





**Brighton & Hove
City Council**

Cabinet Meeting

Title:	Cabinet
Date:	12 February 2009
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Mears (Chairman) Mrs Brown, Caulfield, Fallon-Khan, Kemble, K Norman, Simson, Smith, G Theobald and Young
Contact:	Martin Warren Senior Democratic Services Officer 01273 291058 martin.warren@brighton-hove.gov.uk

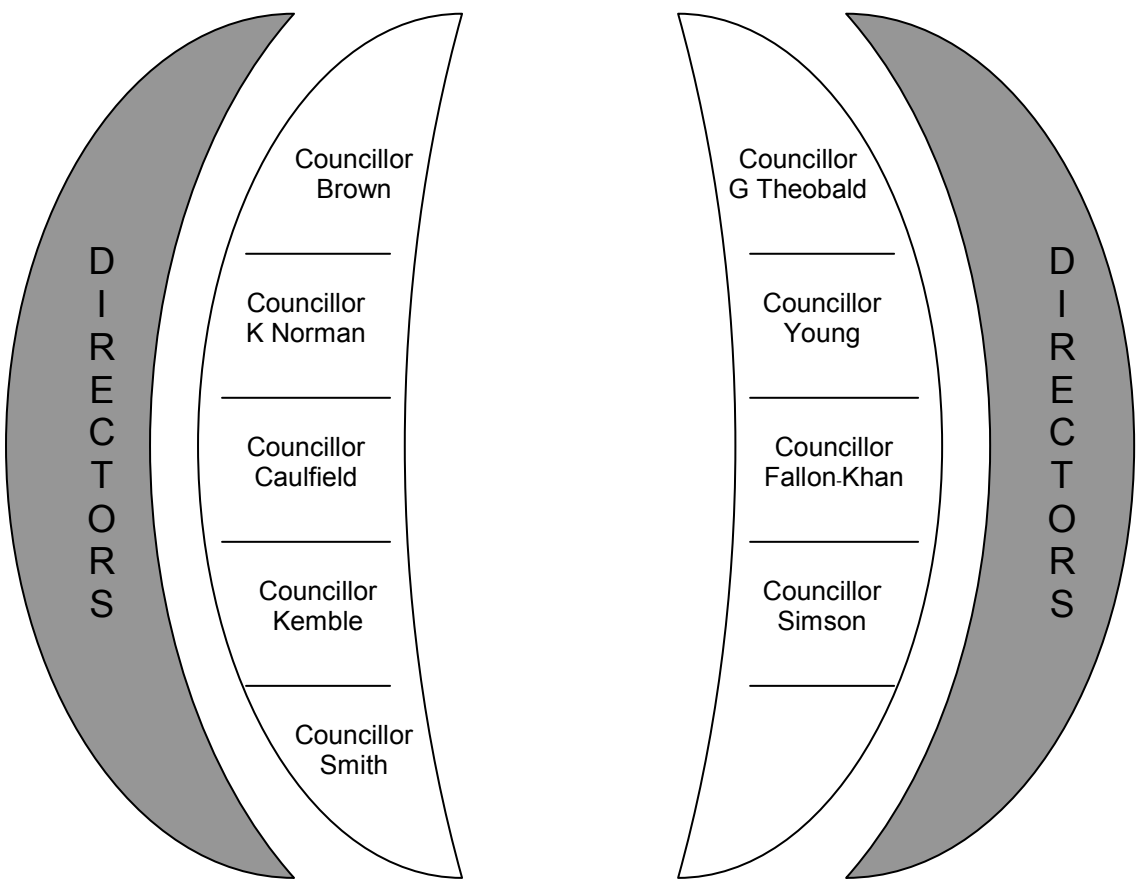
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Democratic Services: Meeting Layout

Head of Law Councillor Mears Acting Chief Executive Democratic Services Officer

OFFICERS

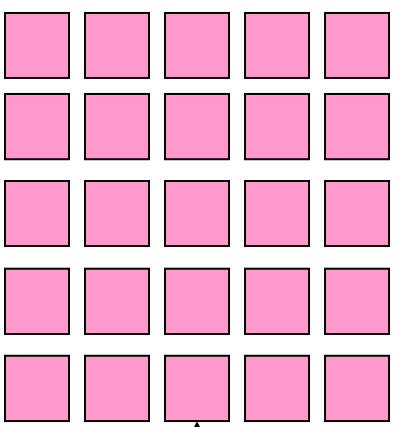
MEMBERS



OFFICERS

MEMBERS

Speaker Leader of the Opposition

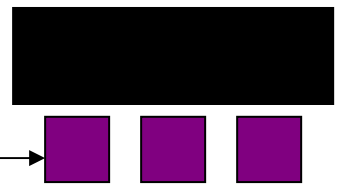


Public Seating

Members in Attendance



Press



AGENDA

158. PROCEDURAL BUSINESS

- (a) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (b) 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 2 of the Agenda states in its heading either that it is confidential or the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the categories of exempt information is available for public inspection at Brighton and Hove Town Halls.

159. MINUTES OF THE PREVIOUS MEETING

1 - 8

Minutes of the Meeting held on 15 January 2009 (copy attached).

160. CHAIRMAN'S COMMUNICATIONS

161. ITEMS RESERVED FOR DISCUSSION

- (a) Items reserved by the Cabinet Members
- (b) Items reserved by the Opposition Spokesperson
- (c) Items reserved by Members, with the agreement of the Cabinet Member.

NOTE: Public Questions, Written Questions from Councillors, Petitions, Deputations, Letters from Councillors and Notices of Motion will be reserved automatically.

162. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on 5 February 2009)

CABINET

163. WRITTEN QUESTIONS FROM COUNCILLORS

(The closing date for receipt of written questions from Councillors is 10.00am on 2 February 2009)

No written questions have been received.

164. PETITIONS

9 - 10

Report of the Director of Strategy & Governance (copy attached)

165. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on 5 February 2009)

No deputations received by date of publication.

166. LETTERS FROM COUNCILLORS

11 - 12

(The closing date for receipt of letters from Councillors is 10.00am 2 February 2009)

i) **'Mosquito' noise machines.** Letter from Councillor Mitchell (copy attached)

167. NOTICES OF MOTION

No Notices of Motion have been referred.

168. TARGETED BUDGET MANAGEMENT (TBM) 2008/09 MONTH 9

13 - 50

Report of the Interim Director of Finance & Resources (copy attached)

Contact Officer: Nigel Manvell *Tel:* 29-3104

Ward Affected: All Wards

169. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2009/10

51 - 136

Report of the Interim Director of Finance & Resources (copy attached)

Contact Officer: Richard Szadziewski *Tel:* 29-1233

Ward Affected: All Wards

170. CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2009/10

137 -
172

Report of the Interim Director of Finance & Resources (copy attached)

Contact Officer: Richard Szadziewski *Tel:* 29-1233

Ward Affected: All Wards

CABINET

171. HOUSING REVENUE ACCOUNT BUDGET 2009/10

173 -
188

Report of the Interim Director of Finance & Resources (copy attached)

A) Extract from the Housing Management Consultative Committee 20 January 2009 (copy attached)

B) Extract from the Housing Cabinet Member Meeting 11 February 2009 (to follow)

Contact Officer: Sue Chapman *Tel:* 29-3105
Ward Affected: All Wards

172. ICE RINK, QUEEN SQUARE, UPDATE ON DISPOSAL

189 -
196

Report of the Interim Director of Finance & Resources (copy attached)

Contact Officer: Angela Dymott *Tel:* 29-1450
Ward Affected: All Wards

PART TWO

173. ICE RINK, QUEEN SQUARE, UPDATE ON DISPOSAL

**197 -
200**

Report of the Interim Director of Finance & Resources (copy circulated to Members only)

[Exempt category 3]

Contact Officer: Angela Dymott

Tel: 29-1450

Ward Affected: All Wards

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The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

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For further details and general enquiries about this meeting contact Martin Warren, (01273 291058, email martin.warren@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

BRIGHTON & HOVE CITY COUNCIL

CABINET

4.00pm 15 JANUARY 2009

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Mears (Chairman), Mrs Brown, Fallon-Khan, Kemble, K Norman, Smith and Young

Also in attendance: Councillor Mitchell (Leader of the Opposition)

Other Members present: Councillors Cobb, Hawkes and Kitcat.

PART ONE

140. PROCEDURAL BUSINESS

140a Declarations of Interests

140a.1 Councillor Norman declared a personal interest in items 151 and 155 as he was a season ticket holder for the Brighton & Hove Albion Football Club.

140b Exclusion of Press and Public

140b.1 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

140b.2 **RESOLVED** - That the press and public be excluded from the meeting during consideration of items 155 onward.

141. MINUTES OF THE PREVIOUS MEETING

141.1 **RESOLVED** – That the minutes of the meeting held on 18 December 2008 be approved as a correct record.

142. PETITIONS

144.1 There were none.

143. PUBLIC QUESTIONS

145.1 There were none.

144. DEPUTATIONS

146.1 There were none.

145. LETTERS FROM COUNCILLORS

147.1 There were none.

146. WRITTEN QUESTIONS FROM COUNCILLORS

148.1 The Chairman noted that there was one written question and asked Councillor Kitcat to put his question.

148.2 Councillor Kitcat asked:

“Could Councillor Theobald provide, in detail, any arrangements for measuring the levels of waste and recycling collected during and after the introduction of communal bins to the city centre?”

148.3 In Councillor Theobalds’ absence the Chairman replied:

‘The introduction of communal bins should keep our city’s streets cleaner, because there will not be back sacks on the streets that can be ripped open and rubbish strewn about.

Residents will also be able to put their rubbish out at any time rather than having to keep it in their homes until a certain day.

Communal bins will also save the taxpayers of this city around a million pounds.

Waste and recycling figures are only compiled on city-wide level.

Recycling rounds do not correspond to refuse collection rounds, and neither rounds correspond to ward areas. Collection vehicles for recycling and refuse have different routes meaning any figures recorded on collected tonnages are not directly comparable. Hence it is not possible to draw reliable conclusions about collection variations in particular areas.

The council is able to provide waste and recycling collection levels across the city before and after the introduction of communal bins, but not in specific areas.

Both now and after the introduction of communal bins, the council will continue to provide a weekly recycling service in the city centre, rather than a fortnightly one, recognising that many people have less storage space for recycling in these areas.'

148.4 Councillor Kitcat posed a supplementary question. He asked on what Constitution basis Councillor Theobald could ignore recommendations agreed in September 2007 by the Environment Committee that recycling rates would be measured.

148.5 The Chairman offered a written response.

147. NOTICES OF MOTIONS

149.1 There were none.

148. COUNCIL TAX BASE 2009/10

150.1 The Cabinet considered a report of the Interim Director of Finance & Resources that reported on the tax base calculation for 2009/10 (for copy see minute book)

150.2 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That the report of the Interim Director of Finance & Resources for the calculation of the council's tax base for the year 2009/10 be approved.
- (2) That the Collection Rate increases by 0.1% to 98.1% and that an additional budget allocation of £52,000 from 2009/10 is made to the Revenues Service to achieve this increase generating a net saving of £50,000.
- (3) That pursuant to the Interim Director of Finance & Resources report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2009/10 shall be as follows:-
- (4) For Brighton and Hove whole – 92,511.63
- (5) For the Royal Crescent Enclosure Committee – 30.29
- (6) For the Hanover Crescent Enclosure Committee – 40.35
- (7) For the Marine Square Enclosure Committee – 78.63
- (8) For the Parish of Rottingdean – 1,488.25
- (9) That for the purposes of Section 35(1) of the Local Government Finance Act 1992 the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.

149. COMMUNITY STADIUM

- 151.1 The Cabinet considered a report of the Director of Environment that recommended the terms of disposal of the site for the Community Stadium (for copy see minute book).
- 151.2 Councillor Mitchell welcomed the report, noting the quality design and access that the plans proposed. She noted the financial implications contained within the report.
- 151.3 The Chairman welcomed the report and commended the dedication of all parties in eaching this stage.
- 151.4 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
- (1) That Cabinet approves the council entering into an Agreement for Lease with The Community Stadium Ltd and the University of Brighton under the terms set out in the Part 2 report.
 - (2) That Cabinet agrees that authority for discharging the Funding Condition in the Agreement for Lease be delegated to the Director of Finance and Resources and the Assistant Director of Finance (section 151 officer) in consultation with the Leader of the Council.
 - (3) That Cabinet agrees in principle (subject to any S123 consent required) a lease of the Stadium site to The Community Stadium Ltd on substantially the terms set out in the Part 2 report.
 - (4) That Cabinet notes the decision of Policy and Resources Committee in September 2007 that the council will support the Community Stadium scheme so far as is consistent with not directly funding the project.

150. INTEGRATED WASTE MANAGEMENT SERVICES CONTRACT (IWMSC) - ACQUISITION OF SITE AT PEBSHAM HASTINGS AND LEASING ARRANGEMENTS UNDER THE WASTE PFI

- 152.1 The Cabinet considered a report of the Director of Finance & Resources that summarised the arrangements leading to the Integrated Waste Management Service Contract and advised of the proposals for the provision of one of the sites for waste management and sought authorisation to deal with the property transactions (for copy see minute book).
- 152.2 Councillor Mitchell noted the contractual arrangements for both Veolia and South Downs Waste Services. She asked why Veolia would not be operating all services.
- 152.3 The Chairman offered a written response.

152.4 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That Cabinet approve and authorise the Director of Finance & Resources and Assistant Director Property & Design to enter into the following agreements :-
 - (a) The acquisition of a leasehold interest, jointly with ESCC, in land at Pebsham between Bexhill and Hastings
 - (b) To grant, jointly with ESCC, an underlease to South Downs Waste Services Ltd (SDWS Ltd) to build and operate a waste transfer station, recycling facility and additional waste plant as required.

151. AWARD OF CONTRACT FOR NEW HR/PAYROLL SYSTEM

153.1 The Cabinet considered a report of the Director of Strategy & Governance that sought approval for Brighton & Hove City Council to award the contract for the provision of an integrated HR/Payroll Management Information System and associated services (for copy see minute book).

153.2 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) To note the contents of the report and the information provided in the sister paper in Part Two of the Agenda.
- (2) That Cabinet approve the award of the contract to “contractor A” following the outcome of a tender submission and formal presentation.
- (3) That the five year contract, with an optional extension of up to a further two years, commences as soon as legal clarifications have been concluded.

152. REVIEW OF CABINET MEMBER FUNCTIONS FOR COMMUNITY SAFETY

154.1 The Cabinet considered a report of the Director of Strategy & Governance that proposed a realignment of the Cabinet Member responsibilities in relation to Community Safety and to achieve greater co-ordination with related functions around equalities, inclusion and community affairs by transferring the Community Safety function from the Cabinet Member for Environment to the Cabinet Member for Community Affairs, Inclusion and Internal Relations (for copy see minute book).

154.2 The Cabinet noted an extract tabled from the Governance Committee which detailed their deliberations on the issue at their meeting on 13 January 2009.

154.3 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That the proposed transfer of community safety functions delegated to the Cabinet Member for Environment as detailed in the report, to the Cabinet Member for Community Affairs, Inclusion and Internal Relations be agreed;
- (2) That the Head of Law be authorised to make the necessary amendments to the Council's Constitution.

PART TWO SUMMARY

153. COMMUNITY STADIUM

Exempt Category 3

155.1 The Cabinet considered a report of the Director of Environment that recommended the terms of disposal of the site for the Community Stadium (copy circulated to Members only).

155.2 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations as set out in the report.

154. INTEGRATED WASTE MANAGEMENT SERVICES CONTRACT (IWMSC) - ACQUISITION OF SITE AT PEBSHAM, HASTINGS AND LEASING ARRANGEMENTS UNDER WASTE PFI

Exempt Category 3

156.1 The Cabinet considered a report of the Director of Finance & Resources that summarised the arrangements leading to the Integrated Waste Management Service Contract and advised of the proposals for the provision of one of the sites for waste management and sought authorisation to deal with the property transactions (copy circulated to Members only).

156.2 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the recommendations as set out in the report.

155. AWARD OF A CONTRACT FOR A NEW HR/PAYROLL SYSTEM

Exempt Category 3

156.1 The Cabinet considered a report of the Director of Strategy & Governance that sought approval for Brighton & Hove City Council to award the contract for the provision of an integrated HR/Payroll Management Information System and associated services (copy circulated to Members only).

156.2 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendation:

- (1) To note the contents of additional procurement information, the business case and options appraisal in considering the paper “Procurement of a new HR system” in Part One of the agenda.

