in place during 2022/23. No 'Minimal Assurance' audit opinions were issued during the year – which reflects positively on the Council's overall control environment. There were some significant changes to leadership and decision-making with the change in administration in May 2023. There is room for improvement with regard to the Audit and Standards Committee. We have raised an improvement recommendation in this area. The Council had appropriate budget setting arrangements in place during 2022/23 and has made efforts to adapt the process to accommodate the extraordinary challenges in the 2023/24 forecast overspend and 2024/25 and medium-term budget gaps.

## Improving economy, efficiency and effectiveness

Our work has not identified any evidence of a significant weakness in arrangements with regard to economy, efficiency and effectiveness. We have raised two improvement recommendations in relation to the link between performance and financial sustainability and contract management.

The Council experienced positive albeit mixed performance with regard to its corporate Key Performance Indicators (KPIs) that support its Corporate Plan for 2022/23. The Council's use of benchmarking demonstrates a concerted effort toward determining evidence-based indicators and ensuring users of the reports are well-informed on how indicators are derived and therefore measured. The procurement function has improved significantly since our report in January 2023, moving from a Minimal Assurance internal audit opinion to a Reasonable Assurance opinion. There are, still, however, areas of weakness in contract management. The Council continues to work closely with partners as is demonstrated by the various partner relationships outlined. These partnerships continue to produce useful strategies and indicators of progress against which to measure efficacy.

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers, Council Members and external stakeholders with whom we have engaged during the course of our review.



# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.



# Key recommendations

Recommendation 1

The Council must urgently implement its step change in strategy to secure its financial sustainability. The Council is now in a position where it must consider a re-alignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority’s future viability. The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2024/25 budget gap (and subsequent medium-term gap) and address the currently forecast overspend for 2023/24.

Why/impact

The Council finished 2022/23 with an overspend that was funded by reserves. At present, the Council is set to overspend by £14m in 2023/24. If this overspend were to be funded by unearmarked reserves, this would fully deplete the £6m reserves balance. The Council is not in a sustainable position for the current year. The current medium-term savings requirement is treble what the Council has been able to deliver in the past few years. The ask is massive – the Council must organize itself accordingly.

Management Comments

As the commentary notes, a changed approach to the budget process for 2024/25 has been implemented and started early. This multi-stranded approach will cover key aspects including:

- A full review of the capital programme to assess its affordability, in capital financing terms, and its alignment with priorities;
- A renewed drive to maximise efficiency through the use of technology, digital investment, service redesign & automation, and partnership working;
- A holistic review of fees & charges and other income generation opportunities;
- Structured use of comparative cost data to identify comparable authorities who are providing services of reasonable quality at lower cost including consideration of insourcing or outsourcing;
- The use of external peer reviews and other research to help inform cost and service improvements;
- A corporate review process to look at the overall organisation of the council, alignment with Council Plan priorities, and effectiveness of collaboration across services and partnerships.

The council-wide workstreams within the budget process are being managed at a programme level with identified lead officers and timelines. The approach recognises that the council is spending beyond its means and that fundamental changes are needed to achieve financial sustainability over the medium term. This will therefore become a major change programme as well as a budget process and therefore an effective communication and engagement plan is also an important component of the approach that is being developed.

However, the backdrop of a weak economic climate, higher inflation and interest rates, and increased demands for many services makes this very challenging and reflects widespread financial challenges faced by the sector. The position is being reported through to government via professional networks, for example, the Association of Directors of Adult Social Services and the Local Government Association, particularly in the context of the government’s proposed reviews of local government finance, including the Fair Funding Review and the reform of Adult Social Care, having not materialised.



# Securing economy, efficiency and effectiveness in the Council’s use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council’s responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office’s Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



### Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).




### Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

 Our commentary on the Council’s arrangements in each of these three areas, is set out on pages 10 to 29.

**In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:**

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council’s Annual Governance Statement and other publications



# The current LG landscape



## National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well as creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated, demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association (LGA), in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date, and have been increased by, the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade, many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure that there are appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog). There has been an increase in the number of councils who have issued a Section 114 Notice or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council-owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.



# Financial sustainability



## We considered how the authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## 2022/23 budget and financial performance

In 2022/23, the Council was still feeling the impacts of COVID-19 yet the funding from government to meet the costs ceased. Add this to additional pressures in adult social care, children's services, budget costs, inflation, interest rates, Brexit and supply chain issues and it is clear that councils were facing a difficult national backdrop against which to make decisions to ensure future financial sustainability.

The Local Government Finance Settlement was a one-year settlement for 2022/23 only and this increased the challenge faced by the Council to make credible assumptions against which to base budgets.

The Council set a net General Fund budget requirement for 2022/23 of £199.85m. The Council increased council tax by 1.99% and the adult social care precept by 1%. The Council planned for a savings target of £10.5m. The Council recommended maintaining a General Fund reserves working balance of £9m which amounted to 4.5% of the 2022/23 net budget.

As per the outturn report presented to June 2023 Strategy, Finance & City Regeneration Committee, the Council finished 2022/23 with a £3m overspend on the General Fund revenue budget. This was the first time in over a decade that the Council reported an overspend on the General Fund revenue budget. The overspends were mainly on the Families, Children & Learning and Corporately-held budgets. These budgets contain centrally held provisions and budgets and also included the cost of the unexpectedly high NJC Local Government pay award which added £6m more than originally estimated. The main pressures identified at outturn are across parts of Families, Children & Learning, Homelessness, Transport, City Environmental Management and Culture, Tourism & Sport.

The Council had to implement spending and vacancy controls in month 5 to manage spend and these measures contributed to an improved position across all areas. The movement in forecasts demonstrates the impact of these measures. In months 4 and 5 the Council was predicting a £13m overspend which was reduced to a £3m overspend at year-end. It is important to note, however, that such measures are unsustainable.

With regard to savings, the Council delivered only 57% of its £10.5m savings plan (£5.97m). 43% was unachievable largely due to exceptional inflationary pressures experienced during the year.

As reported in our 2021/22 report presented to January 2023 Audit & Standards Committee, the Council ended 2021/22 with a General Fund Working Balance reserve of £14.5m. At the end of 2022/23, this had reduced to £8.8m due to a combination of planned usage and the overspend on the 2022/23 budget. The Council has a recommended maintenance of £9m working balance reserves. The Council has a plan to re-instate the working balance over the medium-term with equal payments of £1.310m each year. The Council's financial performance in the recent past casts doubt on its ability to make these equal payments. This is discussed in greater detail in the section on the medium-term plan.

## 2023/24 budget and performance

The Local Government Finance Settlement 2023/24 was more generous than most authorities were expecting. The Spending Review total for local government increased by £1.6 billion in 2022/23 and in 2023/24 the Review stated that this would be the same 'cash' level as 2022/23.



# Financial sustainability

Though the impact of COVID on Council finances has reduced significantly, the current predicted high inflation rates and cost of living crisis has increased pressure on council budgets. Inflation, in particular, is presenting as a considerable cost pressure in 2023/24 budgets impacting council costs. Alongside the weakened economy, councils are also battling recruitment and retention challenges and growing demand for their services.

In the 2023/24 budget, Brighton & Hove increased council tax by 2.99% and the adult social care precept by 2%. The Council set a General Fund net budget requirement of £232.39m. Due to the increase in the budget, the £9m recommended working balance of reserves now represents 3.9% of the 2023/24 budget.

The Council reported an estimated budget shortfall for 2023/24 at budget setting of £14m. The Council will have to make up this shortfall with savings or risk using reserves to balance the budget. The Council have stated the intention to generate a £14m savings package for 2023/24.

The Council's General reserves balance at the end of 2022/23 was £8.75m. The 2023/24 budget gap is therefore higher than the current level of reserves available to make up the shortfall if necessary.

As per the July 2023 update, the Council is forecasting a £14m overspend. As per the TBM report for Month 2 of 2023/24, a significant level of savings (23%) £2.947m of the £13.043m package is also showing to be at risk. The current forecast position heavily suggests that the Council will be unable to break-even in 2023/24 and therefore be unlikely to meet its repayments on the General Fund necessary to reinstate its £9m working balance. The Council is likely to need to further draw on reserves to meet its overspend and therefore place the authority in an even greater area of risk than it was at the end of 2022/23.

