BRIGHTON & HOVE CITY COUNCIL

PLACE OVERVIEW & SCRUTINY

4.00pm 28 NOVEMBER 2024

HOVE TOWN HALL - COUNCIL CHAMBER

MINUTES

Present: Councillors Evans (Chair), Cattel (Deputy Chair), Fishleigh, Fowler, Hewitt, Sheard, Sykes, Thomson, Winder, Mark Strong (CVS), Mary Davies (OPC).

PART ONE

21 PROCEDURAL BUSINESS

1 Procedural Business

1 a Declarations of substitutions

1.1 Cllr McNair for Cllr Lyons, Michael Creedy for Mary Davies (Older Peoples' Council), Jessica Sumner for Joanna Martindale (CVS).

1b Declarations of interest:

1.2 There were none.

1c Exclusion of the press and public

1.3 There are no Part Two items today, so the press and public won't be excluded.

22 CHAIR'S COMMUNICATIONS

3.1 The Chair gave the following communication:

Today we are here as a joint meeting of both the Place and People Overview & Scrutiny Committees as part of the budget scrutiny process. We are joined by Cllr Jacob Taylor, Deputy Leader of the Council and cabinet member for Finance & City Regeneration, and Nigel Manvell, the council's Chief Financial Officer, who will be talking to us about the budget and then taking questions from members.
They will explain more shortly but at the moment we are still awaiting more details from the government to inform the budget setting process, so the report is high level budget thinking, the legal and financial background to the budget. The minutes of the meeting and any specific comments made will be shared with the Cabinet.

Our separate scheduled committee meetings for January will include an agenda item where we will have more details of the budget relating to the remit of each committee.
Although we only have one item on the agenda, there are a lot of us here this afternoon and so we will have a lot of questions to get through. Can I therefore please request that both those asking and answering questions are as brief and to the point as possible. We want everyone who wishes to contribute to have the opportunity.

23 PUBLIC INVOLVEMENT

4.1 There were no public questions.

24 MEMBER INVOLVEMENT

5.1 There were no member questions.

25 GENERAL FUND BUDGET UPDATE 2025-26 TO 2028-29

25.1 Cllr Bella Sankey (Leader of the Council) introduced the paper and summarised the current financial situation of Brighton & Hove City Council. She wished that circumstances were better and attributed this to systemic underfunding over many years and a large demand on key services, mainly Adult Social Care and Homelessness. The announcement made in the Autumn budget amounts to a 3.2% increase in funding for local government but there is no overnight fix for the significant challenges facing the sector. Cllr Sankey has received a letter from the Local Government Minister, Jim McMahon, who has written to all leaders of councils about plans for radical reform of local council funding. This includes a £600m recovery grant for areas with the greatest need and deprivation. It also includes a new approach to financial settlements across multi years rather than one. There will be a consultation on the reforms that will give more power and responsibility to local councils. The reports pack shows work underway to tackle the in year funding gap of £6.8m and the predicted shortfall of £31.6m for the next financial year. The council will receive further details of the funding settlement from central government next month and the council will move to engage with stakeholders on this with the scrutiny committees looking at the details in the new year.

25.2 Cllr Jacob Taylor (Deputy Leader of the Council and Cabinet Member for Finance and City Regeneration) presented the report to the committee. He added that the news that was received yesterday regarding the i360 will have an impact. There is outstanding debt of £51m which translates into £32m outstanding payments to the council. This will amount to £2.2m per year that will need to be paid back until 2040. The i360 is currently going through the administration process.