156. EQUAL PAY

Exempt categories 4 and 5

- 158.1 The Chairman accepted that the report was urgent and agreed its late inclusion for consideration at the meeting.
- 158.2 The Cabinet considered a report of the Director of Strategy & Governance and Interim Director of Finance & Resources that detailed the progress and consequences to date of the Single Status project. (copy circulated to Members only).
- 158.3 The Chairman noted that the report had been considered and approved by Governance Committee.
- 158.4 The Cabinet noted an extract from the Governance Committee that was tabled for information.
- 158.5 **RESOLVED** – That having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations.
- (1) That the Cabinet notes the contents of the attached report and endorses the decision of the Governance Committee of 13th January 2009 (that will be reported to the Cabinet at 15th January meeting) and agreed the recommendations as per the report.
 - (2) That the Cabinet (as the Executive body) recommends to Council approval of the recommendations as contained within the report.

157. TO CONSIDER WHETHER OR NOT ANY OF THE ABOVE ITEMS AND THE DECISIONS THEREON SHOULD REMAIN EXEMPT FROM DISCLOSURE TO THE PRESS AND PUBLIC.

- 159.1 The Cabinet considered whether or not any of the above items should remain exempt from disclosure to the press and public.
- 159.2 **RESOLVED** – That items 155 – 158 inclusive, contained in Part Two of the agenda and the decisions thereon remain exempt from disclosure to the press and public.

The meeting concluded at 4.55pm

Signed

Chair

Dated this

day of

Subject:	Petitions		
Date of Meeting:	12 February 2009		
Report of:	Director of Strategy & Governance		
Contact Officer:	Name:	Martin Warren	Tel: 29-1058
	E-mail:	martin.warren@brighton-hove.gov.uk	
Key Decision:	No		
Wards Affected:	Various		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

1.1 To receive the following petitions presented at Council on 29 January 2009 and any petitions presented directly to the Cabinet.

164. (i) To receive the following petition presented at Council on 29 January by Councillor Mitchell and signed by 583 people:

We, the undersigned, petition Brighton & Hove City Council to continue funding the Eastern Road and Tarner Area Partnership Neighbourhood Management Team.

The extensive community engagement and neighbourhood renewal work carried out by then team working with residents, local councillors and outside agencies in these two recognised areas of high deprivation has been of considerable benefit to all residents in both communities. Their work has resulted in several successful major projects now in operation. E.g. The Neighbourhood Charter, the regeneration of Tarner Park, the Sure Start Centre, Tarner Wide Internet Group, the Cyberden internet and computer training facility and financial support for other community based projects like the Women's Centre and the Impact Initiative. The team works to promote health, safety, equality and educational issues throughout the area and had had a considerable impact on reducing crime, anti-social behaviour, domestic violence and peoples' fear of crime. The team has successfully tackled issues around alcohol and substance misuse in the community and is particularly successful at involving all sections of the communities through their door knocking and outreach strategy. It is essential that the whole team is funded beyond March 2009 in order to ensure that current and future projects continue to benefit both communities..

164. (ii) To receive the following petition presented at Council on 29 January by Councillor Elgood and signed by 219 people:

To complain about the appalling performance of the new Brighton to London Victoria Southern / Gatwick Express Service and call on the City Council to urgently lobby Gatwick Express and Southern.

- *I am signing the petition as a regular commuter to complain about the appalling, unreliable performance of the recently introduced Brighton to London Victoria Gatwick Express / Southern service.*
- *Since the introduction of the so called 'improved' service 15 December, every train I have been on has been late during the peak periods from Brighton.*
- *The 7.30 and the 7.44 from Brighton are consistently 20-40 minutes late in reaching Victoria in the morning. There are no announcements, staff are unhelpful, doors don't work, heating has been faulty, trains are cancelled etc.*
- *This adds half an hour often both ways to our daily commute. This is totally unacceptable considering the cost of weekly, monthly and annual tickets.*
- *We demand a service that is reliable and on time and that Southern and Gatwick Express sort out the problems immediately. We demand a discount on the cost of our season tickets when they come up for renewal. We demand that there are announcements and apologies for the late running of the trains.*

164. (iii) To receive the following petition presented at Council on 29 January by Councillor Barnett and signed by 1104 people:

We, the undersigned petition Brighton & Hove City Council to provide £50,000 to enable the refurbishment of the swimming pool at Hangleton Junior School. We further petition that Brighton and Hove City Council noted that everyone at the school has worked extremely hard to raise money for this project and has already raised a contribution of £50,000.

Mr Alan McCarthy
Chief Executive
Brighton & Hove City Council

26 January 2009

Dear Mr McCarthy,

'Mosquito' noise machines used as a teenage deterrent.

I would like this letter to be placed on the agenda of the next meeting of the Cabinet and to be able to speak to it.

I would ask that the Cabinet notes the increasing use of mosquito noise machines to disperse teenagers from open spaces and buildings and that these machines will soon become more readily available via cheaper imports sold in high street shops directly to householders.

Mosquito noise deterrent machines are largely used in a negative way, actively discouraging all young people from visiting areas of towns and cities.

There is no evidence supporting the effectiveness or benefits to a community of this method of group dispersal but evidence is coming to light that they can adversely affect those suffering from conditions such as tinnitus and autism.

There is no information on the long term effects of exposure to this high frequency noise and that the noise is not truly restricted to teenagers alone. Significant numbers of people in their 20s to early 30s have reported being able to hear the high frequency noise.

I would ask the Cabinet to;

- Consider ruling out the use of mosquito noise deterrent machines on all council owned buildings and land.
- Consider writing to the Home Secretary asking her to review the sale and use of these devices as a matter of urgency and to consider legislation to ban them.
- Consider a specific programme to raise awareness amongst businesses and residents of alternative methods for tackling anti-social behaviour by working alongside existing services provided by the government and the council such as Local Action Teams, neighbourhood police teams, schools and community groups.

Yours sincerely,

Councillor Gill Mitchell
Leader of the Labour Group

Subject:	Targeted Budget Management (TBM) Month 9		
Date of Meeting:	12 February 2009		
Report of:	Interim Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	E-mail:	nigel.manvell@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB 7455	
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out the forecast outturn position on the revenue and capital budgets as at the end of December 2008 (month 9).
- 1.2 The council is delivering services within budget and has taken the appropriate measures to manage in-year pressures, including significant unavoidable pressures on the council tax collection fund, energy costs and adult social care budgets. CYPT financial performance is also being managed effectively in a climate of increased national and local focus on children's services and the additional pressure this places on services.
- 1.3 This reflects the council's effective monitoring and control of financial performance and the measures it has taken to ensure better use of public funds, including achieving ambitious efficiency savings of over £5 million and the implementation of council-wide value for money reviews.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet note the much improved forecast outturn position for the General Fund, which is now forecasting an underspend of £2.133 million.
- 2.2 That the Cabinet note the forecast outturns for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 9.
- 2.3 That the Cabinet agree that the net forecast underspend of £1.647 million be added to general reserves to contribute to the Medium Term Financial Strategy and balance out investment income pressures over the next 3 years due to current market conditions.
- 2.4 That an earmarked reserve be set up for the Housing Revenue Account Estate Development Budget and that balances held for the Estate Development Budget at the 1 April 2008, in the HRA reserves are transferred to this earmarked reserve.

2.5 That the Cabinet note the forecast outturn position, £0.048 million underspend, on the capital budgets as at month 9.

2.6 That the Cabinet approve the following changes to the capital programme:
 Budget re-profiles (Appendix 4)
 Budget variations (Appendix 5)
 Slippage (Appendix 6)

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services.

3.2 The position at month 9 shows that the council is managing within its available resources despite significant in-year pressures relating to the council tax collection fund and Adult Social Care placements. A number of directorate budgets are also under pressure but the forecast position has improved by £1.465 million since month 6, reflecting recovery actions taken to date and overall, directorate budgets are forecasting a slight underspend. The council position continues to be supported by improvements on Centrally Managed Budgets including savings on Insurance Contracts, lower than expected costs of the concessionary fares scheme, and good investment performance on the council's cash balances despite falling interest rates. More detailed explanation of the variances below can be found in Appendix 1.

Forecast Variance Month 6 £'000	Directorate	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
532	Adult Social Care & Housing	42,964	43,504	540	1.3%
165	S75 Learning Disability Services	22,761	23,008	247	1.1%
32	Children & Young People's Trust	52,486	51,240	(1,246)	-2.4%
-	Finance & Resources	16,834	16,757	(77)	-0.5%
(12)	Strategy & Governance	10,857	10,845	(12)	-0.1%
176	Environment	39,289	39,505	216	0.5%
169	Cultural Services	13,445	13,602	157	1.2%
1,062	Sub Total	198,636	198,461	(175)	-0.1%
1,460	Collection Fund	-	1,445	1,445	0.0%
(3,190)	Centrally Managed Budgets	21,488	18,085	(3,403)	-15.8%
(668)	Total Council Controlled Budgets	220,124	217,991	(2,133)	-1.0%
644	NHS Trust managed S75 Services	14,291	14,777	486	3.4%
(24)	Total Overall Position	234,415	232,768	(1,647)	-0.7%

3.3 The Total Council Controlled Budgets line in the above table represents the total current forecast in respect of the council's General Fund. This includes all directorate budgets, centrally managed budgets and council-managed Section 75 services. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and South Downs Health Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment. The financial risk for these services generally lies with the relevant provider Trust but where overspending is due to commissioning changes (e.g. increased demand) there may be a shared risk to the council as joint commissioner. The forecast outturn on the HRA is as follows:

Forecast Variance Month 6 £'000	Housing Revenue Account	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(74)	Expenditure	47,082	46,797	(285)	-0.6%
(266)	Income	(46,832)	(46,920)	(88)	-0.2%
(340)	Total	250	(123)	(373)	

Corporate Critical Budgets

3.4 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.

Forecast Variance Month 6 £'000	Corporate Critical	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(281)	Child Agency & In House	21,912	20,940	(972)	-4.4%
160	Sustainable Transport	(533)	(349)	184	34.5%
(560)	Housing Benefits	154,396	153,836	(560)	-0.4%
600	Land Charges Income	(957)	(357)	600	62.7%
(1,820)	Concessionary Fares	9,158	7,225	(1,933)	-21.1%
873	Community Care	21,121	21,992	871	4.1%
165	Section 75 Learning Disabilities	22,761	23,008	247	1.1%
1,460	Collection Fund	-	1,445	1,445	0.0%
597	Total Council Controlled	227,858	227,740	(118)	-0.1%
175	S75 NHS & Community Care	14,291	14,777	486	3.4%
772	Total Corporate Criticals	242,149	242,517	368	0.2%

- 3.5 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

Efficiency Savings

- 3.6 The Comprehensive Spending Review 2007 assumes that, nationally, local authorities will deliver 3% cash releasing gains year-on-year. Progress made by authorities will be reported via the new National Indicator NI 179 – ‘Value for Money: total net value of ongoing cash-releasing gains that have impacted since the start of the 2008/09 financial year’.
- 3.7 The national requirement to produce 3% cash releasing gains is reflected in the Medium Term Financial Strategy approved by Cabinet in June. Appendix 3 to this report summarises the efficiency savings agreed as part of the 2008/09 budget process and current progress against their achievement. Variances to the agreed efficiencies are included in the directorate forecasts.

Impact on the Medium Term Financial Strategy (MTFS)

- 3.8 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an underspend of £2.133 million, which will contribute to reserves. A full review of the reserves position is included in the General Fund Budget Report elsewhere on this agenda. However, it should be noted that future levels of investment interest are expected to be significantly reduced and any surplus reserves will be needed to meet this shortfall.

Estates Development Budget

- 3.9 Currently, resources that are approved for Estates Development are held within the total HRA reserves, prior to spending. A new earmarked reserve for EDB (Estates Development Budget) expenditure will improve clarity by separating out the EDB funds available for use. EDB balances as at 1 April 2008 totalled £0.707 million.

Capital Budget 2008/09

- 3.10 This part of the report gives Members details of the capital programme budget position for 2008/09.
- 3.11 On 28 February 2008, Budget Council considered a capital investment programme report for the financial year 2008/09 and agreed a capital investment programme of £54.799 million. Some of this expenditure related to schemes already live, while some schemes have been approved in detail since that meeting.

3.12 The following table shows the currently approved capital budget.

	2008/09 Budget £'000
Slippage brought forward from 2007/08 approved 12 June 2008	1,407
Capital Investment Programme (approved at Budget Council)	54,799
Changes to the Capital Budget since approval	2,669
Total Capital Budget 2008-09 as at month 9	58,875

3.13 Where schemes are forecast to exceed their budget, budget holders must identify additional resources to finance the shortfall. Forecast overspends of greater than £0.050 million or 10% of the original budget are required to be reported back to Members, either in detailed reports or through this capital monitoring report. Scheme delays or 'slippage' are also monitored in an effort to ensure schemes are delivered not only on budget, but also on time. Where a scheme is forecast to slip by £0.050 million or more, the budget holder will report back to Members, on the amount and the impact of the delay on service delivery.

Capital Forecast Outturn

3.14 A number of changes are proposed to the capital programme as follows: budget reprofile requests are proposed and summarised in Appendix 4; variation requests to the capital budgets are contained in Appendix 5 and slippage forecasts of over £50,000 are listed in Appendix 6. A summary of the proposed changes are shown in the table below.

Capital Forecast	2008/09 Budget £'000	Budget Reprofiles £'000	Budget Variations £'000	Amended Budget £'000	Forecast Outturn £'000	Slippage Forecast £'000	Forecast Variance £'000
Strategy & Governance	910	(800)		110	110	-	-
Cultural Services	2,079	(336)		1,743	1,623	120	-
Finance & Resources	7,132	(1,103)	278	6,307	6,271	36	-
Adult Social Care & Housing	9,979	(1,422)		8,557	8,557	-	-
Housing Revenue Account (HRA)	14,167	(578)	(943)	12,646	12,561	85	-
Children & Young People's Trust	8,930	43	316	9,289	8,754	521	(14)
Environment	15,678	(1,698)		13,980	13,946	-	(34)
Total Council Budgets	58,875	(5,894)	(349)	52,632	51,822	762	(48)

3.15 The HRA forecast includes a transfer of £0.904 million of expenditure and budget from the capital programme to revenue following an analysis of the spend. It is not always possible to identify the appropriate split between capital and revenue expenditure for these projects at budget setting time until the programme is underway during the year, more detail can be found in Appendix 5.

Budget Reprofileing

3.16 Delays have been identified in some projects due to factors outside of our control. Appendix 5 provides details of the reasons and asks Members to agree to the re-profileing of the budget, which in most cases will result in the resources being moved from this year's capital programme to the next.

Capital Slippage

- 3.17 Project managers have forecast that £0.762 million of the capital budget may slip into the next financial year. £0.521 million relates to devolved school budgets – budgets over which schools control the timing of the expenditure. The net slippage on the directly controlled budgets therefore amounts to £0.241 million, or 0.46% of the budget.

Prudential indicator for capital expenditure

- 3.18 Each year, the council sets a number of prudential indicators that show its capital investment plans are affordable and that borrowing levels are sustainable and prudent. For 2008/09, these were set by the council on 28 February 2008. One of these indicators is ‘capital expenditure’ and in February the council set this at £54.799 million for 2008/09. This indicator helps us to demonstrate that our capital expenditure plans are affordable.
- 3.19 The Capital Investment Programme report, also approved in February, demonstrated how it was fully funded and affordable. The revenue effects of this programme were fully considered as part of the revenue budget setting process.

Capital Receipts

Capital receipts are used to support the capital programme. For 2008/09 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years’ capital programmes. Capital receipts (excluding housing) were estimated to be £2.6m. Currently, £1.8m has been received including the final balance on Royal York Building, the sale of 12 St. Georges Place and the sale of 24 Windlesham Road. This leaves £0.8m of receipts to be achieved during the rest of the financial year. Assets are actively being marketed to achieve the level of receipts budgeted for.

The level of sales of council homes through ‘right to buy’ has been severely affected by the current market conditions in house prices generally and the higher cost and availability of mortgages in the current economic climate. The Government receive 75% of the proceeds of ‘right to buy sales’; the remaining 25% is retained by the council and used to fund the capital programme. Budget Council previously agreed that the first £0.5m of ‘right to buy’ sales would be used to finance support for major projects with the remainder being available to support investment in housing. The estimated useable receipts for ‘right to buy’ sales were £1 million for this financial year, however, on current projections this is now forecast to be at £0.18 million for the year. The shortfall of funding for the projected investment in housing is now being met from HRA revenue reserves. The reduction in receipts will impact on the level of investment in future years for corporate funds such as the Strategic Investment Fund, Asset Management Fund and ICT Fund. If there are no other compensating receipts generated and the current trend for ‘right to buy’ sales continues the capital strategy will need to be reviewed and the consequences of the review will be reported within the Capital Investment Programme report due to Cabinet in February 2009.

Comments by the Director of Finance & Resources

The forecast outturn position on the revenue budget shows a further improvement since month 6. Given the potential pressures next year including equal pay, energy costs and the impact of demographic changes and the economic climate, directorates are required to maintain downward pressure on costs for the remainder of the year.