## The medium-term budget gap

The medium-term financial outlook beyond 2023/24 remains uncertain. In an atmosphere of political and international uncertainty, economic challenges such as inflation, increased interest rates, lack of clarity on future finance settlements and the long-term impact of greater service demand, authorities are tasked with the difficult task of demonstrating a resilient and sustainable position from which to weather shocks. The pressure experienced in 2023/24 will largely continue over the medium-term. The government has recognised these pressures through the provision of additional funding but even with these resources, the Council is still in a precarious financial position.

The medium-term budget gap is being driven by growing demands for services, in particular social care and homelessness. Demand-led cost pressures are proving to be the main driver of the substantial budget gaps that the Council is set to face and has been experiencing over the last decade. The Authority has also credited the capping of council tax increases over the period and two years of freezes with creating a situation whereby local taxation has not been able to keep pace with growing costs, demands or inflation. The Council has also stated explicitly in the 2023/24 budget that it is not in a position of being able to run or maintain some services at the same level due to the changed reality presented by the financial shortfall. The General Fund Budget Planning and Resource Update presented on 13 July to the Strategy, Finance & City Regeneration Committee included an update on the Council's Medium Term Financial Strategy (MTFS). The report shows the Council to be forecasting an over £70m budget gap in the medium-term. Latest reports are showing the 2024/25 budget gap to be £25m.

	2024/25	2025/26	2026/27
March 2023 savings requirement (budget gap)	13.201	17.016	13.387
July 2023 savings requirement (budget gap)	25.306	19.775	14.348
<b>Increase</b>	<b>12.105</b>	<b>2.759</b>	<b>0.961</b>

Table 1: Medium-term savings requirement  
Source: February 2023 MTFS and July 2023 Finance Update to Strategy, Finance & City Regeneration Committee

The budget gap is defined as the difference between the estimated cost of services, net of fees, charges and rents and the estimated resources available from taxation and government funding.

A budget gap can be closed by identifying cost savings and efficiencies, generating increased income or funding, developing cost avoidance strategies (e.g. preventative or demand management strategies) or by cutting or reducing services to the statutory minimum requirement.

In 2022/23, the Council employed strict spending and recruitment controls from September 2022 to manage its (at the time) forecast £13m overspend. This enabled the Council to vastly reduce its overspend, finishing the year with the £3m overspend.



# Financial sustainability

In 2023/24, the Council implemented spending control measures in Month 2 – having learnt from the experience in the previous year. The Council has implemented a recruitment freeze with the intention of using this to drive consideration of service redesign; tight budget management to ensure only essential spend is allowed across budgets; demand management actions in demand-led areas including service, policy or eligibility changes; and the requirement for member sign-off or approvals.

The issue with these controls is that they are unsustainable and ultimately impact the Council’s operational performance.

### Savings

The Council delivered £5.97m of its £10.5m planned savings package in 2022/23. The Council has stated an intention to deliver a £14m savings package for 2023/24 as per the February 2023 budget. The savings presented in the budget are identified and presented alongside the budget documentation.

Savings	2020/21	2021/22	2022/23
Planned	10.6	10.7	10.5
Delivered	7.4	7.5	5.97
Percentage delivered	70%	70%	57%

Table 2: Savings Delivered Against Plan 2020/21 to 2022/23  
Source: 2020/21, 2021/22 and 2022/23 Accounts

Beyond 2023/24, the savings packages are yet to be fully identified. The Council is forecasting a £25m budget gap for 2024/25 which translates to a £25m savings package. Given the Council’s previous historical savings delivery in the last three years and the lack of solidly identified savings, there is a high risk that the Council will be unable to deliver a £25m savings package in 2024/25. The current medium-term savings requirement is treble what the Council has been able to deliver in the past few years.

Failure to deliver savings in one year can result in ‘salami-slicing’ whereby incremental cuts or cash limits are applied to services each year that ultimately can result in services reaching a tipping point after a number of budget rounds. We recommend that the Council include a savings proposal RAG rated tracker for each year which can show the likelihood of delivering the savings in the medium-term. This can allow for a more realistic understanding of the medium-term gap.

### Reserves

The Council’s only unallocated reserve is its working balance. As per the General Fund Budget Planning and Resource Update presented on 13 July 2023 to the Strategy, Finance & City Regeneration Committee, the Council’s working balance stands at £6m. The Council’s reserves and balances are well below the average for unitary and upper tier local authorities.

The Council had to use £3.376m of its working balance to fund its overspend in 2022/23. The Council plans to replenish this by finding £1.125m in resources over the next three years – adding further financial pressure and increasing its predicted budget gap. Failure to deliver on savings schemes, would likely add further pressure to this gap and the reserves balance. As per Table 3 overleaf, the Council has used its working balance to fund revenue budget pressures in 2021/22 and 2022/23. The Council is forecasting the need to use its working balance in 2023/24 and deplete the balance to a worryingly low figure of £5.57m.

It is important to recognise that the current forecast overspend for 2023/24 is £14m. The working balance, the only unallocated reserve available to fund revenue budget pressures, is currently only at £8.75m. This means that, if the overspend were to materialise as forecast and the Council were forced to fully fund the balance from reserves (as was the case in 2022/23), the Council would fully deplete its reserves.



# Financial sustainability

Unearmarked Reserves		Reserves [£'m]
Reserves as at 31 March 2020		8.99
Reserves contribution in 2020/21	+ 10.1	
Reserves as at 31 March 2021		19.09
Reserves use in 21/22	- 4.58	
Reserves as at 31 March 2022		14.51
Reserves use in 22/23	- 5.8	
Reserves as at 31 March 2023		8.75
Planned reserves use in 23/24	- 3.18	
Reserves as at 31 March 2024		5.57
Planned reserves contribution in 24/25	+1.13	
Reserves as at 31 March 2025		6.70
Planned reserves use in 25/26	+1.13	
Reserves as at 31 March 2026		7.82
Planned reserves use in 26/27	+1.13	
Reserves as at 31 March 2026		8.95

Table 3: General Fund unearmarked reserves usage  
Source: 2021/22 and 2022/23 Accounts and February 2023 MTFS

The Council recommended maintaining a £9m working balance. The Council is currently below the widely accepted 5% of net budget threshold but have a plan to reinstate the balance with equal payments of £1.31m over the medium term (2024/25 to 2026/27). We do not have assurance on the Council's ability to meet the replenishment requirements given the overspends in 2021/22 and 2022/23 and projected position in 2023/24. The current and projected financial position is not indicative of a position that will enable replenishment of the working balance in the immediate future, rather it is indicative of a position that will result in further depletion of the working balance.

## The medium-term plan

The Council is at a crunch point and in need of a step change if it is to secure financial sustainability. It is worth noting that the plan to replenish reserves is wholly dependent on the Council achieving an already ambitious savings plan. The Council's medium-term plan also assumes 100% delivery of its savings plan. Any amount short of 100% would likely result in greater depletion of reserves. If the Council failed to meet its savings target, it would have limited flexibility to draw further on reserves. With the Council's total reserves balance (earmarked and general fund) at £37m, the Council would only be able to survive 2024/25 if it had to meet its budget gap wholly from reserves. The Council is therefore extremely reliant on meeting its savings target. If the Council were required to meet its savings target from its unearmarked reserves balance, it would fully deplete its working balance reserves by 2023/24.

Given that the Council did not meet 100% delivery in 2021/22 or 2022/23, it is highly likely it will not deliver 100% in 2023/24 or the medium-term. Indeed, its latest report for 2023/24 is already forecasting a likely delivery of 77% of its target. This means that the already risky position presented in the February 2023 medium term plan is actually worse than currently presented as the need to use reserves to balance the budget is even more likely to materialise.

The budget process for 2024/25 must be vastly different to previous plans in order to ensure medium-term viability. Due to the worsening of the financial position since our report in January 2023, we re-iterate our significant weakness surrounding the Council's arrangements to secure financial sustainability.