25.3 The Chair opened up the meeting for questions.

25.4 Cllr Sykes asked a number of questions: whether the increase in National Insurance contributions for employers is reflected in the budget; he asked for more information on the Section 31 grant; about any mitigations for the £2 - 4m to go towards rough sleepers; about the competition between public funds and how that works; concerns regarding consultation and the lack of detail in the budget for the public to comment on; and that it was difficult to understand the narrative between this paper and the one presented in September. Cllr Taylor acknowledged the points raised around the difficulty

following the narrative between papers and said they will look into that. Although the principle focus is on the General Fund, other budget matters are of relevance, such as changes to the Capital budget. The council is a relatively asset-rich organisation which is an area to explore in terms of the potential use of capital receipts to fund modernisation. Cllr Taylor commented on insourcing and wanting to bring back children in care who have been placed outside the city. These placements can be very expensive, particularly for those with special needs and Cllr Daniels is leading on a pilot project to look into creating a facility in-house for this in Woodingdean called Rainbow Lodge. There needs to be a balance between insourcing and outsourcing depending on who is best placed to manage these services. There may already be an established third party who can take this on. Officers are looking into whether the council can make investments to buy property for the purpose of council-run temporary accommodation. In terms of social care costs, Cllr Taylor said that the increase in National Insurance contributions does not apply to the council but will apply to the private sector of which the council procures Adult Social Care services and whether this has been added to the financial pressures in the paper. Nigel Manvell, Chief Financial Officer, confirmed that there is an estimate built in for this, including living wage costs, inflation and other factors. The government have confirmed that the Market Sustainability Grant will continue to be awarded which will help with some of these costs. Mr Manvell went on to explain about the Section 31 grant and that the government will be ending some reliefs that were available to the hospitality and retail sector and that this will now have to be collected via business rates directly to the council. Cllr Taylor responded to the question regarding the consultation process; he would have liked to publish the budget at the end of December but there will be no settlement until 19th December so this is not possible. He hopes that in future years this can be brought in earlier.

25.5 Cllr Fishleigh asked that employees have been asked for ideas to make savings and whether anything good has been suggested; and whether the council needs Bartholomew House at all as it's always empty when she has been there. Nigel Manvell said that they are working through the responses from the engagement exercise with employees last year and that it remains open for suggestions. They have been holding "in conversation" events with employees with around 200 people on the Teams call where the budget was discussed. Cllr Taylor explained that from his experience, employees are using Bartholomew House but that they are considering the entire estate, looking at numerous council buildings and ensuring the best use of them.

25.6 Cllr Fishleigh asked about the Star Chamber and whether more external people with good relevant expertise were involved; she also asked if there was any money left in the Carbon Neutral Fund when £27m was granted in 2021. Cllr Taylor explained about the public engagement event taking place on the budget with the use of a budget simulator to visually show the pressures the council is facing. He encouraged others present to recommend this event to anyone they think might be interested, particularly people with financial expertise. Nigel Manvell said he will come back on the question regarding the Carbon Neutral Fund.

25.7 Cllr Meadows asked a number of questions, as follows: the update on the budget has already been reported to Cabinet and what is missing is the portion of each Government fund allocated to Brighton & Hove; that information on page 11 is misleading as the figures quoted are not the amounts the council will receive; that she was interested to hear what schemes might get cut as part of the capital programmes review; that she is

concerned because every effort that has been made by this council to insource services has ended up costing double; whether exploring the use of AI will result in job cuts; where the paper talks about managing the demands of Adult Social Care and whether this would result in cutting off those who need care but are not eligible for benefits; that she would be interested to hear more about a wholly owned housing stock; to have more details on the discontinuation of non-statutory activities; what the review into the delivery model of schools' IT services has come up with; and she questioned whether the council would lose out on adult social care placements due to increasing costs. Cllr Taylor replied that in relation to insourcing there is a balance between insourcing and outsourcing and sometimes insourcing is more expensive, sometimes not. Many of these services are owned by private entities with a high level of profit being made. If services were insourced, the council would not be looking to make a profit. In terms of AI, the council is already using some applications such as a minuting app. This may in time mean that some roles can be deleted, with staff redeployed elsewhere. In terms of Adult Social Care, they want to be transparent about the process from the beginning so that families are aware that they would be expected to contribute to costs before going through the lengthy assessment process. Cllr Taylor confirmed that they would not be looking to explore a private housing company for the council's current stock.