The full implications of the forecast position on the 2009/10 budget and the Medium Term Financial Strategy are set out in the General Fund Revenue Budget Report to Overview & Scrutiny Committee, Cabinet and Full Council.

4. CONSULTATION

4.1 No specific consultation was undertaken in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Legal Implications:

5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has a discretion to provide such services. It must observe its other legal duties, such as the duty to achieve best value and comply with the Human Rights Act 1998. It must act in accordance with its general fiduciary duties to its Council Tax payers to act with financial prudence. Finally, it must bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer consulted:

Oliver Dixon

Date: 19/01/09

Equalities Implications:

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

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk & Opportunity Management Implications:

- 5.6 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a working balance of £9 million to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

Corporate / Citywide Implications:

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

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The forecast outturn position on council controlled budgets is an underspend of £2.133 million, any underspend will be added to unallocated general reserves unless approval is given to allocate funds to specific reserves or contingencies.

7. REASONS FOR REPORT RECOMMENDATIONS

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

SUPPORTING DOCUMENTATION

Appendices:

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Progress Against the Achievement of the 2008/09 Efficiency Savings
4. Proposed Capital Budget Reprofile Requests
5. Proposed Capital Budget Variations
6. Proposed Capital Slippage

Documents in Members' Rooms

None

Background Documents

None

Adult Social Care & Housing

Forecast Variance	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 6	Month 9	Month 9	Month 9	Month 9
£'000	£'000	£'000	£'000	%
- Housing Strategy	4,819	4,819	-	0.0%
532 Adult Social Care	38,145	38,685	540	1.4%
532 Total	42,964	43,504	540	1.3%

Explanation of Key Variances

Adult Social Care is forecasting an overspend of £0.540 million. The corporate critical community care budget is forecasting an overspend of £0.871 million, which has stabilised since month 6. Significant demand increases are being managed across Older People and Physical Disability Services.

Older People Services are forecasting an overspend of £0.134 million, due to additional client numbers. However, the average unit cost has improved due to a shift in the balance of clients from long term nursing and residential care to home care.

The Physical Disability Services forecast overspend is £0.737 million. Estimating demand for community care services is difficult as there are often peaks and troughs in demand. In addition, the budget process requires that demand is usually estimated around October of the previous year and commissioners will therefore base estimates on a combination of activity at that time together with an analysis of the medium term trend. If demand changes significantly during the period October to March or if planned recovery action or other measures to contain demand are not achieved in full, this can therefore mean that the budget for the following year becomes out of step with activity (demand). This situation occurred in 2007/08 where high levels of growth in demand for Physical Disabilities services meant that the budget was insufficient to cover the number of clients receiving services. A recovery plan was put in place in 2007/08 to reduce costs and contain demand. This was taken into account in assessing levels of demand for setting the 2008/09 budget. In the event, there was a shortfall in the recovery plan in 2007/08, although the budget was balanced by other measures, and there has been further unexpected growth in 2008/09 on both service areas. These two factors have resulted in the current budget pressures.

The overspend on the corporate critical budgets is partly offset by £0.200 million of grant funding being used on Older People – Mainstream Services. A saving is also forecast on Service Strategy & Regulation of £0.201 million, due in the main to a reduction in the forecast spend on jointly funded staff.

Close monitoring of placement budgets will continue and further potential savings and/or alternative use of external funding are being explored to continue to improve the budget position.

Children & Young People's Trust

Forecast Variance	Division	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
	468 East, Early Years & NHS Comm Servs	11,428	11,799	371	3.2%
	351 Central Area & School Support	(8,497)	(8,191)	306	3.6%
	- Learning & Schools	9,173	9,076	(97)	-1.1%
	(155) West Area & Youth Support	8,922	8,580	(342)	-3.8%
	(560) Specialist Services	30,304	28,852	(1,452)	-4.8%
	(20) Quality & Performance	1,156	1,124	(32)	-2.8%
	(52) Vacancy Management	-	-	-	0.0%
	32 Total	52,486	51,240	(1,246)	-2.4%

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an underspend of £0.972 million, an improvement of £0.691 million since month 6. A key reason for the improvement has been a fall in the number of placements by 27. Although, this is a relatively small reduction, individually cases can be high cost and modest reductions can result in significant financial savings. However, the reverse is also true and the 2009/10 budget strategy will reflect this risk in the light of the current national focus on Children's Services. The main overall variances are due to underspends on Residential Agency placements¹ of £0.685 million and In-house placements² of £0.445 million. This performance is a good achievement in the light of the heightened national and local focus on children's services which is placing pressure on services.

Other variances within the directorate are underspends on Area Social Care Teams of £0.260 million due to staff vacancies and £0.150 million on legal fees. The main overspend relates to preventative payments to homeless families of £0.214 million. There are also additional costs of £0.151 million relating to the Falmer Academy development.

¹ Forecast FTE placements of 35 which is 6 less than budgeted for but with a weekly unit cost £40 above budget

² Forecast FTE placements 4 below the budgeted level and with ~~22~~ weekly unit cost that is £22 below budget

Finance & Resources

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(66) Finance	6,062	5,853	(209)	-3.4%
(21) ICT	5,427	5,427	-	0.0%
79 Customer Services	3,466	3,573	107	3.1%
8 Property & Design	1,879	1,904	25	1.3%
- Total	16,834	16,757	(77)	-0.5%

Explanation of Key Variances

Finance is forecasting an underspend of £0.209 million due to vacancy management savings caused by higher than normal staff turnover.

Customer Services is forecasting an overspend of £0.107 million, the main reasons are as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.560 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.600 million shortfall. The continuing downturn in the housing market has dramatically reduced the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee.

Strategy & Governance

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
- Improvement & Organ Devel	1,705	1,705	-	0.0%
(2) Legal & Democratic Services	3,160	3,160	-	0.0%
- Policy Unit	831	831	-	0.0%
(6) Human Resources	4,176	4,168	(8)	-0.2%
(2) Executive Office	395	393	(2)	-0.5%
(2) Communications	590	588	(2)	-0.3%
(12) Total	10,857	10,845	(12)	-0.1%

Explanation of Key Variances

There has been no change to the outturn variance since the last quarter, the directorate is funding all in year service pressures through efficiency savings.

Environment

Forecast Variance Month 6 Division £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(200) City Services	30,292	30,092	(200)	-0.7%
98 Sport & Leisure	1,667	1,806	139	8.3%
160 Sustainable Transport	(533)	(349)	184	34.5%
(40) Public Safety	5,767	5,655	(112)	-1.9%
158 City Planning	2,096	2,301	205	9.8%
176 Total	39,289	39,505	216	0.5%

Explanation of Key Variances

City Services is forecasting an underspend of £0.200 million due to a reduction in vehicle costs and a part year saving on the Park Ranger posts that have now been recruited too.

Sport & Leisure Services are forecasting an overspend due to a continued difficulty in achieving income targets on Golf Courses and King Alfred due to a downturn in usage, and utility costs pressure at the King Alfred Leisure Centre; these are being partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an overspend of £0.184 million, a slight deterioration of £0.024 million since month 6. The variance can be analysed as follows:

- Penalty charge income is forecast to be £0.190 million below budget. This is an improvement since month 6 of £0.165 million. The forecast number of notices issued has remained constant but the average receipt per notice has increased slightly. The changes introduced by the Traffic Management Act made it very difficult to accurately predict what the average figure would be per notice due to the tiered structured of the penalties and the charge can also differ dependent on how soon the debt is settled.
- Income from all on-street and off-street parking and permit income is forecast to come close to break even with a slight deficit forecast of £0.030 million. There has been a slight reduction in expected usage in the last couple of months, which could be as a consequence of the current economic downturn, which is affecting all sectors of the economy. The situation will be monitored closely over the coming months.
- Other expenditure is forecast to exceed budget by £0.144 million, an improvement of £0.067 million since month 6 due to tight spending constraints to assist the overall directorate position. The main variance is an overspend on energy costs of £0.188 million following the contract relet for street lighting and traffic signals.

City Planning is forecasting an overspend due to loss of Planning Delivery Grant. The settlement was confirmed in August and is £0.250 million lower than expected. Measures have been taken to contain the pressure to £0.125 million in the current year.

Development Control is also forecasting an overspend of £0.076 million.

The directorate will continue to apply financial management processes (e.g. vacancy management) to ensure that spending is tightly controlled and can contribute to achieving financial balance.

Cultural Services

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(9) City Marketing	1,834	1,841	7	0.4%
41 Libraries	4,081	4,122	41	1.0%
146 Museums	2,183	2,329	146	6.7%
- Arts & Creative Industries	1,615	1,615	-	0.0%
(9) Economic Devlpmnt & Regen	3,551	3,514	(37)	-1.0%
- Major Projects & Venues	181	181	-	0.0%
169 Total	13,445	13,602	157	1.2%

Explanation of Key Variances

The forecast remains relatively unchanged since last quarter.

The main variance relates to an overspend in the Museums Service due to a shortfall against income targets on admissions, retail and functions and an overspend on energy costs. The variance is being partly offset by vacancy management and other savings. These measures will continue to be applied for the remainder of the year to attempt to offset cost pressures.

Centrally Managed Budgets

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(350) Bulk Insurance Premia	2,781	2,431	(350)	-12.6%
(1,820) Concessionary Fares	9,158	7,225	(1,933)	-21.1%
(800) Capital Financing Costs	7,929	7,029	(900)	-11.4%
- Levies & Precepts	192	192	-	0.0%
(220) Other Corporate Items	1,428	1,208	(220)	-15.4%
(3,190) Total	21,488	18,085	(3,403)	-15.8%

Explanation of Key Variances

The bulk insurance premia underspend is due in the main to a saving on the renewal of the insurance contract. And there have been fewer insurance claim payments made than anticipated during the summer.

The concessionary fares underspend is due to a successful legal challenge against the reimbursement rate originally set by the Department for Transport and a lower than expected rise in the number of concessionary fare trips.

The Capital Financing Costs projection is an underspend of £0.900 million, an increase of £0.100 million on the reported figure at month 6. The main reason for the underspend is higher investment income driven by higher cash flow balances.

Other Corporate Items are forecast to underspend by £0.220 million. This is a combination of a one-off contingency for energy costs in 2008-09 and recurrent funding set aside for the closure of Carlton Hill car park as part of the Circus Street development which will also not be required in this financial year.

Section 75 Partnerships

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
165 Council managed S75 Servs	22,761	23,008	247	1.1%
644 NHS Trust managed S75 Servs	14,291	14,777	486	3.4%
809 Total S75	37,052	37,785	733	2.0%

Explanation of Key Variances

Council managed S75 services (Learning Disability Services) are forecasting an overspend of £0.247 million. There is a pressure of £0.064 million on the community care budget and £0.183 million on in-house services due to staffing pressures and income shortfall on housing benefit/supporting people. Opportunities for further savings with the financial recovery plan continue to be explored together with continuing reviews, with the PCT, of sources of funding for placements.

NHS Trust managed S75 Services are forecasting an overspend of £0.486 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.475 million, an improvement of £0.158 million since month 6. The PCT have advised that all of the SPT 2007/08 carry forward of £0.799 million is required to pump prime health initiatives including the Access to Psychological Therapies health initiative. SPT is developing a financial recovery plan but much of this is not yet costed and only limited amounts (£0.101 million) is currently assessed as achievable in this financial year. SPT have agreed to meet the first £0.300 million of any overspend, reducing the risk to the Council to £0.175 million. The other main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.011 million.

Housing Revenue Account (HRA)

Forecast Variance Month 6 £'000	Housing Revenue Account	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(379)	Employees	9,044	8,661	(383)	-4.2%
107	Premises – Repair	11,742	11,760	18	0.2%
164	Premises – Other	2,923	2,952	29	1.0%
(85)	Transport & Supplies	2,157	2,088	(69)	-3.2%
19	Support Services	2,300	2,320	20	0.9%
80	Revenue contribution to capital	2,481	2,561	80	3.2%
(33)	Capital Financing Costs	4,941	4,908	(33)	-0.7%
53	Subsidy Payable	11,494	11,547	53	0.5%
(74)	Net Expenditure	47,082	46,797	(285)	-0.6%
(83)	Dwelling Rents (net)	(40,478)	(40,561)	(83)	-0.2%
(2)	Other rent	(1,209)	(1,211)	(2)	-0.2%
(241)	Service Charges	(3,433)	(3,533)	(100)	-2.9%
(9)	Supporting People	(550)	(547)	3	0.5%
69	Other recharges & interest	(1,162)	(1,068)	94	8.1%
(266)	Net Income	(46,832)	(46,920)	(88)	-0.2%
(340)	Total	250	(123)	(373)	

Explanation of Key Variances

The forecast spend has reduced by £0.033 million compared to the Month 6 forecast and is now projected to underspend by £0.373 million by year end.

Salary costs are projected to underspend by £0.383 million from vacancy management pending reviews to be implemented as part of the Housing Management Improvement Programme, together with a £0.060 million provision for the implementation of single status.

The premises repairs budgets are now projected to overspend by £0.018 million and the forecast includes the following variances:

- An overspend of £0.100 million (1.8% of total £5.6 million budget) for the responsive repairs contract based on an improved forecasting methodology.
- The empty property repair costs overspend has increased by £0.050 million to £0.250 million due to an increase in the average cost of repair per property from £2,300 to £2,600 compared to the last year. These works will be operating through the open book process from December 2008 which will enable officers to work with partners to use transparent information to achieve unit cost reductions.
- An underspend on service contracts of £0.232 million due to continuing with the existing contracts, which have a lower specification than the new contracts, the costs of which have been budgeted for and will be let in 2009/10.
- An underspend of £0.100 million for cyclical decorations as more works were capitalised than anticipated.

A budget virement of £0.140 million has been actioned reducing the 'Premises – Other' and 'Service Charges' variations. The virement has been actioned as reported in the TBM 6 Cabinet report in order to increase the gas contract expenditure budget and associated heating charges to tenants income budget to reflect the contract price increases.

Within Transport & Supplies a reduction in the use of consultants in respect of inspections to gas installation works has resulted in a underspend of £0.140 million which is partly offset by Estate Services vehicle replacement costs of £0.080 million.

The income budget for service charges is projected to overachieve by £0.100 million in respect of leaseholder service charges, due to costs for recharging being greater than anticipated at budget setting.

KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS

	Activity Indicator	Unit Cost Indicator	BUDGET			FORECAST			VARIANCE		
			Activity	Unit Cost/ Income £	Budget £	Activity	Unit Cost/ Income £	Actual £	Activity	Unit Cost/ Income £	Variance to Budget £
Child Agency & In-house Placements											
Disability Agency	Number of children	Cost per week	8.0	1,822	757,900	7.6	2,223	883,400	(0.4)	402	125,500
Disability Respite			n/a	n/a	138,000	n/a	n/a	120,200	n/a	n/a	(17,800)
Independent Foster Agency (IFA)	Number of children	Cost per week	94.0	890	4,350,600	90.8	872	4,127,400	(3.2)	(18)	(223,200)
Residential Agency	Number of children	Cost per week	41.0	2,414	5,145,700	34.9	2,454	4,460,800	(6.1)	40	(684,900)
Secure Accommodation	Number of children	Cost per week	1.5	5,154	402,000	1.8	4,516	412,100	0.3	(637)	10,100
In-House Placements	Number of children	Cost per week	352.0	305	5,584,600	347.7	284	5,139,600	(4.3)	(22)	(445,000)
Leaving Care Accommodation	Number of children	Cost per week	25.0	509	661,900	40.2	398	835,000	15.2	(111)	173,100
Leaving Care Ex Asylum Seekers	Number of children	Cost per week	n/a	n/a	108,800	28.8	132	198,600	na	na	89,800
Educational Agency (DSG budget)	Number of children	Cost per week	130.0	701	4,736,900	117.0	691	4,215,900	(13.0)	(10)	(521,000)
											(1,493,400)
Sustainable Transport											
PCN effect of Traffic Management Act	Number of PCNs issued	Average receipt per offence	127,145	(40)	(5,085,800)	131,893	(38)	(5,052,272)	4,748	1.69	33,528
Land Charges Income											
	Local Authority Searches	Income per search	7,870	(115)	(905,050)	2,770	(115)	(318,550)	(5,100)	0	586,500
	Personal Searches	Income per search	4,500	(11)	(49,500)	3,500	(11)	(38,500)	(1,000)	0	11,000
											597,500
Concessionary Fares											
	Number of journeys	Total cost divided by number of journeys	11,000,000	0.98	10,780,000	10,642,857	0.84	8,886,786	(357,143)	-0.15	(1,893,214)
Collection Fund											
	Band D Equivalents	No. of. Band D Equivalents	95,255	(1,190)	(113,388,039)	94,041	(1,190)	(111,942,645)	(1,214)	0.00	1,445,395
Community Care											
NHSc Older People	No. WTE Clients	Cost per week	1,713	196	17,490,000	1,798	188	17,625,000	86	(8)	135,000
NHSc Physical Disabilities	No. WTE Clients	Cost per week	379	237	4,682,000	487	213	5,418,000	108	(24)	736,000
NHSc No Recourse to Public Funds (AMH)	No. WTE Clients	Cost per week	63	146	477,000	93	138	669,000	30	(8)	192,000
											1,063,000
Section 75 Learning Disabilities											
S75 NHSc Learning Disabilities	No. WTE Clients	Cost per week	589	633	19,442,000	659	568	19,506,000	70	(65)	64,000
S75 NHS & Community Care Act											
S75 NHSc Adult Mental Health	No. WTE Clients	Cost per week	171	316	2,814,000	279	234	3,415,000	109	(82)	601,000
S75 NHSc Older People Mental Health	No. WTE Clients	Cost per week	586	254	7,762,000	536	245	6,843,000	(51)	(9)	(919,000)
S75 NHSc Substance Misuse	No. WTE Clients	Cost per week	4	470	101,000	6	470	140,000	2	0	39,000
S75 NHSc HIV	No. WTE Clients	Cost per week	28	159	234,000	33	130	222,000	5	(30)	(12,000)
S75 ICES	Equipment & Adaptations	Various rates for different type of equipment	-	-	654,070			727,370	0	-	73,300
											(217,700)