We note that there is evidence that officers are alert to the financially perilous situation and are putting effort toward communicating this to all levels of the organisation. Reports to the Executive Leadership Team in July and August 2023 stressed the importance of a multi-stranded approach to the budget process. The report highlighted the urgency required to manage the in-year position.



# Financial sustainability

Officers have stressed the importance of securing efficiencies wherever possible, including procurement and commissioning and business-as-usual service delivery. The Council is also exploring fundraising opportunities and utilising budget categorisation to inform budget decisions. Senior leadership are urging directorates to bring forward savings plans in order to tackle the 2023/24 overspend and encouraging as much prudent decision-making as possible.

The report to ELT also highlighted changes to the Council's position in terms of options. For example, the Modernization Fund previously offered some flexibility with capital receipts but is set to end in 2025. Even without the flexibility lapsing, the Council no longer has significant enough demand on capital receipts to support the necessary investment.

As stated in the General Fund Budget Planning and Resource Update presented on 13 July 2023 to the Strategy, Finance & City Regeneration Committee, the Council must begin to consider alternative means of generating income or reducing costs if it is to be financially sustainability in the medium-term.

There are still many areas where the Council does not charge but could legally do so. The Council also talked of designing a fees and charges strategy that would balance and accommodate the equality impact on those with low incomes. In the interest of the Council's financial sustainability, this must be seriously considered alongside other income generation/cost reduction strategies as a matter of priority. The Council can also explore fundraising opportunities.

As recommended in our 2021/22 Auditor's Annual Report, the Council has undertaken a budget categorization exercise to properly understand the balance between statutory and discretionary spend at the authority. As per the July 2023 report, the Council identified 91.3% of its spend as statutory. Given this significant proportion, the Council must consider service transformation opportunities within statutory areas to secure the necessary efficiencies to close the medium-term gap.

## Capital

The 2022/23 budget included a substantial capital investment programme of £221 million. At 2022/23 outturn, the total capital spend was £135m (61% of the original budget). The vast majority of the change from the original budget to the revised budget (which was £138m) can be attributed to reprofiling and slippage.

The Council has attributed the unusually high reprofiling requirement to a wide range of delays including working restrictions, procurement delays, supply chain issues, recruitment and skills challenges and impacts on consultation processes.

The 2023/24 capital budget states the intention of delivering a £211m programme. The Month 2 budget monitoring report shows there is already £3m of reprofiling to 2023/24 schemes and a forecast £2.47m underspend.

In the prior year we raised an improvement recommendation regarding setting realistic capital budgets. We re-iterate the recommendation as a significant portion of capital budgets continue to be reprofiled or slipped early in the year, suggesting that some of the budget reprofiling could have reasonably been foreseen at budget setting. Capital outturn continues to significantly underperform against original budgets suggesting that consideration is not being paid toward actual expenditure at prior year end when setting future budgets.

The Council has commented on our recommendation in its update to the Strategy, Finance and City Regeneration Committee update in July 2023. Officers have highlighted the opportunity to address concerns and fully review the programme and its affordability in the context of revenue budget pressures and its alignment with council priorities. A full detailed review of existing schemes and future requirements is set to be undertaken to inform the Capital Strategy for 2024/25 and beyond.

The Council also has arrangements in place to mitigate the risk in capital scheme delays. The Council will normally benefit from investment income on higher cash balances when there are delays to schemes funded by capital grants to help mitigate inflationary risks. Prior to the pandemic, the Council was experiencing 20% to 25% slippage or reprofiling on capital projects. Since the pandemic, this figure soared to 50% in some cases. While the realism of the capital budget does not directly affect revenue budgets, it affects the accuracy of information portrayed to the public in terms of when a scheme is set to be complete and the scale of the Council's capital programme.

## Temporary accommodation

In January 2023, the charity 'Shelter' published data showing Brighton and Hove as the third worst place outside London for homelessness, where one in every 78 people are homeless.



# Financial sustainability

There are an estimated 3,538 people homeless and living in temporary accommodation organised by the Council. Brighton has fewer owner occupiers and more people renting from private landlords than the average for the South East and England as a whole.

In our prior year report, we noted that the Temporary Accommodation budget represented one of the Council's demand-led budgets – budgets that carry higher financial risk due to their volatility and therefore greater potential to have a material impact on the organisation's overall financial position. Demand is often difficult to predict and relatively small changes can have significant implications for the Council's budget and strategy.

The Council's temporary accommodation budget overspent by 25.8% in 2022/23 reporting £3.6m against a £2.8m budget.

Demand and cost pressures are largely to blame for the overspend. The cost of private sector leased temporary accommodation overspent – attributable to costs of repairs and a high number of private sector leased properties coming to an end. Landlords are seeking higher rents to match the current market conditions.

The Council is also still experiencing additional costs associated with the provision of emergency hotel accommodation acquired as part of the 'Everyone In' initiative in the pandemic. This was due to two hotels being decanted later than expected. This cost is not expected to continue.

In 2023/24, the Council is still addressing the higher number of emergency and temporary accommodation service users emanating from the pandemic. As per the TBM Month 2, the Council is forecasting the temporary accommodation budget to overspend by £2.5m which equates to 25.3%. This is driven by an increase in demand since January 2023 and an increase in accommodation rental costs. £1.023m of the savings target for homelessness will not be met. Since April 2023, the Council has housed an average of 153 households a night which is almost three times higher than budgeted. The increase can be attributed to both private property owners selling properties and evicting tenants and an increase in those fleeing domestic abuse. The service is performing analysis to understand the causes and whether this is an indication of a wider trend due to the cost of living crisis.

The Housing service is continuing to seek cost reductions through the Housing Transformation Programme. Brighton has a particular challenge due to the City's high private sector rents and limited supply of affordable housing.

The programme continues to improve the prevention of homelessness, to secure the best prices for all temporary and emergency accommodation, to improve void turnaround times in emergency accommodation and improve income collection and reduce costs in line with the budget strategy. In 2022/23, the service saw success as the number of blocked booked emergency accommodation properties reduced by 120 through a combination of better prevention and improved move-on. The forecasts of demand for 2023/24 are showing expected increases so the ability of the service to control costs and deliver savings will be strained. In February, 50% of the households that were threatened with homelessness were able to secure accommodation without requiring temporary accommodation because they came to the Council early. Since April 2022, 438 households have had their homelessness resolved by being assisted to secure accommodation for 6 months or more. There is also a continuing trend of a reduction of the number of households in emergency accommodation. At the beginning of June, this was 493 households compared to 615 last year.

## Adult Social Care

Councils are facing key challenges surrounding the lack of transparency in future funding, increasing demand (especially in mental health and young people with complex learning disabilities transitioning from Children's services into Adult's), increasing prices charged by providers (due to wider inflationary pressures and difficulties in recruiting care staff) and lack of capacity to transform its services to meet the increasing challenges ahead.

As a result, adult social care at the Council is one of the highest risk areas of performance. That risk has only increased further from 2021-22, especially in the first months of 2023-24.

2022-23 plans relied significantly on delivery of savings in Health and Adult Social Care (HASC) and the Families, Children and Learning Directorates. Approximately 48% of all savings for 2022-23 were expected to be from those directorates. This is a marginally lower percentage than 2021-22 (62%) but it is still broadly reflective of the outturn of those two directorates. The 2022-23 provisional outturn showed that £0.957 million of the £2.353 million in the savings plan was not achieved in HASC. In percentage terms, this is 41%. This follows the £1.409 million of the £4.515 million in the savings plans which were not achieved in 2021-22. That equated to 31% under-achievement so the delivery of savings in HASC deteriorated in 2022-23 despite a smaller overall target (£2.353 million versus £4.515 million in 2021-22).



# Financial sustainability

The overall position for HASC was an underspend of £2.138 million against budget as at M12 of 2022-23. It is important to note that this was after applying additional service pressure funding of £3.211 million which was used to fund budget pressures resulting from the increased complexity and costs of care.