25.8 Cllr Cattell asked about fitting costs related to the i360 into the budgeting process and whether there is a backstop. Cllr Taylor explained that there are ideas coming in, one from a bungee jumping company in New Zealand, but that they need to wait for the administration process to finish which would ultimately determine the outcome for the city. In terms of financial planning, there isn't much more that can be done other than lay out the facts.

25.9 Adam Muirhead was pleased to see Spend to Save mentioned in the paper and asked if the council is considering innovative ways to invest. Cllr Taylor said that one of the difficulties is the way that public finance works, with organisations each individually responsible for their budget. This can make it difficult for public sector organisations to take actions that will benefit other parts of the public sector. The government is talking about a "total place" approach which would entail looking at all the budgets in a geographic area which are interconnected and try to think about them as one entity. Cllr Sankey added that the new government is serious about thinking more about total place and when the bright red lines have been drawn between different public sector bodies historically doesn't always make sense as they are all interconnected. Cllr Sankey went to 10 Downing Street to represent Brighton & Hove where the Prime Minister asked about public sector reform. Cllr Sankey gave an example of how the council works with a multi-disciplinary team based at A&E making interventions to reduce the number of people presenting at emergency hospital departments due to social causes, such as not having the correct care package, housing etc. This kind of preventative measure ensures people have the assistance they need and diverts them away from emergency services, which also saves money.

25.10 Cllr McNair said that the situation with the i360 raises questions about the council's ability to manage money and asked what Labour has been doing to save the i360 as it is costing the taxpayer huge amounts of money. Cllr Taylor said that previous Conservative councillors were great supporters of the i360 and that it was the Labour opposition that had the desire to protect the taxpayers in this situation and did not want to pump more money into the i360. To offer support, they had met with the private

company who runs the i360 to look through their budgets and give advice, but as it is a private company, it is ultimately up to them what they do.

25.11 Sara Fulford was concerned about the potential for further outsourcing of care services and the negative impact this may have on older people, particularly as there is fragility in the market for nursing home provision already. Nursing homes are already expensive . She was concerned about the level of threat over inhouse provision for older people and conversion of older peoples services for other vulnerable groups instead. If the in house services for older people are lost then they are completely vulnerable to the market. Can the council be more imaginative about getting money in? Ms Fulford commented commented that the paper was difficult to understand and questioned whether vulnerable people will have a meaningful opportunity to engage, including those with no IT access. Cllr Taylor said that it is complex to communicate to people and getting input from the public isn't easy. There is a new budget simulator online that should help and everything will be summarised and explained at the consultation event. In terms of insourcing, decisions need to be made depending on where the council is best equipped to itself run services. EIAs are important in making these decisions and the council needs to think about how best to involve the community and voluntary sector in the EIA process.

25.12 Becky Robinson said that there is a lot of focus in the paper on educational psychologists and wondered how they can ensure that, with the demand on the system, children with SEND support are not overlooked. Cllr Taylor said educational psychologists make a big difference in terms of early intervention but that the assessment pathway doesn't work quickly enough which is something the department are looking into. There is an increase in SEND funding from central government and they are keen to see how this translates locally.

25.13 Cllr Sheard asked about the demand and costs for physical support split by age groups in the paper and how those numbers were calculated. He also asked whether further financial resources would have to be put aside to compensate for the i360 debt and wanted more detail on how poverty will be addressed in the budget, particularly child homelessness. Cllr Taylor said that they try to map out the demand; the number of new service users and the complexity of needs and then work out the cost. In some cases these do end up balancing each other out. In relation to the i360, £2.2m per year will have to be put aside but this is subject to the administration process and any funds that can be recovered. In order to combat homelessness, they want to build more council houses that are more affordable. The council are exploring options to improve interventions and to acquire more council owned temporary accommodation.