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
Adult Social Care & Housing				
Adult Social Care	(1,378)	(1,323)	55	Projected shortfall on daycare efficiency savings target
Housing Strategy	(214)	(214)	0	
Sub-Total	(1,592)	(1,537)	55	
CYPT				
East Area, Early Years and NHS comm	(32)	(32)	0	
Central Area and Schools Support	(202)	(202)	0	
Learning & Schools	(71)	(71)	0	
West Area and Youth Support	(2)	(2)	0	
Specialist Services	(164)	(164)	0	
Quality & Performance	(30)	(30)	0	
Sub-Total	(501)	(501)	0	
Finance & Resources				
Finance	(175)	(175)	0	
ICT	(150)	(150)	0	
Customer Services	(460)	(460)	0	
Property & Design	(90)	(65)	25	Delay in the sale of Windlesham Road, a key part of the accomodation rationalisation, has meant the move of staff from Edward House to the refurbished 3rd floor of Kings House has also been delayed. The full year saving will be realised in future years.
Sub-Total	(875)	(850)	25	
Strategy & Governance				
Director	(40)	(40)	0	
Improvement & Organ Devel	(38)	(38)	0	
Legal & Democratic Services	(56)	(56)	0	
Policy Unit	(25)	(25)	0	
Human Resources	(55)	(55)	0	
Sub-Total	(214)	(214)	0	
Environment				
City Services	(400)	(400)	0	
Leisure	(20)	0	20	Ongoing problems in Lesisure, particularly the King Alfred, have made these svings difficult to achieve
Sustainable Transport	(475)	(352)	123	The 5 ex-leased car parks were not brought back in house until September 2009
Public Safety	(30)	(30)	0	
City Planning	(10)	(10)	0	
Sub-Total	(935)	(792)	143	
Cultural Services				
City Marketing	(25)	(25)	0	
Libraries & Information services	(70)	(70)	0	
Royal Pavilion & Museums	(47)	(32)	15	Unachievable energy savings due to increase in gas and electricity contract charges
Arts & Creative Industries	(26)	(26)	0	
Economic Development & Regeneration	(73)	(73)	0	
Major Projects and Venues	(75)	(20)	55	Unachievable energy savings due to increase in gas contract charges
Sub-Total	(316)	(246)	70	

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
Section 75 : Learning Disabilities				
Council Lead Learning Disabilities	(641)	(595)		46 Additional staffing resources to achieve specific FRP targets
Sub-Total	(641)	(595)	46	
Health Led Section 75 arrangements				
SPT				
Older People Mental Health	(176)	(176)		0 Significant pressure this year relates to 07/08 carry forward treatment
Adult Mental Health	(206)	(206)		0 Significant pressure this year relates to 07/08 carry forward treatment
Substance Misuse	(10)	0		10 Not delivered
SDHT				
Intermediate Care	(53)	(53)		0
ICES	(14)	0		14 No efficiency gain
HIV/AIDS	(7)	(21)		(14)
Sub-Total	(466)	(456)	10	
Total	(5,540)	(5,191)	349	
Housing Revenue Account				
Employees	(308)	(308)		0
Supplies & Services	(93)	(93)		0
Repairs -Responsive/Empty Properties contract.	(1,450)	(1,100)		350 £300 Increase to empty property costs
Repairs - Gas Servicing Contract	(417)	(417)		0
Ground Maintenance	(61)	(61)		0
Reduction in Staff Accommodation charge	(40)			0
		(40)		
Increase in Garage and Car Park Income	(40)	(40)		0
Reduction in transitional protection from Supporting People charges	(40)			0
		(40)		
Total	(2,449)	(2,099)	350	

Summary of Capital Budget Re-profiles for all Directorates

Schemes	2008/09 Budget £'000	2009/10 Budget £'000	2010/11 Budget £'000	Total Changes £'000
Reprofiles				
Detailed Reprofiles in appendix 4 (over £50,000)	(336)	336		-
Total Cultural Services	(336)	336	-	-
Finance & Resources				
Kensington Street	(19)	19		-
Energy Efficiency	(20)	20		-
Ovingdean Grange Farm	(34)	34		-
Legionella Works	(45)	45		-
Detailed Reprofiles in appendix 4 (over £50,000)	(985)	836	149	-
Total Finance & Resources	(1,103)	954	149	-
Adult Social Care & Housing				
Detailed Reprofiles in appendix 4 (over £50,000)	(1,422)	1,422		-
Total Adult Social Care & Housing	(1,422)	1,422		-
Adult Social Care & Housing (HRA)				
Mechanical & Engineering Work	(30)	30		-
Heating	(15)	15		-
Detailed Reprofiles in appendix 4 (over £50,000)	(533)	533		-
Total	(578)	578		-
Children & Young People's Trust				
Aiming High for disabled children	(46)	46		-
Detailed Reprofiles in appendix 4 (over £50,000)	89	(89)		-
Children & Young People's Trust Total	43	(43)		-
Environment				
Knoll Recreation Ground	(7)	7		-
Detailed Reprofiles in appendix 4 (over £50,000)	(1,691)	1,691		-
Environment Total	(1,698)	1,698		-
Strategy & Governance				
Detailed Reprofiles in appendix 4 (over £50,000)	(800)	800		-
Total Changes to Budgets	(5,894)	5,745	149	-

Re-profiles of over £50,000 for all Directorates

Cultural Services

Re-profiling of major projects in total next year of £(469,440) is required across a number of schemes including the King Alfred and Brighton Centre redevelopments. Details are provided below of the main areas of capital spend.

Directorate: Cultural Services	Approved Budget:	£79,610
Project Title: Preston Barracks (Major Projects)	Revised Budget:	£27,860
	Variation:	(£51,750)

The Policy & Resources Committee granted landowner consent to the Preferred Developer scheme in September 2007. Expectation at that time was that an appropriate Development Agreement would be completed in early 2008, something that would have enabled preparation and submission of detailed proposals by mid-2008, leading to submission of a detailed planning application later that year. Whilst good initial progress was made, the declining economic climate necessitated a thorough review of the scheme's financial viability and this resulted in the developer putting forward revised proposals in September 2008. The proposals were assessed and the findings reported to the Project Board on 4 November 2008. The Board agreed to defer a decision to enable continued negotiations with the Preferred Developer, alongside exploration of other options for the redevelopment of the site. A further report to the Project Board is anticipated within the next two months, with a report then proceeding to Cabinet. This extended period, resulting from factors beyond the control of the city council, has had an impact on the timetable and, therefore, the level of specialist financial, legal, and design input needed. This specialist advice will however be required as the project progresses following Member approval in 2009/10.

Directorate: Cultural Services	Approved Budget:	£167,630
Project Title: Open Market (Major Projects)	Revised Budget:	£94,130
	Variation:	(£73,500)

Funding from the 2008/09 Approved Budget has been committed to support costs associated with achieving vacant possession of the site in accordance with Cabinet Member approval gained in 2008. Although agreement between the various parties has been reached, vacant possession is unlikely to be required until 2009/10, at which time funding will be required to complete the transactions.

Directorate: Cultural Services	Approved Budget:	£202,090
Project Title: King Alfred Development (Major Projects)	Revised Budget:	£102,090
	Variation:	(£100,000)

Funding from the 2008/09 Approved Budget has been committed to support costs associated with achieving vacant possession of the site in accordance with Cabinet Member approval gained in 2008. Due to current economic conditions and the impact of this on the development, funding will be carried forward to 2009/10.

Directorate: Cultural Services	Approved Budget: £268,500
Project Title: Brighton Centre	Revised Budget: £150,000
Development (Major Projects)	Variation: (£118,500)

In June 2007 the SEEDA Executive Board gave their approval to contribute a funding grant of £18.5m towards the Brighton Centre Redevelopment. In cases where a Regional Development Agency funding intervention is between £10m and £20m applications are subject to final approval by the Central Projects Review Group (CPRG), which sits within the Department of Business, Enterprise and Regulatory Reform (BERR). SEEDA presented an Economic Appraisal to the CPRG at the end of October 2007, but in January 2008 CPRG requested additional independent advice from the Industrial Development Advisory Board (IDAB). IDAB is an independent panel of senior commercial, investment banking and industrial figures which regularly advises Ministers on Selective Finance for Investment in England and Launch Aid cases.

SEEDA's report was presented to IDAB on 13 March 2008. Although IDAB fully supported the project in principle, their advice to the Minister was that it should be re-appraised to reduce the level of SEEDA's proposed investment and therefore the Minister did not approve SEEDA's application for funding. This resulted in a series of meetings with SEEDA, Standard Life and CBRE to agree a strategy for unlocking a successful funding arrangement to ensure that the project moved forward to the next stage.

Standard Life have recently issued an OJEU Notice to initiate the procurement process to appoint the professional development team and to undertake a first stage feasibility study and design. The project budget now needs to be profiled in line with the indicative timetable for the next 12-15 months through to March 2010.

Directorate: Cultural Services	Approved Budget: £167,000
Project Title: New Historical Record	Revised Budget: £300,000
Office (The keep)	Variation: £133,000

On the 3rd April 2008 Policy & Resources Committee gave 'in principle' agreement to the proposed development of the Keep in conjunction with East Sussex County Council and the University of Sussex. At that time Brighton & Hoves share of the project development costs (which excludes the capital build costs) was estimated to be £345,000 of which £167,000 would fall in 2008/09. As the project has progressed the profile of expenditure has changed although the projected overall project costs have remained the same. It is now anticipated the costs in 2008/09 will be £300,000. The project budget originally included grant from the Heritage Lottery Fund (HLF) however the bid has been unsuccessful. The project team are working on a options appraisal for delivering the scheme without HLF funding and an update on the project and the options, including the financial implications, will be presented to the Culture Recreation & Tourism Cabinet Member meeting in the near future. The additional £133,000 will be funded by bringing forward part of the capital funding allocated to this scheme from the 2009/10 capital programme.

Finance & Resources

Directorate: Finance & Resources	Approved Budget: £249,000
Project Title: Farming Diversification	Revised Budget: £ Nil
	Variation: (£249,000)

The regularisation of the existing diversification has taken longer than anticipated due partly to a change in personnel at our managing agents. It is our intention to complete this initial task next year.

Directorate: Finance & Resources	Approved Budget: £250,000
Project Title: Madeira Lift Refurbishment	Revised Budget: £125,000
	Variation: (£125,000)

Phase 1 of these works (funded from the Planned Maintenance Budget) to make safe the lift roof void and then undertake a full structural inspection is complete. Negotiations between Property & Design, our insurers Zurich and conservation planners to ensure agreement that the historic grade 2 listed lift could be adapted for safe operation to satisfy Zurich delayed the finalisation of the specification for Phase 2, the lift works. Phase 2 has been tendered but only a single tender was received, that is currently being analysed. A waiver of CSOs will be required. Subject to the lift contractor being appointed and their programme being agreed, it is now likely that works will span financial years.

The delays could prevent the lift from opening at Easter as intended. Until a lift contractor is appointed the final programme of works can not be finalised. It may be possible to phase the works either side of Easter, to enable it to open during this period, but this will be dependant upon our insurers Zurich's requirements to ensure that the lift is safe to be operated.

Appendix 4

Directorate: Finance & Resources	Approved Budget: £679,510
Project Title: DDA Access Works	Revised Budget: £619,510
	Variation: (£60,000)

Delays to this year's programme have been caused by a variety of factors – awaiting Landlord's consent for proposed changes, agreement from Conservation Planners for alteration works to historic listed buildings, clarification from the council's insurers Zurich regarding the change of use of a goods lift, other alteration works at one site that have delayed access improvement works and the extensive consultation required to ensure value for money and solutions to avoid / remove barriers.

The DDA Access Works is a rolling programme of improvements to meet Council targets. The target for 2008/09 will be met from the reduced spend. The removal of barriers to our services does not always involve spending money on building alterations. Smart management solutions can be implemented at little or no cost to remove barriers. Re-profiled funding will be used to further improve access to services.

Directorate: Finance & Resources	Approved Budget: £392,530
Project Title: Woodvale Cemetery Spire	Revised Budget: £276,530
	Variation: (£116,000)

Whilst undertaking the major structural repairs to the spire large volumes of defective stone and flintwork repairs were identified to the cemetery chapels. These were prioritised by an external Structural Engineer and worst areas removed to ensure the building could continue to operate safely. Phase 1 of the remedial works to address only the highest priority urgent repairs was estimated to be around £0.391 million in August. An external Quantity Surveyor was employed to ensure value for money. Phase 1 works progressed and it is currently estimated that £0.116 million will remain unspent in 08/09. This is required to help to fund phase 2 that can not start until the spring to ensure warm weather for the lime mortar repairs required on a historic grade 2 listed structure.

Extensive efforts have been made by Property & Design in consultation with the Client to ensure that the building remains in safe operation throughout phase 1 of the works and essential repairs were completed before the onset of winter weather. The option was provided of leaving the scaffold in place between phases 1 and 2 but due to Health & Safety concerns it was agreed to drop the scaffolding. Property & Design will consult fully with the Client regarding the programme for Phase 2 but it can not commence during cold weather due to the use of lime mortar repairs.

Directorate: Finance & Resources	Approved Budget: £1,025,000
Project Title: Royal Pavilion Partnership	Revised Budget: £725,000
	Variation: (£300,000)

The council is working in partnership with the contractor to deliver this scheme. Delays have been caused to the anticipated completion of Phase 5a within 2007/08 due to the partnership team identifying additional repairs, agreeing repair solutions, etc. It is estimated that £0.280 million of the £0.378 million of Phase 5a will be completed by 31st March 2009. The cost of structural repairs to Adelaide Balcony is currently estimated at £0.200 million and works were programmed for 2008/09. There has been a difference of opinion within the partnership's external specialist consultants regarding the best repair solution for the balcony with consideration to the grade 1 listing of the historic building. This is highly specialist, unusual work and needs very careful consideration, planning and specification to ensure value for money.

The partnership has made extensive efforts to avoid disruption to the ongoing opening of the Royal Pavilion. The structural repairs to the Adelaide balcony will prevent its use for functions whilst works are in progress. Further investigation needs to be undertaken of repair systems; the current proposal of carbon-fibre reinforcement is temperature sensitive and if this option is adopted works will be undertaken February 2010.

Appendix 4

Directorate: Finance & Resources	Approved Budget: £175,170
Project Title: Replacement FIS	Revised Budget: £40,250
	Variation: (£134,920)

The Authority Financials and Authority Purchasing systems have now been implemented for 2 years. The original capital programme included provision for investment in further development of the systems and other technologies to improve management reporting and generate efficiency savings in transaction services. This included the implementation of "Intelligent Scanning", new reporting technologies and user interfaces, and developing improved interfaces with other systems (e.g. CareFirst). However, these investments could only take place once the primary systems had bedded in and all significant performance issues were resolved with the supplier. This was achieved in the latter half of last year but the long lead-in times for such developments means that the majority of the budget requires reprofiling to 2010/11.

Adult Social Care and Housing

Directorate: Adult Social Care & Housing	Approved Budget: £125,000
Project Title: Craven Vale Conversion Works	Revised Budget: £13,000
	Variation: (£112,000)

This capital project is linked to the refurbishment works at Beech Cottage. These works were only recently completed, which has meant that the homecare team were unable to move to Beech Cottage when originally planned. In addition to this delay there are currently issues with the tender of the proposed conversion works at Craven Vale which will result in the works not commencing until 1st April at the earliest.

The delays have meant that the 8 additional beds for short-term care use will not be available as quickly as originally planned. This has reduced the flexibility of options available to those service users who would benefit from the type of care offered after being discharged from hospital.