The result is the future of Adult Social Care into 2023-24 and beyond is challenging. The Council is having to grapple with continuing pressures on NHS budgets resulting in reduced ICB funding contributions on some care packages as well as increased costs from discharging pressures from acute wards into residential and nursing care homes.

The continuing trend of more placements/packages combined with higher unit costs per placement/package that the Council is facing is unlikely to reduce in the short to medium term.

This is due to wider demographic trends in the Council area (an ageing population living longer with more complex health and social care needs), an increasing proportion of the Council's younger adults presenting with complex mental health conditions and/or learning disability needs (many of whom are transitioning from Children's services) and provider markets facing their own financial pressures due to wider inflationary pressures and workforce shortages resulting in material fee uplifts for the Council.

Medium to long term financial planning in Adult Social Care has also been constrained by wider sectoral uncertainty. This includes the delays to some Social Care Reforms (in particular, Charging Reform), the new CQC assurance framework for Adult Social Care and the rollout of Integrated Care Systems. The financial sustainability of demand led services, which includes HASC, continues to be identified by the Council as a key priority area of focus.

For 2023-24, the Council has provided additional service funding of £9.639 million to HASC to support these identified cost pressures. This has helped to mitigate some of the financial risks, as additional service funding has done in previous years. But the risks have not been removed. This is despite the 2% increase in the precept to fund additional pressures in Adult Social Care.

Whilst positive, the increase in the adult social care precept and additional grant funding has not been enough to balance the budget in HASC. It is therefore supplemented by a substantial savings programme. The savings plan in the original HASC budget for 2023-24 is £4.316 million. However, that has already been effectively supplemented, in the first 2 months of 2023-24, by an additional £6.246 million of "Further Financial Recovery Measures" that need to be achieved.

Based on a budget of £106.516 million, which includes the additional service funding of £9.639 million, the forecast outturn for M2 shows an overspend of £2.697 million. This current forecast overspend is being primarily driven by the following:

- Increases in the number of placements/packages across all the main service areas in HASC which, whilst they may be below the budgeted number of placements/packages, are higher than in 2022-23.
- Higher average unit costs for placements/packages than budgeted for across all the main service areas in HASC.
- Section 117 funding not yet being agreed with Health.

However, that forecast outturn includes the full achievement of £6.246 million of the Further Financial Recovery Measures, which were not included in the original budget. Without this inclusion, the forecast outturn for M2 would show an overspend of £8.943 million.

The Further Financial Recovery Measures include receiving further health funding including CHC and joint funding on some placements as well as a number of targeted reviews. They are therefore akin to additional savings plans over and above the £4.316 million of savings in the budget. Accordingly, HASC has an effective current savings target of £10.562 million for 2023-24. Given the under-achievement of savings plans in HASC in both 2021-22 (31%) and 2022-23 (41%) against significantly smaller targets, this poses an increasing and highly significant risk on the Council's overall financial position.

The Council plans to manage these significant risks through full delivery of the Further Financial Recovery Measures, improved delivery of current savings plans (even though a small proportion are already rated "Red" as at June 2023) and management of non-statutory budget areas. Further, the Council has actions focused on managing demand for, and costs on, care packages throughout 2023-24 and making the most efficient use of available funds.

## Conclusion

We consider that a significant weakness in arrangements for financial sustainability remains for 2022/23. The Council continues to rely on reserves to balance budgets and its level of working balances is relatively low. The Council's ambitious medium-term savings plans and likelihood of delivery are such that further depletion of reserves in the medium-term is a high risk. The 2024/25 budget gap and medium-term gap is concerning and significant.



# Improvement recommendations



## Financial sustainability

### Recommendation 2

The Council should include in the MTFS a savings proposal RAG-rated tracker which shows the stage of development for all savings proposals. For example, if the Council has identified the need to deliver a £14m savings package but at budget setting only £8m of savings is fully identified, £3m is potentially identified but dependent on several volatile variables and £3m is not identified at this point in time, £8m would be 'Green', £3m would be 'Amber' and £3m would be 'Red'. This would provide a more realistic understanding of the medium-term gap and how likely an overspend is to materialise in any given year. It can also demonstrate the recurrent nature of a failure to deliver a saving by showing that the failure to deliver a saving in one-year has a knock-on impact on the other years in the MTFS.

### Why/impact

At present, users of the budget documents only know that a savings package is required to be delivered but are not cognisant of the likelihood of delivery of that savings package. The only indicators available to assess likelihood of delivery is past savings performance. The Council would benefit from demonstrating how likely savings in the medium-term plan are to be delivered by providing this information in an accessible format.

### Management Comments

The council's budget savings proposals have always identified delivery risks and impacts and these are published with the proposals. Some savings are inevitably harder to realise than others, but this does not mean that they should not be considered. The severe funding shortfalls caused by very large reductions in government grant funding from 2010 onward alongside restrictions on council tax increases, and the very substantial increase in demands for adult social care, children's social care, SEN, Home-to-School Transport, and homelessness over the same period have driven over £200m of savings since 2010. The corollary of this is that there are few, if any, low risk savings options available to the council. There is a potential therefore for a significant proportion of proposals to be highlighted as Red or Amber (i.e. high or medium risk) but the choices are becoming more limited and they will still need to be considered. Identifying additional or fall-back savings to provide cover for higher risk savings is not workable in practice because a) they are an unrealistic stretch target on top of already very challenging targets, and b) by the time it is realised or confirmed that they will need to be implemented, they are not likely to provide a significant in-year saving. However, these can be programmed into the Medium Term Financial Strategy which will aim for a level of flexibility in its profiling, for example, including some options that could be brought forward to an earlier financial year if necessary. RAG ratings will therefore be provided but are only likely to confirm the severe challenges on the council finances.

The range of recommendations that external auditors can make is explained in Appendix C



# Governance



## We considered how the authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

## Risk management

The Council has appropriate arrangements in place with regard to identifying strategic risks, understanding them, recording them within the risk management system and assessing/scoring them. These arrangements were in place during 2022/23.

At the January 2023 Audit Committee meeting, the Council approved its new Risk Management Framework. The framework provides an updated guide to support the Council's robust system of risk management which facilitates the effective identification, assessment and response to risks. Risk management is part of the Performance Management Framework and constitutes one of the eight elements of 'continuous improvement.'

Risks are identified and managed at every level of the organisation – strategic (corporate), directorate, service/team or programme/project level. The Council's Corporate Risk Assurance Framework uses the 'three lines of defence model' to assess the effectiveness of the management of organisational risks. Risks are scored using a standardized 5x5 matrix based on the potential impact if the risk materialized and the likelihood of occurrence.

In April 2022, the Audit and Standards Committee agreed to focus on specific strategic risks at each of its meetings. At the April meeting, the committee focused on five key risks. Our review of the minutes demonstrates meaningful engagement and scrutiny of risks and their potential impact. The Council's strategic risks are reviewed quarterly by the Executive Leadership Team (ELT) and comments are taken on board from quarterly risk reviews carried out at Directorate Management Team (DMT) level.

An internal audit of risk management was conducted in summer 2022. Internal audit issued a 'substantial assurance' opinion over the adequacy and effectiveness of risk management arrangements. Internal audit found that the risk management process was robust and managers were well sighted on strategic and directorate risks. New emerging risks are identified and there is an appropriate escalation process in place. Members received detailed reports at regular intervals.

Internal audit identified some opportunities to improve the process which included: formal review and approval of the Risk Management Framework with the ELT annually, developing a statement on the Council's risk appetite and ensuring all mitigating actions on directorate risk registers have target implementation dates. All formal actions were agreed by management to action in these areas. Internal audit regularly follow up on progress made.

A CIPFA review conducted in July 2021 concluded that the Council's risk management arrangements were appropriate though suggestions for improvement were included in the review. One of the recommendations suggested taking strategic risk register (SRR) risks to the specific scrutiny committee to which it relates rather than reporting it to the Audit and Standards Committee. This has been implemented and SRRs are now reported to scrutiny committees. This will help to address some of the issues with over-politicisation of the Audit and Standards Committee, which was identified by CIPFA.