25.14 Mark Strong asked a question about the implications of central government funding on transport and waste. Would there be an increase in the maintenance of pavements and whether reducing charges for parking would mean more people driving, which would mean increased costs, such as pothole maintenance. He also asked a question about food waste and the potential for the council to run this pilot scheme with the current community-led schemes, which would reduce costs. Cllr Taylor said that there is a safety element to the conditions of the road and pavements, the weeds were out of control in some areas and tree roots are causing a problem. He welcomed the funding for potholes. Cllr Taylor said that there are always more transport projects than parking

revenue and they need to get the balance right between parking costs and discouraging driving in the city. The new reduced car park charges were designed to encourage people to use the car parks rather than on street parking because they are underused. He said that Cllr Rowkins knows the community groups well and will see how best to work with them on food waste.

25.15 Cllr Mcleay asked about the pressures on the homeless budget and the exploration of fundraising ideas; what level of funding needs to be raised? She also asked about the renters reform bill and what will be the impact on housing allocation? Cllr Mcleay asked about whether the Household Support Fund could be used in a more preventative way and asked a question about EPR and whether it was meant for food waste rather than just disposals and collections. Cllr Taylor said that Cllr Mcleay may be right about the EPR and it is there to recognise the increased responsibilities towards the Environment Act and they are likely to get some money to go towards recycling and waste services. In terms of the Housing Support Fund, they are looking into changing the focus from pure crisis point to being more preventative. For those eligible for temporary accommodation, the council will see if they can secure accommodation in the private sector to reduce costs pressures but will allow them to keep their place on the allocation list. The Renters Reform bill might mean that some landlords will leave the sector, which might drive down house prices. Officers are currently trying to assess the impact of this bill. It is also difficult to estimate funding for homelessness.

25.16 Jessica Sumner said that the CVS can help with solutions and creative thinking. There is a lot of demand on the sector with high level crisis services sitting in the wider community outside the council. There is a lack of inflationary increases on grants in the sector and the organisations need subsidising. The CVS ends up bearing the cost of living wages which could lead to a loss of delivery which will have an impact on council services. Ms Sumner mentioned the EIA process and noted that promised actions are not always implemented and that decisions are sometimes taken without having the full picture. Cllr Taylor said that last year there was a reduction in the third sector investment fund but, following a consultation earlier this year, it was decided not to make any further reductions. In respect of the EIA process, Cllr Taylor said he will take this away as an action point.

25.17 Cllr Thompson asked what measures have been considered to reduce home to school transport costs? Cllr Taylor said that they are exploring insourcing and seeing if current services could be more effectively managed.

25.18 Cllr Hewitt asked a question about income generation and what other measures are being explored. The council is asset-rich and whether they can develop these to raise funds, such as making more use of council owned garages. Cllr Taylor said that many of the garages are vacant and they need to use them better. He said it might be worth selling some assets in order to reinvest elsewhere. The council had hired a fundraising officer who brought in a lot of additional funding.

25.19 Cllr Winder asked about the scope of savings planning, whether it included statutory services, and what steps were being taken to manage impacts on vulnerable people. Cllr Taylor said that the delivery of all services is within the scope of the budget process, although the council is obliged to provide statutory services at a certain level. EIAs will

be really important during this process to help identify the communities most impacted by budget savings.

25.20 Fiona England asked a question about current pressures on children with learning disabilities transitioning to Adult Social Care and the need for a Social Care Officer role who can help with forecasting and developing services with a strategic overview. Could this role be a Spend to Save consideration? Cllr Taylor said he would take that away to consider.

25.21 Cllr Meadows asked about payments to adult social care providers and whether there was a risk that the council would lose out on care places if it was unwilling to uplift costs to reflect increases in provider expenses, such as higher employer NI; whether the new cap of £1 per bus ticket for 2 months is reflected in this budget and what the revised cost is for the members' allowance scheme. Cllr Taylor responded that the third party provider uplifts are included in the budget. He said that the bus fare referred to in the papers is not the new £1 cap but the normal discounts the council contributes towards such as OAP bus passes. There is no proposal to increase members' allowances.

25.22 **RESOLVED –** that the People and Place Overview & Scrutiny Committees note the Cabinet report on the General Fund Budget Update.

Meeting closed at 18.45

The meeting concluded at 6.45pm

Signed Chair

Dated this day of