Appendix 4

Directorate: Adult Social Care & Housing	Approved Budget: £300,000
Project Title: Places for change programme	Revised Budget: £190,000
	Variation: (£110,000)

Palace Place building work is not likely to start now until the spring (April 2009) as we have had to wait for building surveys, mechanical and electrical surveys and a lift feasibility survey following a request from the DCLG that we include installation of a lift to address DDA issues within the refurbishment of Palace Place. In addition, we are waiting on a level three asbestos survey to be carried out to identify the type and whereabouts of the asbestos in the building which will need removing prior to contractors undertaking any building work on site.

First Base: Building work will start in April 2009 whilst planning permission and plans are finalised and decant arrangements are put in place for service provision throughout build period. There is no impact on service users at this point as project completion dates remain on schedule at present.

Directorate: Adult Social Care & Housing	Approved Budget: £760,000
Project Title: Disabled Facilities Grant	Revised Budget: £560,000
	Variation: (£200,000)

Following Housing Cabinet Member approval, Cabinet on 20 November agreed expenditure within Brighton & Hove City Council of £2,776,000 of the 2008/09 Brighton & Hove East Sussex Together (BEST) Housing Renewal Grant allocation in accordance with the Housing Renewal Assistance Policy. Housing Committee also agreed payment of the remaining £2,397,000 of the £5,173,000 Housing Renewal Grant allocation for the BEST programme to the five East Sussex Authorities in accordance with an agreed distribution profile. A further £660,000 is the Government's contribution towards Disabled Facilities Grants or other works under the Regulatory Reform (Housing Assistance) Order 2002.

Expenditure on the disabled facilities grant budget is dependent upon private sector grant applicants arranging for works to be undertaken following assessment and approval. The council has no effective control over the time in which the adaptation works are carried out following grant approval. The 2008/09 Disabled Facilities Grant budget has been fully committed. However, we do not anticipate all of the approved work being completed before year end and it is unlikely that we will receive the information we need to process payments for all grants where work will be completed by year end. For this reason, it is proposed that we re-profile £200,000 from 2008/09 budget into 2009/10.

Directorate: Adult Social Care & Housing	Approved Budget: £1,000,000
Project Title: Housing Enabling (King Alfred Development)	Revised Budget: £ Nil
	Variation: (£1,000,000)

The Housing Enabling (King Alfred Development) will be re-profiled into 2009/10 following the withdrawal of private finance of the scheme.

Directorate: Adult Social Care & Housing (HRA)	Approved Budget: £838,440
Project Title: Disabled Adaptations	Revised Budget: £738,440
	Variation: (£100,000)

The 2008/09 HRA adaptations capital budget has been fully committed. Commitments include three large scale projects, for which funding has been reserved. Not all of these projects are likely to complete by year end because it has become necessary for properties to be vacated temporarily for all the work to be carried out. Suitable alternative accommodation had to be identified for the families concerned and it was necessary to carry out some adaptation work to another property before it could be used for this. As a result of this we need to re-profile £100k of 2008/09 budget into 2009/10 to account for these works being completed in the coming financial year.

Directorate: Adult Social Care & Housing (HRA)	Approved Budget: £219,970
Project Title: Adaptations	Revised Budget: £159,970
	Variation: (£60,000)

The tenant of the property concerned has been reluctant to move temporarily in order for works to progress. The family has young children and work was unable to progress whilst they are in residence due to health and safety concerns. Officers have now successfully re-housed the family temporarily, but the difficulty in doing so has caused significant delay to the project.

Directorate: Adult Social Care & Housing (HRA)	Approved Budget: £2,196,350
Project Title: General Refurbishment	Revised Budget: £1,883,050
	Variation: (£313,300)

Somerset & Wiltshire Structural Repairs (£283,300)

This project is now subject to the planning process following the change in specification reported to Cabinet at quarter two. Consultation with leaseholders of Wiltshire House cannot progress, as the nature and scope of the project is entirely dependent on whether planning permission is granted.

Tenders are being sought from constructors, specifying them to price different options in order to commence the work as soon as possible, with mobilisation complete within this financial year, with works scheduled to start early in the 2009/10 financial year.

Window Installation £50,000

Additional Decent Homes work has been identified that the contractors are able to resource and implement in this financial year. This draws forward £50,000 from the approved 2009/10 budget of £150,000.

Citywide Door Installation (£80,000)

Following the statutory Fire Risk Assessments on common ways of blocks of flats, the planned programme for the citywide door replacements was altered to take into account fire risks in blocks, and mitigate those risks by prioritising these works. A change in the programme midway through has slowed the constructor, and delayed approximately 5% of work into 2009/10.

The remaining £1,460,050 of the two year programme is expected to complete within 2009/10

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£154,000
Project Title: Housing ICT	Revised Budget:	£94,000
	Variation:	(£60,000)

At month 4, cabinet approved moving the majority of the Housing ICT budget into 2009/10 to align the ICT spend with the Housing Repairs Procurement Strategy.

The Procurement process for the new long term Repairs Maintenance and Refurbishment Strategic Partnership has taken longer than expected due to its complexity. This has impacted on the ICT strategy, and as a result a further £60,000 is requested to be moved into 2009/10 to assess system requirements in line with the expected contract award in summer 2009.

Children & Young People Trust

Directorate: CYPT	Approved Budget:	£334,510
Project Title: Extended services	Revised Budget:	£73,000
	Variation:	(£261,510)

There are two reasons for the delay in Extended Schools capital. The majority of funding has been committed to a capital project at Queens Park School to enable out of school and holiday provision to be provided on the school site. The feasibility study identified that this would cost £365,000, and the proposal was for the project to span two financial years beginning in January 2009 and finishing by the end of May 2009. However, the recent extreme bad weather has slightly delayed the project so the majority of the work will take place next financial year. The budget for the Queen's Park project was made up of £150,000 from the 2008-9 budget and £215,000 from the 2009-10 budget. This has therefore caused the unavoidable delay in the commencement of the project requiring the carry forward of the funding.

In addition to this, two projects in the central area have been delayed, lighting at Downs Junior has been delayed because of planning problems, this had a budget of £10,000 and although £5,000 of this funding will be used on lighting projects at other schools in this financial year, £5,000 will need to be carried forward. In addition, a project renovating Turner Play base has been delayed due to problems identifying ownership of the building. The budget for this project is £50,000. A feasibility study has now been commissioned and we are now awaiting the outcome. However, the budget for this project work will need to be carried forward, as well as the contingency funding of £52,200.

The Queen's Park project will improve the service to parents and children as there is currently no afterschool or holiday scheme on site, as the current building is unsuitable without the capital works. A need has been demonstrated through consultation and at present those parents are being signposted to other services.

The Turner Playbase does need urgent building work and the provision of childcare services run from the setting is being affected by the current state of the premises, however we have been unable to proceed with the building plan this year without identifying who is responsible for the building. This has been raised with the relevant

Assistant Directors and the Head of Capital Strategy and Development Planning and a feasibility study has been commissioned.

Directorate: CYPT	Approved Budget: £375,000
Project Title: Early Years Capital Grant	Revised Budget: £158,000
	Variation: (£217,000)

There were five main elements to the funding: feasibility studies, grants for improvements to buildings and adaptations for children with disabilities, equipment grants and an extension to Peter Gladwin School to house a playgroup. It is expected that the equipment grant funding will be spent this financial year.

Feasibility studies have taken longer to complete than expected. External surveyors have needed to be used because of the large amount of work involved. In addition, it has been decided to complete as many feasibility studies as possible so that informed decisions can be made about priorities for the future.

Directorate: CYPT	Approved Budget: £216,000
Project Title: Children's Centres	Revised Budget: £20,000
	Variation: (£196,000)

There were three main elements to the funding: buggy parks, planned maintenance and minor adaptations and creating and equipping outside areas. It is now likely that only one of the buggy parks will go ahead following local consultation. Feasibility studies for both the planned maintenance and outside areas have taken longer than expected to complete which has meant that work will not be completed this financial year.

Directorate: CYPT	Approved Budget: £2,749,330
Project Title: Devolved capital	Revised Budget: £3,512,770
	Variation: £763,440

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the Local Authority. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available.

Environment

Directorate: Environment	Approved Budget: £75,000
Project Title: Downland Initiative	Revised Budget: £ nil
	Variation: (£75,000)

LDF delayed, which includes proposals for a Green Network (beyond council control?). Downland Initiative delayed due to focus on successfully securing LEADER European funding (beyond council control). Open Spaces Strategy nearing completion (council control). Key farm tenancies expire in 2009 & 2010 providing opportunities to secure strategic Green Networks (beyond council control). BHCC / National Trust / Sussex Wildlife Trust / South Downs Joint Committee partnership project at Ditchling Beacon has been delayed (beyond council control).

Directorate: Environment	Approved Budget: £2,000,000
Project Title: Ex leased Car Parks	Revised Budget: £1,383,600
	Variation: (£616,400)

Complex negotiations relating to the ex-leased car parks have delayed the project. The will be re-profiled into 2009/10 and used for refurbishment.

Directorate: Environment	Approved Budget: £1,000,000
Project Title: Sustainable Transport (King Alfred)	Revised Budget: £ nil
	Variation: (£1,000,000)

The budget of £1,000,000 relating to sustainable transport connected with the King Alfred development will be re-profiled into 2009/10 following the withdrawal of private finance of the scheme.

Strategy & Governance

Directorate: Strategy & Governance	Approved Budget: £910,000
Project Title: Human Resources System	Revised Budget: £110,000
	Variation: (£800,000)

On 15 January 2009, a report to seek the award of the contract for the provision of an integrated HR/Payroll Management Information System were presented to Cabinet. It is expected that £60,000 legal costs and £50,000 costs incurred in letting the contract will be spent in 2008/09 but due to a delay in appointing the project manager £800,000 of this year's allocation needs to move forward into 2009/10.

Summary of budget variations for all Directorates

Schemes	2008/09 Funding £'000	2008/09 Budget £'000
Budget Variations within year		
Finance & Resources		
Courier Service Vans funded by unsupported borrowing	(31)	31
Detailed Budget Variations in appendix 5 (over £50,000)	(247)	247
	(278)	278
CYPT		
Detailed Budget Variations in appendix 5 (over £50,000)	(316)	316
	(316)	316
Adult Social Care & Housing (HRA)		
Detailed Budget Variations in appendix 5 (over £50,000)	39	(39)
	39	(39)
Direct Revenue Funding - HRA		
(Please see paragraph 3.15 for explanation)		
Estate Development	324	(324)
Redecoration & repairs	280	(280)
Responsive Repairs	300	(300)
	904	(904)
Total Changes to Budgets	349	(349)

Budget variations of over £50,000 for all Directorate

Adult Social Care & Housing (HRA)

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£500,000
Project Title: Major Capital Empty Homes	Revised Budget:	£650,000
	Variation:	£150,000

An analysis of the revenue empty property repair works has identified works of a capital nature that have now been transferred to this capital budget. As the revenue empty property repair cost budget is overspending due to an increase in the average cost of repair per property it has not been possible to also transfer the revenue funding. This has therefore resulted in a forecast overspend in this budget. The overspend will be funded from the HRA's unallocated general reserves.

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£234,000
Project Title: General Refurbishment (Insulation)	Revised Budget:	£45,000
	Variation:	(£189,000)

Approximately 1,200 surveys have been undertaken to assess the insulation requirements within the housing stock. The results have indicated that housing stock properties are already equipped with a high standard of insulation, in line with our top quartile SAP rating. Therefore the majority of the budget is not required.

This underspend will be transferred into general reserves, and allocated in the adjusted 2009/10 budget to be approved by Cabinet in April 2009.

Directorate: Environment	Approved Budget:	£70,000
Project Title: Horsdean Travellers Site	Revised Budget:	£317,500
	Variation:	£247,500

The Government have agreed additional expenditure and have notified the Council of additional grant income to enable the site to be brought up to modern standards for transit sites.

Directorate: CYPT	Approved Budget:	£221,750
Project Title: NDS Modernisation 2007/08	Revised Budget:	£337,750
	Variation:	£116,000

West Hove Infant and Junior Schools have agreed to make contributions to the replacement of their kitchen and dining hall from their allocations. Portslade Community College is also making a contribution of £30,600 to a new toilet block.

Directorate: CYPT	Approved Budget:	£1,840,580
Project Title: NDS Modernisation 2007/08 & Varndean School	Revised Budget:	£2,040,580
	Variation:	£200,000

This budget will be enhanced by £62,000 from Section 106 funding and a further £108,000 later in the year. Coombe Road Primary School is making a contribution of £30,000 towards fire safety improvement work.

Estimated slippage of over £50,000 for all Directorates

Adult Social Care & Housing (HRA)

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£217,500
Project Title: Procurement Strategy	Revised Budget:	£154,000
	Variation:	(£63,500)

Due to its complexity the procurement process for the new long term Repairs, Maintenance and Refurbishment Strategic Partnership for Housing Management has taken longer than expected. The commencement date for the contract remains April 2010, however the contract award will now be in summer 2009 and some procurement costs will therefore fall in 2009/10, rather than 2008/9 as initially planned.

Cultural Services

Directorate: Cultural Services	Approved Budget:	£112,000
Project Title: Pavilion Security Control	Revised Budget:	£25,000
	Variation:	(£87,000)

The Royal Pavilion Security Control scheme was approved by Cabinet on 20th November as part of the TBM report. This has not given enough time to complete the contract within this financial year. There has also been delays in receiving advice in respect of contractual issues

Children & Young People's Trust

Directorate: CYPT	Approved Budget:	£3,512,770
Project Title: NDS Modernisation 2007/08	Revised Budget:	£2,991,460
	Variation:	(£521,310)

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the Local Authority. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available.

CABINET MEETING

Agenda Item 169

Brighton & Hove City Council

Subject:	General Fund Revenue Budget & Council Tax 2009/10		
Date of Meeting:	12 February 2009		
Report of:	Interim Director of Finance & Resources		
Contact Officer:	Name:	Mark Ireland	Tel: 29-1240
		James Hengeveld	29-1242
	E-mail:	mark.ireland@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB6525	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The revenue budget sets out, in financial terms, the council's service priorities for the forthcoming year. The report also asks the Cabinet to recommend to Council the level of council tax for 2009/10 based on their agreed level of spending.
- 1.2 The budget has been prepared on the basis of the Administration's proposals for a 3.5% increase in the 2009/10 council tax for Brighton & Hove City Council but ultimately it is for Full Council to determine the council tax at its meeting on 26 February 2009.
- 1.3 The council tax precepts have not yet been agreed by the Sussex Police Authority and East Sussex Fire Authority, so it is not possible to put to Cabinet the full details of the council tax proposals for recommendation to Council. The supplementary papers listed in paragraph 4.8 will therefore be prepared for the budget setting Council.

2. RECOMMENDATIONS:

- 2.1 To recommend to Council, subject to 2.3 below, the 2009/10 General Fund Revenue Budget proposals including;
 - The 2009/10 budget allocations to services as set out in paragraphs 3.22 to 3.25 and appendix 1.
 - The council's budget for 2009/10 of £219.0m.
 - The Directorate budget strategies as set out in appendix 7
 - The corporate budgets of £9.2m
 - The contingency budget of £3.6m as set out in table 7.

- The reserves allocations as set out in appendix 4 including earmarking sufficient reserves to cover projected investment income losses over the next 3 years.
 - The borrowing limit of £317m for the year commencing 1 April 2009.
 - The annual Minimum Revenue Provision statement as set out in paragraphs 3.43 and 3.44.
 - The prudential indicators as set out in appendix 6 to this report.
 - That any LABGI grant is earmarked for the purposes set out in paragraph 3.17.
 - To increase the value of taxi vouchers to £65 as set out in paragraph 3.37.
 - The licensing fees and charges set out in appendix 8 and the amendments to Culture Recreation & Tourism fees and charges set out in paragraph 3.34.
 - The confirmation of allocations of LPSA2 reward grant following consideration by the Public Services Board as set out in paragraph 3.14 and appendix 9
- 2.2 Note the budget and resource projections for 2010/11 and 2011/12 as set out in appendix 5 based on council tax increases of 2.5% for each year.
- 2.3 Note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.8.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

The Context to the Budget

- 3.1 The 2009/10 budget has been prepared in the context of unprecedented changes in the worlds financial markets. This time last year UK interest rates were expected to rise to combat forecasts of higher levels of inflation; fuel and energy prices were increasing dramatically and the UK economy was expected to enter a brief slowdown. Now base interest rates are at record lows, inflation is falling very quickly and the slowdown has become a sharp recession which is likely to last much longer.
- 3.2 This has had an impact on the council's budget in terms of reduced income from some services (for example, land charges), increases in energy costs, increases in demand for some services (for example, housing benefits) and falling investment income due to the dramatic reductions in interest rates.
- 3.3 In addition, certain grants, in particular Area Based Grants, are reducing and the council is intending to settle the Equal Pay issue.