With regards to the CIPFA 2021 review, the Council last updated the Governance Assurance Meeting on progress against the CIPFA recommendations in November 2022. The expectation was that it was up to officers to take forward the actions they had been assigned.



# Governance

There has been little by way of follow up on the implementation of the recommendations since then. The Council has documented capacity concerns in Strategic Risk Registers and have attributed the lack of monitoring on the capacity issues. The Council has agreed to include an agenda item on this to the next Government Assurance Meeting. We have raised an improvement recommendation on this to ensure it is actioned. Lack of monitoring surrounding the implementation of recommendations is a weakness.

## Internal audit

The Council has an adequate and effective internal audit function in place to monitor and assess the effective operation of internal controls.

The internal audit service is fulfilled by the Orbis Partnership which is a public sector partnership between East Sussex County Council, Surrey County Council and Brighton & Hove City Council.

The internal audit plan for 2022/23 was presented to the April 2022 audit committee.

Internal audit awarded BHCC a 'reasonable assurance' audit opinion for 2022/23 meaning that the Council has an adequate and effective framework for governance, risk management and internal control in place. No 'Minimal Assurance' opinions were issued in the year.

The Audit and Standards Committee assessed the 2022/23 internal audit report to consider whether there were any significant issues that should be included in the annual governance statement (AGS) for the year.

The Committee agreed there were no issues to be included in the AGS.

Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. Orbis internal audit provision was reviewed in 2022/23 and assessed as achieving the highest level of conformance available against professional standards, with no areas of non-compliance identified.

Within the Orbis internal audit service, the Counter Fraud partnership team provides resource and experience to support BHCC with both proactive and responsive support relating to any instances of financial irregularities and fraud related risks.

During 2022/23, the Council approved its updated Anti-Fraud and Corruption Strategy and Framework for the period 2022-24. The strategy provided key amendments to the previous framework which had been in place since 2019. The update strengthens the Council's compliance with best practice and provides top-down support for the approach taken to tackling fraud and corruption.

## Leadership & decision-making

The Council held the last meeting of its Policy & Resources Committee on 16 March 2023. This has now been replaced with the Strategy, Finance & City Regeneration Committee which will fulfil the functions of the Policy & Resources Committee.

Brighton & Hove Council hold full elections every four years. In May 2023, local elections resulted in a change of administration with the Labour group winning an overall majority with 38 seats (70%). Since 2003, there has been 'no overall control' at the council. Prior to the May 2023 election, the Council was run by a Green minority administration.

The Council's Constitution was updated in May 2023. The changes mainly related to the number of committees following the election of a new administration. For every review of the Constitution, there is a cover report and tracked changes version of the amendments made submitted to Full Council. These are available on the Council website.

## Audit and Standards Committee

The purpose of the Committee is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements at the Authority. The Committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to those charged with governance that those arrangements are effective. We recognise that since May the make-up of the Committee has changed. Our report considers the effectiveness of the arrangements in place over the past year and our findings should be considered in that context.

The Committee is comprised of eleven members. CIPFA recommended in its *Audit Committees: Practical Guidance for Local Authorities and Police* (2022) authorities should strive to have no more than eight members. As BHCC has eight councillors and three co-opted members, it is compliant with the CIPFA guidelines.



# Governance

CIPFA recognises that committees of eight or less should allow sufficient breadth of experience but small enough to allow the training and development of a dedicated group.

CIPFA guidance has a clear message to maintain the independence of audit committee members: 'if the council has a policy and resources committee, members of this committee should also not sit on the audit committee. In addition, chairs of other policy committees should not be members. This will allow members of the audit committee greater independence in their role and assist in a non political approach.'

Through our review of the Strategy, Finance and City Regeneration Committee (SFCR) (which replaced and functions as the Policy & Resources Committee), we found that one member is both a member of the Audit and Standards Committee and the SFCR.

We recommend that, to comply with CIPFA's guidance, the Council should take action to ensure that there is no cross-over between members between these two committees.

Through our review of the chairs of the Council's other policy committees, we have not identified any instances of committee chairs also sitting as a member of the Audit and Standards Committee.

CIPFA and the Redmond Review (2020) recommend that an audit committee should include two co-opted independent members. As per the Council's Constitution, the Audit & Standards Committee includes at least two independent members. They act in an advisory capacity with no voting powers. At present, the Audit & Standards Committee has three independent members.

To discharge its responsibilities effectively, CIPFA recommends that audit committees should meet regularly – 'at least four times a year.' In 2022/23, BHCC's Audit & Standards committee met four times therefore fulfilling the minimum recommendation.

CIPFA also recommends that audit committees report annually on how the committee has complied with the position statement, discharged its responsibilities and assessed its performance. The Council's Audit & Standards Committee does not currently perform an annual self-assessment. We have raised an improvement recommendation to address this.

## Budget setting process

Our review indicates that Brighton & Hove City Council has established appropriate budget setting arrangements. The Council uses the previous year's net budget requirement as a basis for the following year's budget, adjusting it to account for changes in pay, inflation, demographic pressures, and other factors.

The Council determines its savings requirement by identifying the 'budget gap,' which is the difference between estimated costs and the available resources. The gap can be closed by identifying cost savings and efficiencies, generating increased income or funding, cost avoidance strategies, or reducing services to the statutory minimum requirement.

The Full Council is responsible for approving the annual budget and monitoring compliance with the Council's accountability and control framework.

The Strategy, Finance & City Regeneration Committee proposes the budget to the Full Council, and the Chief Finance Officer advises policy committees and the Full Council when decisions are not in line with the budget framework. The Council also has procedures in place for agreeing variations to approved budgets, plans, and strategies.

In August 2023, the Chief Finance Officer communicated to the Executive Leadership Team the extraordinary budget setting arrangements needed to address the 2024/25 budget gap. The Section 151 officer has urged officers to consider a number of 'lines of enquiry' to improve the 2023/24 position and future trends. The CFO emphasizes that the budget process for 2024/25 needs to be fundamentally different and put the Council in a place where it can be financially sustainable over the medium-term.

Executive Directors will work with Finance Business partners and workstream leads to bring forward proposals for savings and cost avoidance. The Council's Finance and CPML teams will develop templates to capture proposals for consideration. The report notes a strong understanding among senior finance officers of the demands of the medium-term budget gap and how the budget setting process can support the challenge of addressing the Council's financial position. Budget monitoring and control is maintained by the Targeted Budget Management Framework and Chief Officers are responsible for controlling income and expenditure within their areas and reporting on variances against their allocated budgets. The TBM framework functioned effectively during 2022/23 with TBM reports being taken to five Policy and Resources Committee meetings and to two Strategy, Finance & City Regeneration Committee meetings in 2023/24 to date.



# Governance

## Conclusion

Overall, there are effective governance arrangements in place at the Authority. We have not identified any significant weaknesses. The Council has appropriate arrangements in place for risk management. There was an effective internal audit service in place during 2022/23. No ‘Minimal Assurance’ audit opinions were issued during the year – which reflects positively on the Council’s overall control environment. The implementation of the recommendations from the CIPFA 2021 review should help to further strengthen its governance arrangements. We have raised an improvement recommendation to improve the arrangements compared with best practice in respect of the Audit & Standards Committee. The Council had appropriate budget setting arrangements in place during 22/23 and is adapting its processes in light of the significant challenges in the 2023/24 forecast overspend and 2024/25 and medium term budget gaps.

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# Improvement recommendations



Governance

Recommendation 3

The Council should ensure that actions agreed by the CIPFA 2021 Review of the Audit & Standards Committee report are followed up with the assigned officers at Governance Assurance Meetings (GAM). Follow-up on actions agreed should be documented.

Why/impact

The Council last updated the Governance Assurance Meeting on progress against recommendations in November 2022. The expectation was that it was up to officers to take forward the actions they had been assigned. There has been little by way of follow up on the implementation of the recommendations since then. The Council have documented capacity concerns in their Strategic Risk Registers and have attributed the lack of monitoring on the capacity issues. The Council have agreed to include an agenda item on this to the next Government Assurance Meeting. We have raised an improvement recommendation on this to ensure it is actioned. Lack of monitoring surrounding implementation of recommendations renders reports such as this useful CIPFA report redundant if officers are not held accountable for actions.