- 3.4 The budget reflects the changes that have taken place as a result of these events but there is still much uncertainty about the future and provision has also been made in the budget and in reserves for potential financial risks.

Local Government Finance Settlement 2009/10 and 2010/11

- 3.5 The formula grant from government for 2009/10 and provisional settlement for 2010/11 were announced on 21 January 2009 and showed no change from the grant previously issued on 24 January 2008. The council will continue to receive the minimum floor increase in formula grant of £1.85m or 1.75% for 2009/10 and £1.614m or 1.5% for 2010/11.
- 3.6 Table 1 shows the level of formula grant the council will receive in 2009/10 and 2010/11. The cash increases are shown on a like-for-like basis and are slightly different from the change in formula grant from one year to the next because of some small funding changes as described in paragraph 3.19.

Table 1: Changes in grant for 2009/10 & 2010/11			
	B&H £m	Unitary Average	National Average
2009/10 Formula Grant	107.593		
Cash increase	1.850		
Percentage increase	+1.75%	+3.3%	+2.8%
2010/11 Formula Grant (Provisional)			
	109.185		
Cash increase	1.614		
Percentage increase	+1.5%	+3.0%	+2.6%

- 3.7 The provisional 2009/10 non-domestic rating multipliers for business rates calculated by government have increased in line with the September Retail Prices Index (RPI) inflation figure of 5%. The non-domestic rating multiplier is 48.5 pence in the pound and the small business non-domestic rating multiplier is 48.1 pence in the pound.

Schools Funding

- 3.8 Schools funding in the form of the Dedicated Schools Grant (DSG) will increase by £5.3m in 2009/10 and £6.9m in 2010/11. These sums are based on estimated pupil numbers so may change when the results of the January 2009 pupil count are known. The increased amount per pupil of 3.6% in 2009/10 and 4.1% in 2010/11 is however fixed.

Table 2: DSG allocation for Brighton & Hove				
	Dedicated Schools Grant £m	Cash increase	Per pupil increase	National Per pupil increase
2008/09	122.581			
2009/10	127.870	+4.3%	+3.6%	+3.7%
2010/11	134.744	+5.4%	+4.1%	+4.3%

- 3.9 Not every school within Brighton & Hove will receive an increase in their budget of 3.6% per pupil as each local authority has a local funding formula, which distributes the total funding between each school. The formula does provide for a minimum funding guarantee of 2.1% per pupil. This local formula is agreed by the Schools Forum, which is made up of representatives from local schools. In 2009/10 the weighting given to social deprivation in the formula will be increased. Also schools with falling pupil numbers may still find it challenging to balance their budgets.
- 3.10 The other important funding source for schools is government specific grants. Details of these grants at a council wide level are contained in appendix 2 and on average will increase by 4.1% next year.

Specific Grants; Area Based Grant (ABG) and Local Public Services Agreement 2 (LPSA2) reward grant

- 3.11 In 2009/10 the council is anticipating the receipt of about £55m specific and special grants, an increase of approximately 4.9% over 2008/09 although a few grant allocations have not yet been announced. Details of all the known grant allocations are shown in appendix 2. Specific and special grants are allocated by the government with strings attached and must be spent in the service areas specified.
- 3.12 A number of specific grants were transferred last year into ABG where the council is given freedom over how these grants are spent. In 2009/10 the council is anticipating the receipt of about £13.7m ABG, approximately 1.5% less than 2008/09, a notional breakdown of which is also shown in appendix 2. The majority of the separate allocations remain fairly constant throughout the three year period, however, there are two areas where the allocations drop significantly in 2009/10 and then fall to zero by 2010/11; they are the Safer Stronger Communities Fund (SSC) and the Working Neighbourhoods Community Fund (WNF), which was formerly the Neighbourhood Renewal Fund. These funding streams also suffered a reduction in 2008/09 and so the 2008/09 budget contained an allocation from reserves and a reallocation from other funding streams to help support these areas.
- 3.13 The Medium Term Financial Strategy (MTFS) includes the provision of £0.250m recurrent funding in 2009/10 as replacement funding for priority services where grant is coming to an end. There is an additional £0.250m recurrent funding included for 2010/11. In addition, some priorities will be supported through allocations from the LPSA2 reward grant.
- 3.14 The council along with public sector partners will achieve targets included within the LPSA 2. These targets were incorporated into the previous Local Area Agreement. As a result the council is estimated to receive reward grant of at least £3.2m over the next 2 years. The allocations of this reward grant proposed by the Public Services Board are included in appendix 9.

Local Authority Business Growth Incentive (LABGI) Scheme

- 3.15 The Department for Communities and Local Government (CLG) undertook a consultation during the autumn on how to reform the LABGI scheme for 2009/10 and 2010/11. The CLG have not yet announced details of the new scheme and therefore no allowance has been made in the budget for the receipt of LABGI grant in 2009/10.
- 3.16 The council is also holding £149,000 originally funded by LABGI in an earmarked reserve for the promotion of a Private Bill for the control of sex establishments in Brighton & Hove. The government is currently promoting a Policing and Crime Bill that will provide for the controls sought by the council and therefore the reserve is no longer required.
- 3.17 The Cabinet may wish to consider that the £149,000 referred to above and any amount that is received from the new LABGI scheme is allocated towards further measures to help local businesses during the recession and community safety initiatives. Specific proposals would be considered at a future Cabinet meeting.

Expenditure Estimates

Latest position in 2008/09

- 3.18 The month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected under spending of £1.65m (less than 1% of the total net budget) after taking into account the projected 2008/09 deficit on the collection fund of £1.45m and the overspending on services managed on the council's behalf by the NHS Trust. This is an improvement of £1.63m from month 6. The under spending will contribute to general reserves which will be used to support the MTFs as proposed later in this report.

2008/09 Adjusted Base Budget

Changes in function / funding

- 3.19 As part of the grant settlement the council sees a reduction of £0.057m in the 2009/10 formula grant for the gradual loss of responsibility for the administration of student finances. A further transfer of £0.022m will occur in the 2010/11 formula grant.

Internal Transfers

- 3.20 Internal transfers relate to changes in responsibility between directorates. There has been one significant internal transfer which is the voluntary sector and external funding unit from Cultural Services to Strategy & Governance, as well as a number of other minor changes. There have been no additional resource requirements as a consequence of any of these changes.

2009/10 Budget

% changes in budget

- 3.21 The 2008/09 adjusted base budget is the base from which percentage changes have been proposed by the administration to generate budget allocations for the main services provided by the council. The cash limits were agreed by Cabinet in June 2008 and Council in July 2008 as part of the Corporate Plan and MTFS.
- 3.22 The percentage changes are net of savings and are designed to provide cash limited funding allocations that directorates are expected to manage within.
- 3.23 The following table shows the proposed percentage changes for services, appendix 1 shows the detailed build up of the budget and the directorate budget strategies in appendix 7 show how each service will deliver budgets based on these changes.

Table 3: 2009/10 Budget	Change
Adult Social Care & Housing	0.5%
Learning Disabilities	4.0%
Health Led Services	0.5%
Cultural Services	1.7%
CYPT - Local Education Authority Administrative Functions	0.0%
CYPT – Children’s and Other Services	4.0%
Environment overall	0.5%
- <i>Waste Disposal</i>	0.0%
- <i>Cityclean</i>	-4.8%
- <i>Parking income</i>	-9.9%
- <i>Environment – planning, parks and other services</i>	8.2%
Finance & Resources	0.0%
Planned Maintenance	1.5%
Strategy & Governance	0.2%

- 3.24 The cash limited allocations to directorates include : -
- £250,000 recurrent funding to replace grants that are coming to an end such as neighbourhood renewal fund and stronger safer communities.
 - £60,000 to open Hove Library for half a day on Mondays.
 - One of the lowest spending (per head) of all unitary councils on its central support services such as human resources, legal and finance. The budget and the MTFS aim to continue to freeze the cost of these services in cash terms to maximise budgets for front line services and council priorities.
 - Efficiency savings of over £6.4m as part of the pledge to make better use of public money. This is equivalent to £69 on a band D council tax.

- Support for local businesses through the package of measures announced in 2008/09 and by increasing the council's spend on goods and services with businesses within the BN postcode from the current respectable 49% to 55% by 2011. The proposed budget also includes earmarking remaining LABGI and any future grant in 2009/10 to fund existing or future measures to support the city during the recession.
- The opening of the Access Point for Adult Social Care to provide support and assistance to a wider range of people. It is also improving value for money by making access to things like grab rails and luncheon clubs much simpler. This has and will continue to improve customer service and reduces the need for costly assessments for smaller needs that make a difference to peoples' lives.
- The benefits advisory service in Adult Social Care and Housing which has enabled older people in the city to receive an additional £1.6m in benefits over the past year. The service will continue to provide this vital work.
- Absorbing the loss of £650,000 in central government support in relation to community safety and crime reduction with the help of temporary funding from the successful implementation of the Local Public Services Agreement. All priority services will be able to continue. This includes the work with the councils partners on the Crime and Disorder Reduction Partnership to reduce crime and the causes and consequences of drugs abuse.
- Continuing funding for the Environment Improvement Team currently funded from a one off allocation to maintain its focus on improving the physical environment.
- £100,000 for increased mowing, particularly verges in order to keep the city looking clean and tidy.
- Continuing to fund the Active for Life programme to provide a range of opportunities which help to improve health in local communities by increasing regular physical activity levels. Over 35,000 hours of physical activity have been undertaken by over 3,000 people during the project which is supported by more than 40 volunteers.
- Providing additional funding for the cost of free swimming for the over 60s and under 16s because government grant does not provide for the full cost.
- Improving value for money of Cityclean by 17% or just under £1m.
- Improving value for money in Cultural Services through activities such as sharing functions, for example in marketing, web services and through cross-selling in the tourism and venues services. This includes making better use of technology; the latest example of this is the new VisitBrighton website.
- The review and restructure of leadership and management in CYPT saving of £520,000 after one off costs.
- £600,000 above inflation being put into Children's Services including continuing £200,000 of funding for Youth Provision currently provided from grants which are being reduced by the government.

- 3.25 The following table shows the build up of the 2009/10 budget after applying the percentage changes to the service budgets.

Table 4	£m
Base Budget 2008/09	216.6
Changes in function & funding	-0.1
Adjusted 2008/09 base budget	216.5
Pay awards and Inflation	5.0
Service pressures & improvements	8.5
Efficiency & other savings	-10.1
Changes in corporate budgets	-0.9
Forecast Budget 2009/10	219.0

Pay Awards and Inflation

- 3.26 The pay award for 2008/09 is not resolved and remains in arbitration. The assumed pay award for 2009/10 is 2.3%, this will also need to cover any additional pay award above the 2.45% already paid in 2008/09. If the combined pay award is lower than 2.3% it is proposed that the surplus funding is removed from service cash limits and transferred to the risk provision.
- 3.27 A general provision of 2.5% has been allowed for all other budgets. Although inflation is expected to continue to fall in the near future, inflation rates may be volatile over the financial year and certain contracts and costs are fixed at a time when inflation was at a higher rate, for example, the business rates increase in 2009/10 will be 5% which will affect council buildings as well as city businesses.

Service Pressures

- 3.28 Provision for spending pressures to maintain existing service levels are incorporated into directorate budget strategies. The spending pressures include the known impact of the recession for example loss of income from land charges. The most significant spending pressures include increased demand for both learning disability services as a result of people's transition from Childrens Services to Adult Services, and independent foster agency placements. Energy costs across the council have again risen sharply during 2008/09 and the full year impact is reflected in the 2009/10 budget. The council also sees a further reduction in transitional grant within the ABG. The table below shows the main service pressures.

Table 5: Main Service Pressures	£m
Learning Disability transitions from CYPT	0.98
Independent Foster Agency Placements	0.91
Energy costs	0.90
Learning Disabilities increasing clients	0.90
Area Based Grants – reduction in grant for Stronger Safer Communities and Working Neighbourhoods	0.90
Adult Social Care	0.80
Increased Landfill Tax	0.45

Table 5: Main Service Pressures	£m
Land Charges – reduction in income	0.40
Planning	0.25
Leaving Care payments	0.24
Youth Service reduction in grant	0.20
Preserved rights reduction in grant	0.17
Physical disabilities increasing clients	0.16
Active for Life – loss of grant	0.15
Disability Agency	0.13

Savings Proposals

- 3.29 Each directorate has been required to identify efficiency savings as part of their budget strategies as well as any further savings or income needed to manage within their cash limit. Overall the savings package includes £6.4m efficiency savings and £3.7m additional savings and income. Further details of the proposed savings are included in the directorate budget strategies at appendix 7.

Staffing Implications of Proposed Savings

- 3.30 The proposed savings package results in an estimated reduction of 123 posts across the council. The council is committed to working positively with staff and unions to avoid compulsory redundancies wherever possible through redeployment. At the time of writing this report there were 26 staff at risk of redundancy of which 5 are under notice.
- 3.31 To minimise the impact on staff directorates have been operating vacancy management controls for some time. Human Resources are coordinating the following measures:
- The examination of every post to be advertised as a possible redeployment for staff at risk before other applications are considered.
 - Searches for alternative employment options across the council and externally in partnership with the Trade Unions.
 - Supported trial periods and identification of training needs.

Fees and Charges

- 3.32 Fees and charges have inflated by 2.5% in line with the budget strategy except where separate reports have been presented to Cabinet Member Meetings.
- 3.33 Licensing fees are not set entirely at the council's discretion, but should be set at a level reasonably expected to cover costs of service provision and cannot be used as a general revenue raising power. Any fees charged must be in accordance with any requirements of the legislation under which they are charged. It is therefore important to be able to show that due consideration was given to each fee rather than raising all fees and charges by a set percentage. Officers have reviewed budgets and trading accounts

and, where appropriate, compared with neighbours and comparators. The licensing fees and charges for 2009/10 are set out in appendix 8.

3.34 The Culture, Recreation & Tourism Cabinet Member Meeting on 20 January 2009, agreed a set of fees and charges for 2009/10, relating to beach chalets & huts, fishing lockers, boat licences, outdoor events and the Volk's Railway. Unfortunately incorrect information was shown against two charges, the correct charges are shown below, and both propose fee increases of 2.5%.

- Beach Chalet Ovingdean £381.30 excl VAT
- Beach Hut Licence – Hove Promenade £235.75 excl VAT

Corporate Budget Commitments

3.35 The budget includes a number of commitments and the impact of previous decisions made by Cabinet on the corporate budgets. The main changes are listed below.

Table 6: Main Changes in corporate budgets	£m
Reduction in investment interest	1.09
Additional provision for future pay & equal pay	1.00
Risk provision	0.75
Net financing costs increase of funding the capital programme	0.50
Reduction to insurance budget following re-tender	-0.68
Net reduction in the concessionary fares budget	-1.29
Additional contributions from reserves	-2.61

Central Budgets - Concessionary Fares

3.36 The 2008/09 budget was reduced by £1.8m during the year for the reasons detailed in the TBM month 4 report to Cabinet, largely due to the removal of the provision for higher reimbursement rate to cover successful bus operator appeals. Due to data collection problems the council has only recently received detailed information on the number of concessionary journey's starting within the city boundaries during 2008/09. For 2009/10 the council has pulled out of the Sussex countywide scheme to develop a robust scheme more suited to the needs of the city and is currently negotiating with local bus operators over the shape of the Brighton & Hove scheme for next year. There is therefore some uncertainty associated with the 2009/10 budget provision until the negotiations have been completed and any operator appeals against the scheme are determined by the Department for Transport probably in early 2010. The budget provision for 2009/10 represents an increase of 6.6% over the revised budget for 2008/09 reflecting the growing popularity of the national free fare scheme.

3.37 The council also currently issues £45 of taxi vouchers to people who would qualify for a free bus pass but because of a disability are unable to use buses. The value of the vouchers has not increased since 1997 and it is now proposed to increase the value to £65 in line with the increase in taxi fares since 1997. The estimated cost of £40,000 can be met within the 2009/10 concessionary fares budget.

Central Budgets – Insurance Premia

- 3.38 The insurance retendering was completed in March 2008, too late for inclusion in the 2008/09 budget. The retender resulted in a saving of £680,000 per annum in the insurance budget for the period 2008/09 to 2010/11 partly as a result of improved risk management employed by the council and partly due to a relatively soft insurance market at the time of tendering. To reflect these reasons a permanent reduction of £300,000 has been made in the budget and the remaining £380,000 will contribute to general reserves each year until the next major retendering in early 2011 when a harder market may result in higher levels of premia.