Management Comments

The recommendations of the review were under consideration in the lead up to the recent election and now need to be reviewed in the context of the change in balance of the council’s membership and the authority moving into a term of majority Administration. However, as most of the recommendations relate to good practice, every effort will be made to implement identified actions.

The range of recommendations that external auditors can make is explained in Appendix C.



# Improvement recommendations



Governance

Recommendation 4

In respect of the Audit & Standards Committee, the Council should:

- a. ensure no cross-over between members on the Strategy, Finance & City Regeneration Committee and the Audit & Standards Committee.
- b. consider implementing an annual self-assessment of the Committee’s effectiveness.

Why/impact

- a. Through our review of the Strategy, Finance and City Regeneration Committee (which replaced and functions as the Policy & Resources Committee), we found that one member is both a member of the audit committee and the SFCR. CIPFA guidance has clear messaging with regards to maintaining the independence of audit committee members: ‘if the council has a policy and resources committee, members of this committee should also not sit on the audit committee. In addition, chairs of other policy committees should not be members. This will allow members of the audit committee greater independence in their role and assist in a nonpolitical approach.’
- b. CIPFA recommends in *Audit Committees: Practical Guidance for Local Authorities and Police* (2022) that audit committees report annually on how the committee has complied with the position statement, discharged its responsibilities and include an assessment of its performance. An annual self-assessment is not currently performed at BHCC.

Management Comments

There is no automatic legal barrier to members of the Strategy, Finance & City Regeneration Committee sitting on Audit & Standards Committee. Membership of a policy committee is not a declarable interest. Unlike a scrutiny committee within a Cabinet system, members of a policy committee in a committee system are not precluded from being members of an audit committee or discussing decisions made by their committee. Audit & Standards is also not a quasi-judicial, decision-making committee like, for example, planning or licensing committees. Its primary decision-making function is to approve the annual statement of accounts and the annual governance statement, meaning there is limited scope for or risk of bias or predetermination. In conclusion, no breach of the law or breach of the code of conduct for members has occurred, however, the question of whether this is consistent with CIPFA good practice guidance on audit committees has been raised and as the council aims to adopt good practice the external auditor’s recommendation will be raised with the Administration to advise them of this position and to request a review of the committee’s membership.

An annual assessment of effectiveness would be an additional burden on the authority at a time when its financial sustainability is clearly challenged and cuts in costs and staffing are anticipated across all functions of the council. While this is recommended practice, it is not essential or critical and will therefore need to be carefully considered against available resources. The officer Governance Assurance Meeting (GAM) will review this matter and make appropriate recommendations to the committee.

The range of recommendations that external auditors can make is explained in Appendix C.



# Improving economy, efficiency and effectiveness



## We considered how the authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Performance

The overarching document which sets out the Council's outcomes which it aims to deliver is the Corporate Plan 'Our Plan 2020 to 2023.' We note that for 2023/24 onwards, a new Corporate Plan for the period 2023 to 2027 has been developed.

The Council measures progress towards delivery of Corporate Plan outcomes by monitoring the suite of Corporate KPIs that support both the Directorate Plans and ultimately the overall Corporate Plan.

The Council was able to point to some positive achievements but overall demonstrated a mixed performance during the year. The Corporate KPI set for 2022/23 is made up of 62 indicators, 3 of which will be reported as mid-year annuals. Results from the 59 available KPIs show 65% of the targeted indicators meeting or being within the agreed tolerance level at the end of March 2023.

The Council noted that 57% of the KPIs were improving, 37% declining and 6% showed no change in the direction of travel. The KPIs where the Council has seen improvement and strong performance relate to:

- Education, Health & Care Plans issued within 20 weeks including exceptions;
- Municipal waste landfilled;
- People aged 18+ who smoke;
- Workforce demographic representation/profile indicators;
- Planning indicators.

The KPIs where performance improvement is required relate to:

- Bus services running on time;
- Working days/shifts lost due to sickness absence (excluding schools);
- Routine housing repairs completed on time;
- Missed refuse collections;
- Rate of deaths from drug use.

The Council is aware of the areas for improvement and there is evidence of effort being directed toward understanding the reasons for underperformance in certain areas and the reasons for declines in performance.

The Council's scrutiny committees hold officers to account for performance and officers take ownership of their responsibilities. The Council has developed its management information to ensure reports are clear and comprehensible and portray as much of an evidence-based picture as is possible and digestible for the users of the reports. There are arrangements in place to monitor performance and identify areas for improvement and use data to action improvement plans.

Due to the scale of the financial issues, we have raised an improvement recommendation surrounding members seeking clarity and assurance on the link between performance and the financial challenges.

Members should ensure prompt action is taken to properly understand the reasons for weak or declining performance across the affected services and the extent to which this is being influenced by the financial challenge.



# Improving economy, efficiency and effectiveness

Members should also satisfy themselves that prompt and effective action is being taken to get performance back to standard.

## Benchmarking

We were pleased to note the Council's strong use of benchmarking. The Council has arrangements in place to learn from other local government organisations to improve its performance. In particular, arrangements are in place to benchmark performance against similar bodies and there is evidence that this data is used to identify areas for improvement.

The Council operates a Performance Management Framework which aims to ensure accountability for delivery is clear. 'Continuous improvement' is a requirement of the performance management approach at Brighton & Hove within available resources. Performance targets measure the success of targets. The targets are RAG-rated (Red, Amber, Green) to measure progress.

The Council use the latest available benchmarking data (for example statistical neighbour data, national data or any comparable data) to set targets. Statutory or contractual targets are also used to set performance levels. The Council also explains why a particular set of benchmarking has been selected. If performance is better than benchmarking data, the Council may opt to use current performance as a target. Where no benchmarking or statutory/contractual data is available, a sound rationale is explained for the target figure.

If and when new benchmarking data becomes available after targets have been approved by the Strategy, Finance and City Regeneration Committee, the Corporate Performance Team (CPT) use the revised target value to report to ELT and Committee.

The CPT seek approval from the SFCR committee if the rationale for a target gets changed during the year.

For example, in the Corporate KPI target setting for 2023/24, the Council has set a target for greenhouse gas emissions as 923 tonnes to secure a 'Green' value measure. The Council determined this benchmark using information from The Tyndall Centre for Climate Change Research. The Tyndall Centre calculated that BHCC needs to cut its carbon emissions by 12.7% per year starting in 2020 to contribute its fair share of the Paris accord and keep global temperatures within 1.5C of pre-industrial temperatures. Carbon emissions remaining after 2030 would need to be offset in order for the city to be considered carbon neutral. The 12.7% target has been converted to a series of tonnage targets which are set out in the KPI description. In 2021/22 the Council achieved its 2021/22 target by securing 1201 tonnes. The figure for 2022/23 is not yet available. The Council also benchmark this against its nearest neighbours. Data for 2017 shows that the nearest neighbour average emissions of 1,807 kT CO<sub>2</sub>e are higher than Brighton's result. This is calculated by taking average per capita emissions and multiplying by BHCC's population.

Another example of the Council using benchmarking to inform performance targets is demonstrated in the indicator: percentage of bus services running on time. The Council has set the target of 95% which is a nationally set target by the Traffic Commissioner. The Council benchmarked its performance for 2021/22 against its comparator group which averaged at 89.6%. BHCC is ranked 6th out of 8 comparators who submitted data with a result of 85% for this period.

The All England average for this indicator is 87.6% and all England outside of London is 87.9%. The Council used the Department of Transport's data in this target setting. The Council has been 'RED' in this indicator for 2019/20, 2021/22 and 2022/23. The Council reported an 'AMBER' rating in 2020/21. For 2022/23, the Council reported 81.62% which falls below the 95% Green value target.

These examples are two of many performance indicators that form the basis of the Council's measurement of its achievement against the Council Plan. The indicators in the Plan are based on benchmarking data where available and the Council clearly puts effort toward ensuring the targets are evidence-based and well-informed.