Financing Costs and Prudential Indicators

- 3.39 The financing costs budget reflects the cost of the council's capital investment plans. Under the prudential capital finance system the level of outstanding borrowing is based on the council's assessment of affordability. The council has a fully funded capital programme and the costs of funding the programme are fully provided for in the revenue budget.
- 3.40 The prudential system requires the council to set a number of indicators for affordability, prudence and sustainability. The recommended indicators are set out in appendix 6. Cabinet should note the indicator for the authorised limit is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.
- 3.41 The proposed budget for Financing Costs in 2009/10 is £9,519,000, which is an increase of £1,590,000 on the 2008/09 budget. The crisis within the global financial markets, together with the economic downturn, has resulted in a sharp fall in official interest rates. This fall has had a significant impact on investment income to the council and this is reflected in the 2009/10 budget forecast and the forecasts for the following 2 years which are now anticipated to be about £3m lower than previously forecast. The proposals for the use of reserves shown in paragraph 6.10 recommend that reserves are earmarked to cover this forecast shortfall.
- 3.42 The budget has been calculated on the latest forecasts for interest rates, capital spend and resources. Capital spend is based on the 2009/10 Capital Finance Settlement announced by the government, details of which can be found in the Capital Resources and Capital Investment Programme report for 2009/10 elsewhere on the agenda.

Annual Minimum Revenue Provision (MRP) Statement

- 3.43 Regulations issued by the government in February 2008 require the council to prepare an annual statement on the amount of debt that will be repaid in the following year.

- 3.44 For 2009/10 the following provision will be made in the revenue account:
- for debt where the government provides revenue support the council will set aside a sum of 4% of the notional debt relating to capital investment, but excluding capital investment on the HRA housing stock (known as the non-HRA capital financing requirement),
 - for debt where the government provides no revenue support:
 - where the debt relates to an asset the council will set aside a sum equivalent to repaying debt over the life of that asset in equal annual instalments, or
 - where the debt relates to expenditure which is subject to a capitalisation direction issued by the Government the council will set aside a sum equivalent to repaying debt over a period consistent with the nature of the expenditure under the annuity basis, or
 - if it is subsequently decided that council borrowing is used to fund the housing LDV then the council will set aside a sum equivalent to the amount payable by the LDV under any loan agreement between the council and the LDV.

Contingency

- 3.45 The council's contingency budget includes provision for costs, which are likely to occur but for which the estimated cost cannot be adequately foreseen at this stage. The proposed contingency for 2009/10 is £3.63m.

Table 7: Contingency	£m
Provision for borrowing costs of equal pay compensation settlement and future pay including changes to allowances	2.43
Risk Provision to cover uncertainties in the budget	0.75
Investment fund to help deliver value for money initiatives	0.15
Allocation to services to be finalised in 2009/10	0.30
Total	3.63

Equal Pay & Future Pay (Single Status)

- 3.46 The council has a statutory duty to address inequalities in pay. Having conducted an equal pay review in accordance with the National 2004 NJC Agreement, the budget needs to make provision both for the one-off costs of back pay compensation settlement and the estimated impact of implementing job evaluation and introducing a new package of any changes to allowances.
- 3.47 The Governance Committee authorised the Director of Strategy and Governance to negotiate with Trade Unions on the offer made by the council to settle, equal pay compensation settlements.
- 3.48 Two other aspects of equal pay also need to be resolved over the coming months – future pay and allowances. Budgetary provision will need to be made for those items although the full outcome will only be known after the budget is agreed.

- 3.49 At the time of writing, the Trade Unions are still considering the council's offer on back pay so it is not possible to include the outcome of the negotiations in this report. Financial implications of the outcome of the negotiations on the compensation settlement will be reported to full Council on 26 February 2009 as part of the named supplementary report to Council.
- 3.50 It should be noted that the issue was discussed at the Schools Forum on 26 January 2009. It was recognised that schools could neither meet the whole cost of the offer for non-teaching schools based staff nor a proportion of the liability without the ability to spread costs over a number of years. The proposal put to the Schools Forum was based on the need to:
- Fund the overall compensation settlement offer to the trade unions or directly to staff which is not possible without a contribution from the schools formula budget.
 - Address the issue at a whole school community level to minimise the impact on the education of children and young people across the city.
 - Provide schools with insurance against further potential costs and thereby give schools some certainty about the issue in the future.
- 3.51 In summary the Schools Forum agreed to a £1m per annum contribution for 10 years to the borrowing costs and agreed to the resultant breach in the central expenditure limit to fund the contribution.

4 COUNCIL TAX

- 4.1 The collection fund is the account into which all council tax is paid. It is a statutory requirement that the collection fund is reviewed each January to determine whether it is projected to be in surplus or deficit. The collection fund is forecast to have a total deficit of £2.95m at 31 March 2009, of which £1.255m relates to an increase in the 2007/08 outturn deficit and £1.695m which is forecast to occur during 2008/09. The main reason for the deficit is the increase in the number of student exempt properties and the lower than anticipated number of new properties as a result of the credit crunch. The council tax element of the deficit is shared with Sussex Police Authority and East Sussex Fire Authority in proportion to the previous year's demand or precept. The total share to be met by the council is £2.515m. On the 12 June 2008 Cabinet agreed that the £1.070m that related to the council's share of the increased deficit for 2007/08 would be funded from unallocated general reserves. The remaining £1.445m to be met by the council has been reported in the TBM reports and is being offset from the forecast under spending on concessionary bus fares which will be carried forward to 2009/10 in general reserves.
- 4.2 The 2009/10 tax base of 92,511.63 was agreed by Cabinet on 15 January 2009 and represented a 0.9% reduction from the 2008/09 figure due to lower numbers of new properties and increased student exemptions.
- 4.3 The proposed council tax at band D for the city council only will be £1,231.42, an increase of 3.5% or £41.64.

- 4.4 The Sussex Police Authority is due to set its council tax on 12 February 2009, the East Sussex Fire Authority is due to set its council tax on 5 February 2009 and the precept for Rottingdean Parish will be set on 2 February 2009

Council Tax Capping

- 4.5 The Local Government Minister John Healey MP wrote to all council leaders in December saying that he would expect to see council tax rises substantially below 5% but he had not decided where the capping level will be. The government will not determine capping limits on budgets and council taxes until all authorities have set their 2009/10 budgets.
- 4.6 The budget and council tax increases for 2009/10 proposed in this report will not result in the council being capped. However, any alternative budget proposals that result in a council tax increase of more than 5% will certainly lead to capping and any increase less than but close to 5% carries a significant capping risk.
- 4.7 Councils, Police or Fire authorities exceeding any capping threshold by a small margin are extremely unlikely to be asked to re-bill and incur the considerable financial consequences. Instead they are likely to have their 2010/11 (and possibly 2011/12) budget and council tax increases capped in advance and will be required to draw up their budget proposals within these imposed resource constraints.

Supplementary Budget report to Budget Council

- 4.8 Not all the budget and council tax information is available at present therefore additional information will be provided for Budget Council. This will include:-
- Feedback from the meeting with Business Ratepayers to be held on 2 February 2009.
 - An update on LABGI grant if any announcement is made.
 - An update on the progress of equal pay negotiations.
 - The levies agreed by the levying bodies.
 - The council taxes set by the Police and Fire Authorities.
 - The statutory council tax calculations required under the 1992 Local Government Finance Act.
 - Council Taxes and increases for each property band.
 - The full budget and council tax resolution for Budget Council

5 MEDIUM TERM FINANCIAL STRATEGY AND RISK ASSESSMENT

- 5.1 The timing of the next General Election is uncertain but if a Conservative government is elected then they have promised that any council setting a council tax increase of 2.5% or less will receive sufficient additional funding to enable that council to freeze its council tax for 2 years. The financial projections have been prepared for 2010/11 & 2011/12 based on council tax increases of 2.5% for each year to enable the council to receive this extra funding should circumstances arise. The projections are shown in appendix 5.
- 5.2 These projections are based on the best information currently available, however, in the current financial climate and with 2010/11 being the last year of the current national budget cycle there are many uncertainties. In 2011/12 the government has announced an increase in national insurance contributions of 0.5% which will increase employer contributions for the general fund by £0.6m. The budgets for 2009/10 and 2010/11 include the use of LPSA2 reward grant to support services where grant funding is ending. For these services to continue beyond 2010/11 will require £0.4m replacement funding. The risk assessment also set out in appendix 5 explains in more detail the uncertainties facing the budget over the next 3 years.

6 REPORT OF THE CHIEF FINANCE (SECTION 151) OFFICER UNDER SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003

- 6.1 Section 25 of the Local Government Act 2003 requires the Chief Finance (Section 151) Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report (and the supporting statement at Appendix 3) has to be considered by council as part of the budget approval and council tax setting process. The budget reports on this agenda are focused on the general fund 2009/10 and capital programme. It also considers key medium term issues faced by the council. The corresponding statement on the HRA is reported to the Cabinet and Council within the HRA budget report.

Robustness of Estimates

- 6.2 There is inevitably an element of judgement as budget estimates of spending and income made at a point in time and which may change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives the council reasonable assurance that the budget has been based on the best information and assumptions available at the time.
- 6.3 In setting the budget for 2009/10, current expenditure trends and service demands have been considered by service management and joint commissioners (for social care). The budget for 2009/10 has therefore been set on the basis of anticipated cost and/or demand.

- 6.4 The most significant service and cost pressures relate to:
- The ongoing effects of equal pay compensation settlements. Resources are set aside in reserves for any further individual settlements and appeals. The final figures for the bulk of the settlement are being calculated.
 - The loss in investment income due to dramatically reducing interest rates which is covered by a 3 year earmarked risk reserve.
 - Rising demand for services due to demography and to some extent from the recession.
- 6.5 The budget also remains at some risk from falling income for goods and services due to the recession. This has either been reflected in the budget where it has materialised or reflected in the level of reserves/working balance where there is not yet any evidence of a fall in income.
- 6.6 In addition the budget and MTFs contains an ongoing risk contingency of £0.75m in 2009-10 rising to £1.75m in 2011-12. Given the economic climate of volatility and uncertainty it is highly recommended that this is maintained.

Adequacy of Reserves

- 6.7 The recommendation on the prudent level of general fund working balance has been based on the robustness of estimates information and a risk assessment of the budget.
- 6.8 The analysis indicates a continuation of an underlying prudent level of working balance of £9m (excluding school balances). This represents 4.1% of the council's net revenue budget excluding schools.
- 6.9 The level of working balance is currently at this target as set by the council in the MTFs of £9m and it is proposed to retain this level for the period 2009/10 to 2011/12, subject to annual review.
- 6.10 In addition there is a projected further £4.8m in unallocated general reserves over the next 3 years, which will be needed to meet the projected collection fund deficit and provide for falling investment income due to dramatically falling interest rates.

- 6.11 2009/10 and the period of the MTFS represents an unprecedented period of external financial volatility and unpredictability. This presents the council with additional financial risk against which it should reinforce its reserves strategy. In these circumstances, the Council, Cabinet, and Directors will need to:
- Remain within their service budget for 2009/10 and within agreed MTFS cash limited targets for future years (to 2011/12) with a strict adherence to recovering overspends within future years' financial plan targets.
 - Repay any use of working balance over a period of no more than three years should risks materialise that cannot be accommodated by management or policy action.
 - Direct any windfall revenue savings/under spends to reserves *should* the general fund revenue reserves/working balance fall below the approved level.
- 6.12 Details of the review of reserves, proposed transfers between reserves and further information on the analysis of risk for the working balance are set out in appendix 4.

Assurance Statement of the Council's Section 151 Officer (Assistant Director - Finance)

- 6.13 In relation to the 2009/10 general fund revenue budget the Section 151 officer has examined the budget proposals and believes that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given political and management will to implement the changes, good management, and the sound monitoring of performance and budgets.
- 6.14 In terms of the adequacy of reserves the Section 151 officer considers a working balance of £9m to be adequate taking into account other reserves, the risk contingency and the council's track record in budget management.

7. CONSULTATION

- 7.1 This report represents the culmination of the budget process, which has included a number of consultative processes with members, trade unions and in some cases service users.
- 7.2 The council also has a statutory duty to consult with business ratepayers and a meeting will be held on 2 February 2009.
- 7.3 The council tax consultation process this year concentrated on a postal questionnaire to randomly chosen household across the city, as well as the councils citizens panel (Exchange). The results of the consultation will be presented to a cross party Budget Review Group on 9 February 2009. The key conclusions from the consultation will be circulated to all Members as well as access to the full report.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 8.1 These are contained in the main body of the report.

Finance Officer Consulted: Mark Ireland

Date: 30 January 2009

Legal Implications:

- 8.2 The preparation, for submission to the authority for their consideration, of estimates of the amounts to be aggregated in making the calculation as to the budget requirement and the basic amount of council tax is the responsibility of the Executive (i.e. the Cabinet). The approval and adoption of the budget based on the Cabinet's proposals are the preserve of full council.

Lawyer Consulted: Oliver Dixon

Date: 27 January 2009

Equalities Implications:

- 8.3 The proposed budget includes provisions to meet both equal pay compensation and address inequalities in pay through the implementation of job evaluation including changes to allowances package. Equalities issues have also been taken into account throughout the budget setting process and the development of budget strategies for individual services.

Sustainability Implications:

- 8.4 Sustainability issues have been taken into account throughout the council's budget setting process.

Crime & Disorder Implications:

- 8.5 The budget identifies resources to help replace the reduction in government grants funding certain crime and disorder initiatives.

Risk & Opportunity Management Implications:

- 8.6 A risk and opportunity matrix for the medium term financial strategy is included as appendix 5.

Corporate / Citywide Implications:

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

9. EVALUATION OF ANY ALTERNATIVE OPTION(S)

- 9.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 26 February. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals. All budget amendments must have been “signed off” by finance officers no later than 4pm on 24 February.

10. REASONS FOR REPORT RECOMMENDATIONS

- 10.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations to follow in the supplementary report to full Council, will enable the council to meet its statutory duty.

SUPPORTING DOCUMENTATION

Appendices:

1. Movements in Block Allocations 2008/09 to 2009/10
2. Summary of special, specific and area based grant allocations
3. Report of the Chief Finance Officer Supporting Statement
4. Review of the Council's reserves
5. Summary of Medium Term Financial Position and assessment of risks
6. Prudential Indicators 2009/10 to 2011/12
7. Directorate Budget Proposals
8. Licensing fees and charges
9. LPSA2 reward grant allocations

Documents in Members' Rooms

1. None

Background Documents

1. Files held within Strategic Finance section

Movements in block allocations 2008/09 to 2009/10										APPENDIX 1
	2008/09 Revised Base	Changes in function / funding	Internal Transfers	2008/09 Adjusted Base	Inflation	Service Pressures / Improvements	Savings	2009/10 Original Budget	Change over adjusted base	Change over adjusted base
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
LEA Functions	8,080	-57	-18	8,005	186	200	-386	8,005	0	0.0
CYPT Other Services	35,930	0	155	36,085	870	1,437	-864	37,528	1,443	4.0
Adult Social Care & Housing	40,749	0	100	40,849	972	1,434	-2,202	41,053	204	0.5
Learning Disabilities	21,703	0	41	21,744	524	1,481	-1,135	22,614	870	4.0
Health Led Services	12,485	0	20	12,505	304	130	-371	12,568	63	0.5
Waste Disposal	11,487	0	0	11,487	287	450	-737	11,487	0	0.0
Cityclean	12,957	0	1	12,958	306	0	-923	12,341	-617	-4.8
Parking Income	-11,063	0	7	-11,056	-280	0	-817	-12,153	-1,097	9.9
Environment - Other Services	23,002	0	43	23,045	539	1,926	-572	24,938	1,893	8.2
Planned Maintenance	3,628	0	0	3,628	91	0	-37	3,682	54	1.5
Finance & Resources	14,308	0	115	14,423	318	1,178	-1,496	14,423	0	0.0
Strategy & Governance	9,668	0	2,161	11,829	221	31	-227	11,854	25	0.2
Cultural Services	12,770	0	-1,682	11,088	297	237	-348	11,274	186	1.7
Total Directorate Spending	195,704	-57	943	196,590	4,635	8,504	-10,115	199,614	3,024	1.54
Corporate Budgets	10,870	0	-126	10,744	261	-1,831	0	9,174	-1,570	
Financing Costs	7,929	0	0	7,929	0	1,590	0	9,519	1,590	
Contingency	2,390	0	-817	1,573	60	1,994	0	3,627	2,054	
Levies to External Bodies	192	0	0	192	5	-1		196	4	
NET REVENUE EXPENDITURE	217,085	-57	0	217,028	4,961	10,256	-10,115	222,130	5,102	2.35
Contributions to/ from(-) reserves	-490	0	0	-490		-2,614		-3,104	-2,614	
BUDGET REQUIREMENT	216,595	-57	0	216,538	4,961	7,642	-10,115	219,026	2,488	1.15
Funded by										
Formula Grant	105,800	-57		105,743				107,593	1,850	
Collection Fund deficit	-298			-298				-2,515	-2,217	
Council Tax	111,093			111,093				113,948	2,855	
Total	216,595	-57		216,538				219,026	2,488	