## Procurement

Procurement is the vehicle local authorities use to help ensure value for money in the way that public money is spent.

Procurement at Brighton & Hove City Council is provided by the Orbis Partnership.

In our 2021/22 Annual Audit Report, we noted that weaknesses had been identified in the procurement function as outlined in two internal audit reports that had concluded 'Minimal Assurance' in procurement practices, specifically data capture on the Contracts Register and compliance with Contract Standing Orders (CSOs). 'Minimal Assurance' effectively means controls are generally weak or non-existent, therefore increasing the risk of fraud or error.

In light of the two internal audit reports, the procurement function has undergone a significant improvement plan.



# Improving economy, efficiency and effectiveness

We note that Internal audit has commented on the progress made to implement audit recommendations. In March 2023, internal audit published a follow-up report on the Corporate Procurement Function, concluding, 'Reasonable Assurance' meaning most controls are in place and operating as expected to manage key risks to the achievement of system or service objectives. Internal audit noted progress on developing reports for monitoring compliance with Contract Standing Orders; targeted spend analysis had been carried out and follow up action taken where non-compliance was identified; and analysis of completed tender reports that had been missing from the Contracts Register was also undertaken to ensure compliance.

The intranet guidance for procurement has been improved and there is now content to increase awareness of the Sourcing Solutions service. Good progress has also been made in providing training to officers.

## Contract management

Although the Council has improved its procurement function, there are still some areas of weakness. The Council has in place a Contract Management Framework, developed by Orbis Procurement, which provides an approach for the management of contracts, to ensure delivery of value and quality of goods and services purchased from suppliers. Although Procurement is responsible for maintaining the Framework, it is the responsibility of individual contract managers to familiarise themselves with this and apply it to their contracts as appropriate.

In August 2023, internal audit reported 'Partial Assurance' that contract managers were managing their contracts in accordance with the Contract Management Framework and maximizing the value obtained from the contracts. Internal audit found that contract managers had a lack of familiarity with the Contract Management Framework and it was only being partially used. Less than half of the surveyed contract managers were aware of the Contract Management Framework. None of the sample contracts reviewed had a contract management plan in place. Performance monitoring was not always adequately evidenced and less than half of the surveyed contract managers were able to supply a performance report. Risk was also not routinely considered for the majority of the surveyed contracts. Only one had a contract-specific risk register in place, although limited (high-level) risks were included in departmental risk registers for others.

Given the concerns regarding the Council's financial position, tight control on expenditure is critical. A lack of control over contract management practices could result in increased costs as contract managers responsible for variations to prices and costs do not have appropriate expertise or support to ensure that they are securing best value for money. Internal audit's findings were based on its review of contracts totalling over £27 million.

We have raised an improvement recommendation to emphasise the importance of the Council implementing internal audit's recommendations in light of the financial position.

## Partnerships

Partnership working is central to the delivery of many local authority services. The Council maintains strong partnership arrangements with key stakeholders and has continued to do so during 2022/23. The Council works closely with its statutory partners, commissioned providers, private businesses, community and the voluntary sector to perform its responsibilities.

Integrated Care Systems (ICS) were created as part of the Health and Care Act 2022 and became statutory from July 2022. Upper tier and unitary Local Authorities are required to be members of ICSs as key partners. In the Sussex ICS, East Sussex County Council, West Sussex County Council and Brighton and Hove City Council are each represented on both the NHS Sussex Integrated Care Board (ICB) and the Sussex Health and Care Assembly.

To provide professional knowledge and expertise, local authority representation on the NHS Sussex ICB from the three Councils is made up of one of the Directors of Adult Social Services, one Director of Children's Services and one Director of Public Health. Each 'place' in Sussex has a health and care partnership that enables joined-up working across organisations at a place-level.

In July 2023, the ICS published its five-year plan 'Our Plan for our Population'. The document sets out the immediate and long-term improvements it seeks to make to bring the greatest benefits to local people. Throughout July the 'Let's Talk' team visited local communities, networks and groups around Sussex to share the plan.



# Improving economy, efficiency and effectiveness

The five key improvement actions identified for Brighton specifically relate to trialling and developing a new integrated care model for people with multiple compounded needs and their carers; further development of prevention programmes with an increased focus on reducing care inequalities; improving support and interventions for neurodiverse young people; expanding cancer diagnostic and treatment service capacity and a quicker more effective discharge process. The LCS will be accountable to a Delivery Board that has an assigned workstream for system partners to work on together. Each of the Boards and workstreams is overseen by a System Oversight Board.

Community Safety Partnerships (CSPs) are an important feature of the network of partnerships that help to tackle crime and reduce reoffending. Many agencies work together through the Brighton & Hove Safe in the City Partnership to tackle crime and anti-social behaviour. The statutory bodies include the Council, the local probation, fire & rescue, police and health services. Brighton's partners in the community, the voluntary sector and residents through the Local Action Teams also contribute to the aims of the partnership. Every three years the Brighton & Hove Community Safety Partnership reviews and resets its community safety and crime reduction priorities. In April 2023, the Partnership published its Community Safety and Crime Reduction Strategy 2023-26.

Brighton & Hove Safeguarding Children Partnership (BHSCP) consists of three key agencies who collectively hold statutory responsibilities for keeping children and young people safe – the Council, Sussex Integrated Care System and Sussex Police. These key partners meet quarterly under the BHSCP Steering Group. The BHSCP Board brings together the wider partners to work to the strategic aims set out by the Steering Group, the BHSCP subgroups then take this forward and report back to the Steering Group. The Partnership measures its performance against key statistical indicators such as number of children missing from education, referrals to Front Door for Families (FDfF) and Community Adolescent Mental Health Services (CAMHS) and children identified as being at risk of exploitation. For example, in 2021/22, the Partnership reported 22.4% of re-referrals to children's social care compared to an England average of 22.7%.

During 2021-22, the focus of the BHSCP Exploitation Subgroup was to act as a strategic governance multi-agency group overseeing the Exploitation Action Plan as part of the Community Safety & Crime Reduction Strategy 2020-23 with a real focus on children, young people, transitional and contextual safeguarding. There are numerous examples of progress and achievements as well as challenges in the 2021/22 Annual Report for the Partnership. At present, the 2022/23 Annual Report is yet to be published.

## Conclusion

We have not identified any significant weaknesses in the Council's arrangements to achieve economy, efficiency and effectiveness in the use of its resources. The Council achieved positive albeit a mixed performance on Corporate KPIs that support the 2022/23 Corporate Plan. The Council's use of benchmarking demonstrates a concerted effort toward determining evidence-based indicators and ensuring users of the reports are well-informed on how indicators are derived and therefore measured. The procurement function has improved since our report in January 2023 as measured by internal audit. There are however areas of weakness in contract management. The Council continues to work closely with partners as is demonstrated by the various partner relationships outlined. These partnerships continue to produce strategies to focus improvement efforts and indicators of progress against which to measure efficacy.



# Improvement recommendations



## Improving economy, efficiency and effectiveness

### Recommendation 5

Members should ensure prompt action is taken to properly understand the reasons for weak or declining performance across the affected services and the extent to which this is being influenced by the financial challenges. Members should also satisfy themselves that prompt and effective action is taken to get performance back to standard.

### Why/impact

The Council was able to point to some positive achievements but overall demonstrated a mixed performance during the year. The Corporate KPI set for 2022/23 is made up of 62 indicators, 3 of which will be reported as mid-year annuals. Results from the 59 available KPIs show 65% of the targeted indicators meeting or being within the agreed tolerance level at the end of March 2023.

The Council noted that the data showed that 57% of the KPIs were improving, 37% were declining and 6% showed no change in the direction of travel.

### Management Comments

The performance update reports will continue to be presented to the Strategy, Finance & City Regeneration Committee. Officers will consistently clarify in the report where the performance is directly affected by financial challenges. However, performance is more usually a related to a complex interaction of resources including training and competence of staff, quality of management and leadership in the service, efficacy of IT and digital systems and processes used to support the service, overall availability of resources, industrial relations issues, absence management performance, the efficacy of collaboration across services or with partners, and so on.



The range of recommendations that external auditors can make is explained in Appendix C.



# Improvement recommendations



Improving economy, efficiency and effectiveness

Recommendation 6

The Council must make a concerted effort to action internal audit’s recommendations in the Contract Management report which noted ‘Partial Assurance’ in the control environment, particularly in light of its overall financial position.

Why/impact

Given the concerns regarding the financial position, it has become ever more important that the Council has a tight grip on all areas where spend is concerned. The internal audit reports findings are even more concerning when considering the fact that the combined value of the surveyed contracts was over £27 million. A lack of control over contract management practices could result in increased costs as contract managers responsible for variations to prices and costs do not have appropriate expertise or support to ensure that they are securing best value for money.

Management Comments

Effective contract management has proved increasingly challenging as both the demand for services has increased, i.e. an increased number of procurements and contracts, and successive savings have been made across the council resulting in management layering and a reduced number of contract managers across services. The distributed management of contracts across the whole council has advantages and disadvantages. The advantage is that contracts are managed in services by staff who are knowledgeable and experienced in the relevant service area, but the disadvantage is that corporate oversight and control of contract management is weakened without effective management information and reporting. The improvement actions identified in the Internal Audit report will be implemented as far as practicably possible but a key element of the improvement is linked to the replacement of the council’s corporate systems with an ERP solution to enable it to systematically capture and report on contract spend and activity. This programme is currently in the procurement evaluation stage and is due to report the committee in October 2023 with a recommended system award.



The range of recommendations that external auditors can make is explained in Appendix C.



# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 The Council should : <ul style="list-style-type: none"> <li>revisit financial plans with the sustainability of reserves in mind to ensure medium term financial plans demonstrate a realistic plan for replenishing reserves where one-off use is expected to cover budget gaps.</li> <li>focus its financial planning on reducing reliance on one-off measures and properly consider opportunities to review service delivery, particularly the prioritisation of statutory versus discretionary spend.</li> <li>review the process of setting savings schemes to build a greater element of contingency/and over-programming into this part of its financial plans. The focus should be on making credible savings plans and strengthening the supporting monitoring arrangements around those savings plans so that they are sufficiently robust to support the delivery on the current large scale savings plan necessary to bridge the budget gap. Due consideration must be given to the fact that the Council is likely going to need to make very difficult financial decisions in the near future if it is to maintain its financial stability.</li> </ul>	Key	January 2023	<p>The council's financial sustainability was clearly communicated to all members through the budget process, including through Committee reports in July, December, January and February in the lead up to setting the 2023/24 budget. However, the external auditor's Key Recommendation was not formally published until late in the budget process on 24 January 2023 at Audit &amp; Standards Committee. However, this was referenced in reports to committee. Two 'All Councillor Briefings' were also issued to all members of the council highlighting the serious financial position and the potential consequences or not addressing financial sustainability or achieving a balanced budget. Added to the financial challenge of another large predicted budget gap of over £14m for 2023/24, following over a decade of budget gaps of similar magnitude, was the forthcoming whole council election. This made the process necessarily difficult in a no overall control council. However, a balanced budget was achieved and, importantly, this did not include any further use of reserves which is not the case across much of the sector. A stronger focus was placed on the achievability of savings proposals and the evidence this year shows that although there are some pressures, the percentage of savings at risk is lower than in the previous 3 years. 'Getting through' the election-year budget was a key challenge and therefore the focus is now on working with a new Administration to address financial sustainability over the medium term. This is covered in the response to the external auditor's recommendations within the 2022/23 Annual Audit Report.</p>	No	See key recommendation 1.



# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
2 The Council should review and evaluate how it sets its capital budget. Consideration of this will enable it to set more realistic budgets going forward.	Improvement	January 2023	As for recommendation 1, there were limited opportunities to fundamentally review the capital programme given the focus of all attention on the very challenging revenue budget position in the context of a forthcoming election. However, as for Recommendation 1, a balanced and fully funded capital programme was approved by council but work has now begun with a new term of Administration to fundamentally review the affordability and effectiveness of the capital programme. A new officer Capital Programme Board (CPG) has been created with specific Terms of Reference to review the programme in terms of its affordability, alignment with the new Council Plan, its potential contribution to improving value for money and enabling medium term revenue savings. The Board will meet every two weeks initially and then at least every 6 weeks after an initial discovery phase. A key objective of the board is to ensure much greater alignment of the development of the capital programme with development of the revenue budget.	No	See improvement recommendation 2.
3 The Council's Annual Governance Statement should be strengthened to ensure unequivocal alignment to the CIPFA Good governance guidance in the following areas: <ul style="list-style-type: none"> <li>Documenting how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year;</li> <li>Communicating to users its governance arrangements and how the controls it has in place manage risks of failures in delivering its outcomes. It should reflect an individual authority's particular features and challenges.</li> </ul> Improvement in these two areas will help to bolster the Council's statement and provide necessary reinforcement to the governance arrangements.	Improvement	September 2022	The council continues to improve the process and reporting of the Annual Governance Statement and has made changes to both the process for developing the action plan, the format of the presented information and statement, and the communication of actions and their monitoring through the Executive Leadership Team, Audit & Standards Committee and officer Governance Assurance Meeting.	Yes	No



# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Audit opinion on the financial statements

Our audit of the Council's financial statements is still in progress.





# Opinion on the financial statements



## Timescale for the audit of the financial statements

- The audit plan was issued to the 20 June 2023 Audit & Standards Committee.
- The Council provided draft financial statements on the 30 June 2023. There have been some delays in obtaining support for the ITGC work, obtaining support for our audit samples for the journals testing and responses from the managements expert to our pensions and council dwellings related queries which have slowed our progress on the audit.
- Our anticipated financial statements audit report opinion will be unmodified based on the work to date; in our Audit Findings Report (AFR) reported to this meeting we have set out in detail the progress on the audit and what work is ongoing.
- More detailed findings can be found in our AFR, which was published and reported to the Council's Audit and Standards Committee on 26 September 2023

## Findings from the audit of the financial statements

- Page 8 to 11 of the Audit Findings Report to be issued to 26 September Audit & Standards Committee provides our commentary on significant risks
- We have not identified any adjustment relating to these significant risks, except a 9m adjustment with in debtors, which essentially is a reclassification entry
- No recommendations have been included at present

More detailed findings are set out in our Audit Findings Report, which was presented to the Council's Audit Committee on 26 September 2023. Requests for this Audit Findings Report should be directed to the Council.





# Other reporting requirements



## Other opinion/key findings

None at present.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council’s Audit Committee on 26 September 2023





# Appendices



# Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

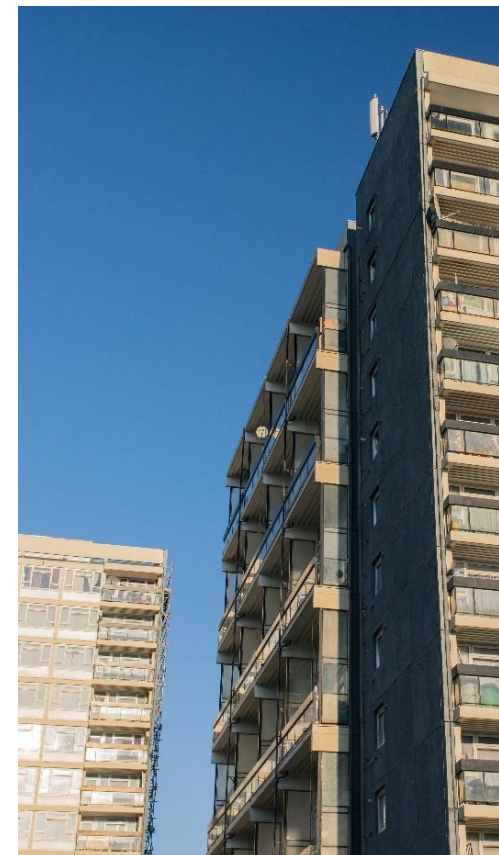
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.





# Appendix B:

# An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council’s arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	Yes	7
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	17, 22-23, 28-29







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