Summary of Specific and Special Grant allocations

Appendix 2

(Note: This reflects the latest position at 27/01/09 with some grants having indicative allocations)

tba = to be announced

	2008/09	2009/10	2010/11
	£m	£m	£m
Adult Social Care & Housing			
AIDS Support	0.357	tba	tba
Supporting People ¹	12.464	11.841	Area Based
Homelessness Strategies	0.855	0.855	0.855
Social Care Reform Grant	0.414	0.956	1.167
Stroke Strategy Grant	0.094	0.094	0.093
CYPT - Schools			
School Development Grant ²	6.762	6.893	7.041
School Standards Grant (including personalisation) ²	5.937	6.138	6.294
School Lunch Grant	0.316	0.310	0.310
Ethnic Minority Achievement Grant	0.302	0.336	0.350
Music Services	0.426	0.427	0.427
Playing for Success	0.160	0.160	0.160
Extended Schools - Sustainability	0.283	0.523	0.736
Extended Schools - Subsidy	0.000	0.124	0.000
Targeted Primary Strategy	0.670	0.710	tba
Targeted Secondary Strategy	0.685	0.422	tba
Key Stage 4 Engagement Programme	0.272	0.000	0.000
Making Good Progress	0.068	0.506	0.000
Aim Higher	0.025	tba	tba
Funding for Sixth Form Students	5.742	5.829	tba
Early Years : Increasing Flexibility for 3-4 year olds	0.000	0.333	1.252
Targeted Mental Health in Schools	0.327	0.241	0.157
Schools PFI special grant	2.390	2.390	2.390
CYPT - Non Schools			
Youth Opportunity Fund	0.141	0.141	0.141
Sure Start, Early Years & Childcare grant	5.749	6.171	7.208
Contact Point (formerly Information Sharing Index)	0.152	tba	tba
Parenting Practitioner grant	0.050	0.050	0.050
Aiming High for Disabled Children	0.266	0.859	0.859
Cultural			
Library PFI special grant	1.505	1.505	1.505
Environment			
Waste PFI special grant	1.498	1.498	1.498
Free Swimming Programme – Aged 60 years		0.066	0.066

	2008/09	2009/10	2010/11
	£m	£m	£m
or over ³			
Free Swimming Programme – Aged 16 or under ³		0.105	0.105
Housing & Planning Delivery Grant ⁴	0.126	tba	tba
Youth Crime Action Plan ⁵	tba	tba	tba
Finance & Resources			
Housing Benefit & Council Tax Benefit administration	3.023	3.103	tba
Additional HB/CTB administration costs subsidy ⁶		0.264	
Corporate Items			
Concessionary Bus Fares	1.715	1.756	1.804

Summary of Area Based Grant allocations

(Note: This reflects the latest position at 27/01/09)

	2008/09	2009/10	2010/11
	£m	£m	£m
14-19 Flexible Funding Pot	0.058	0.058	0.059
Adult Social Care Workforce	0.666	0.677	0.689
Care Matters time for change white paper change fund	0.186	0.246	0.281
Carers	1.102	1.167	1.232
Child and Adolescent Mental Health Services (CAMHS)	0.419	0.443	0.466
Child Death Review Processes	0.033	0.034	0.035
Children's Fund	0.798	0.798	0.798
Children's Social Care Workforce	0.082	0.082	0.083
Children's Trust Fund	0.004	0.007	0.008
Choice Advisers	0.030	0.030	0.030
Climate Change Policy	0.023	0.023	0.023
Connexions	2.181	2.190	2.168
Crime Reduction/Drug Strategy/ASB – Revenue	0.312	0.312	0.312
Education Health Partnerships	0.070	0.056	0.056
Extended Rights to Free Transport	0.053	0.107	0.162
Extended Schools – Start up	0.481	0.798	0.328
General Duty on Sustainable Travel to School	0.016	0.016	0.016
Learning Disability Development Fund	0.231	0.232	0.232
Local Involvement Networks (LINKs)	0.148	0.147	0.147
Mental Capacity Act grants	0.121	0.152	0.145
Mental Health	0.736	0.777	0.819
Positive Activities for Young People	0.112	0.192	0.249
Preserved Rights	1.827	1.698	1.596
Preventing Violent Extremism Toolkit	0.012	0.000	0.000
Primary Strategy: Central Co-ordination	0.121	0.121	0.121
Rural Bus Subsidy	0.027	0.028	0.029
School Development Grant (LA Retained Grant)	1.071	1.071	1.071
School Improvement Partners	0.075	0.077	0.077

	2008/09	2009/10	2010/11
	£m	£m	£m
School Intervention Grant	0.049	0.049	0.049
School Travel Advisers	0.026	0.026	0.026
Secondary: Behaviour and Attendance	0.068	0.068	0.068
Secondary: Central Co-ordination	0.145	0.146	0.146
Specific Road Safety grant (resource)	0.344	0.389	0.396
Stronger Safer Communities Fund	0.413	0.258	0.000
Supporting People Administration	0.207	0.191	0.164
Teenage Pregnancy Support	0.151	0.151	0.151
Working Neighbourhoods Fund – Transitional ⁷	1.260	0.504	0.000
Young Peoples Substance Misuse Grant (Home Office)	0.071	0.071	0.071
Young Peoples Substance Misuse Grant (DCSF)	0.030	0.030	0.030
Youth Taskforce	0.150	0.150	0.150
Total ABG before new grants added from 09/10	13.909	13.569	12.478
Supporting People ¹			11.249
Preventing Violent Extremism ⁸		0.125	0.131
Total Area Based Grant expected	13.909	13.694	23.858

Notes to the tables for Specific, Special and Area Based Grants

1. The supporting people grant is expected to be transferred into Area Based Grant from 2010/11.
2. These are provisional figures as they will be partly based on January pupil numbers in each year.
3. This is a new grant following the introduction of the free swimming programme from 1st April 2009.
4. In light of changes in the market government are reviewing options for the housing and planning delivery grant in 2009/10 and 2010/11.
5. In September 2008 the Home Office announced funding for 69 areas to boost the drive to tackle youth crime. Each area is being offered £0.7m to implement an intensive package of action over the next three years.
6. As a result of the economic downturn government has provided additional administration subsidy grant to respond to the expected extra Housing Benefit and Council Tax Benefit workload in local authorities.
7. There has been a consultation on the distribution of the Working Neighbourhood Fund allocations for 2009/10 & 2010/11. The allocations will not be finalised within ABG until the results of the consultation are known, however the council's allocation is expected to remain at £0.504m for 2009/10.
8. A decision is still outstanding on whether this grant will be within the Area Based Grant or issued as a separate grant. However the previous allocations announced for this are unlikely to change.

Report of the Chief Finance (Section 151) Officer under Section 25 of the Local Government Act 2003 – Supporting Statement

This supporting statement provides further information upon which the Section 151 Officer's assurances about the robustness of estimates and adequacy of reserves are given. It covers the processes in place to prepare the budget and to review reserves.

Processes

In order to meet the requirement to prepare robust estimates a number of key processes have been put in place, including:

- Issuing clear guidance to directorates on preparing budgets.
- A council wide risk assessment of the budget.
- The use of Targeted Budget Management (TBM) information to inform the budget and identify risks.
- The Section 151 Officer providing advice throughout the process of budget preparation and budget monitoring.
- Directors and the Section 151 Officer's reviewing directorate budgets and budget sensitivities during December 2008.
- A review of budget proposals by TMT in October 2008.
- A review of budget proposals by Executive Members in November and December 2008.
- A review of the budget proposals by the Overview & Scrutiny Commission in early February 2009.
- The involvement of partners in assessing demand for services and enquiries made directly by the Section 151 Officer.

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on the Directors, Assistant Directors and Heads of Service having proper arrangements in place to identify issues, project costs, service demands, to consider value for money and efficiency, and to implement changes in their service plans.

The processes above are supported by appropriately qualified financial staff.

Adequacy of Reserves

Putting in place appropriate levels of reserves is essential to provide the council with a safety net for risks, unforeseen or other circumstances. The working balance must last the lifetime of the council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the council as these can and will change over time. This is critical given the volatility and unpredictable nature of the financial environment within which the budget and MTFS are being set.

Determining the appropriate levels of reserves is not a precise science or a formula but must be a professional judgement based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the council's track record in budget management.

The consequences of not keeping a minimum prudent level of balances can be serious. In the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The recommendation on the prudent level of balances has been based on the robustness of estimates information and the Corporate Risk Register. In addition, the other strategic, operational and financial risks taken into account when recommending the minimum level of the working balance include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service changes will be achieved. Directors have been advised to be prudent in their assumptions and that those assumptions, particularly in respect of demand-led budgets, should hold true in changing circumstances.
- The Bellwin Scheme for Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
- Risks surrounding the funding of equal pay compensation settlement in order to implement the single status agreement.
- Risks of rising demand and falling income during the recession.
- The risk of major legal challenge, both current and in the future.
- Risks in the financial inter-relationship between NHS partners and the council.
- The risk of losing subsidy arising from outstanding Housing Benefit and Council Tax Benefit Subsidy Claims.
- Major and unforeseeable volume increases, for example due to new legal requirements, in demand led budgets, particularly in children's services, learning disabilities, physical and sensory impairment, and housing benefits.
- The need to retain a general contingency to provide for some measure of unforeseen circumstances which may arise.
- The need to retain reserves for general day-to-day cash flow needs.

The potential financial sensitivity of the budget and financial risks has been analysed. In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. £9.0m represents about 4 weeks of council tax revenue. The working balance would help cover any costs arising from delays in council tax billing. This could arise, for example, from a systems failure. It could also arise if the council had to re-bill following it or a precepting authority being designated for capping. In either of these scenarios it is likely that the first payment instalment would be missed and the council would need short term funding for its running costs.

Estimated Earmarked General Fund Revenue Reserves

Processes are in place to regularly review the council's earmarked revenue reserves. Details of the review of reserves, proposed transfers between reserves and further information on the analysis of risk for the working balance are set out in appendix 4

Schools' Balances

Schools' balances, while consolidated into the Council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the council's Scheme for Financing Schools the council has a duty to scrutinise whether any school holds surplus balances. The council's Scheme for Financing Schools is in line with the requirements of the Secretary of State for Children, Schools and Families and the arrangements in place are considered adequate.

Review of the Council's reserves

	Forecast Balance 31 Mar 2009	Review arrangements	Conclusions
	£'000		
Working Balance	9,000	Against register of financial risks taking into account CIPFA guidelines and requirements of Local Government Act 2003.	To meet the CIPFA guideline a minimum unallocated reserve of £9m is required.
General Reserves - GF	4,801	Following closure of accounts & through TBM monthly monitoring	Resources fully committed. £2.5m to cover collection fund deficit and the remainder to cover the reduction in investment income
Collection Fund Working Balance	-2,950	Reviewed in January each year as part of council tax surplus/deficit calculation	Deficit included in the 2009-10 council tax calculations to be met from general reserves, the Police Authority and Fire Authority. The Councils element is £2.515m.
Schools LMS Balances	2,400	Following closure of accounts	Best estimate of usage based on latest projections of schools expenditure.
Portslade CC Adult Education balance	8	Following closure of accounts	Use at the discretion of the college
Cemeteries Maintenance	223	Following closure of accounts	Retain for maintenance & replacement as required
Sect 117 Mental Health Act	250	Ongoing review & resolution of cases with potential liability	Reduce reserve to £0.25m based on latest review of cases and transfer £0.2m to general reserves
Insurance Reserve - General	6,622	Actuarial review every 5 years and an annual independent health check.	Maintain reserve at £6.6m in line with the most recent actuarial advice plus inflation
Insurance Reserve - Risk	255	Following closure	Earmarked for future risk

	Forecast Balance 31 Mar 2009	Review arrangements	Conclusions
Management		of accounts	management projects
Capital Reserves	4,152	Following closure of accounts	Committed to fund the capital programme.
Library PFI Project Reserve	128	Following closure of accounts	Use for funding project over the lifetime of the PFI
Schools PFI Project Reserve	2,001	Following closure of accounts	Use for funding project over the lifetime of the PFI
Waste PFI Project Reserve	10,000	Regularly with review of project risks	Use for funding project over the lifetime of the PFI. £20m transferred to equal pay / future pay reserve
Section 106 Receipts	3,760	Dependant upon individual schemes	Retain for use as per contractual agreements
Priory House dilapidations reserve	100	Following closure of accounts	Retain for specific purpose
Brighton Centre Redevelopment Reserve	3,039	Following closure of accounts	Retain to support the development. A further contribution of £0.5m is included in the 2009/10 budget
Museum Objects Acquisition Reserve	104	Following closure of accounts	Retain for specified purpose
Pavilion Renewals Fund	77	Following closure of accounts	Retain for specified purpose
Jack Thompson – Hove Museum	269	Following closure of accounts	Retain for specified purpose
Winter Maintenance	465	Following closure of accounts	Retain at forecast level for extreme weather conditions
Dome Planned Maintenance	304	Following closure of accounts	Retain – subject to lease agreement with Festival Society
Animal Welfare Vehicles reserve fund	18	Following closure of accounts	Retain for specified purpose
James Green Foundation	71	Following closure of accounts	Retain for specified purpose
National History Society	5	Following closure of accounts	Retain for specified purpose
Preston Manor Fund	17	Following closure of accounts	Retain for specified purpose

	Forecast Balance 31 Mar 2009	Review arrangements	Conclusions
Brunschwig Royalties	26	Following closure of accounts	Retain for specified purpose
Sustainable Transport reserve	100	Following closure of accounts	Retain for specified purpose
LABGI	169	Following closure of accounts	£20k earmarked for discretionary rate relief and £149k to support the promotion of a private bill as set out in paragraph 3.16
Single status – equal pay compensation and one-off future pay costs	23,487	Following closure of accounts	Earmarked for equal pay. Balance includes transfer from Waste PFI reserve
Investment fund to help deliver value for money initiatives	170	Following closure of accounts	Held for allocation during 2009/10 to support delivering Value for Money measures
Sustainable Temporary Accommodation reserve	163	Following closure of accounts	Held for dilapidation costs for leased temporary accommodation
HMO licence fee reserve	124	Following closure of accounts	Retain to support annual inspections of HMO premises
Mercury Abatement Reserve	168	Following closure of accounts	Earmarked for works required to the Crematorium to meet mercury abatement legislation.
Restructure & Redundancy Reserve	1,074	Following closure of accounts	Planned contributions from this reserve are included in the financial strategy.
Total	70,602		

Summary of Medium Term Financial Position

Assumptions	2009/10	2010/11	2011/12
Employee inflation	2.30%	2.00%	2.00%
General inflation	2.50%	2.00%	2.00%
Grant floor increase	1.75%	1.50%	1.00%
Efficiency Savings	3.00%	3.00%	3.00%
Council Tax Increase	3.5%	2.5%	2.5%

Budget Projections	2009/10 £'000	2010/11 £'000	2011/12 £'000
Budget brought forward	216,595	219,026	225,981
Function & funding changes	-57	-22	0
Revised budget brought forward	216,538	219,004	225,981
Inflation	4,961	4,253	4,336
Service pressures & Improvements	10,256	7,500	8,500
Efficiency Savings	-6,427	-6,300	-6,300
Additional Savings & Income	-3,688	-899	-2,174
Total	221,640	223,558	230,343
% increase in budget	2.4%	2.1%	1.9%

Change in contribution in reserves	-2,614	2,423	-350
Budget requirement	219,026	225,981	229,993

Funding Projections			
Grant	107,593	109,185	110,276
Council Tax	111,433	116,796	119,717
Total	219,026	225,981	229,993

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Potential Risks and Opportunities affecting 2009/10 to 2011/12					
Changes to the provisional grant settlement in 2010/11 resulting in a lower grant floor and/or reductions in specific and area based grants	2	3 1% reduction in grant floor = £1m 1% reduction in all specific and area based grants = £0.6m	6	The government are committed to a 3 year grant settlement so significant changes are very unlikely. A reduction in formula grant would require reductions in the 2010/11 cash limits	Identify "at risk" grants. As far as possible ensure that "at risk" grants do not cover on-going expenditure. Respond to consultation papers and lobby government on impact.
Collection of council tax falls during the recession resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax collection = £0.1m	9	Immediate impact on reserves Would require reductions in the cash limits for the following year to repay reserves	Close monitoring of the collection fund Implement appropriate collection strategies to minimise impact
Council tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties, resulting in a deficit on the collection fund	3	3 1% reduction in council tax base = £1.1m	9	Immediate impact on reserves Would require reductions in the cash limits for the following year to repay reserves	Close monitoring of the collection fund particularly new property developments and student numbers Working with further education establishments to develop more dedicated student accommodation

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Pay award in 2008/09 is more than 2.75%	2	2 0.25% change in pay award = £0.3m	4	Reduction in 2008/09 underspend and lower level of reserves Would require use of risk provision in 2009/10	Monitor progress on pay award arbitration
Pay award lower than the 2% per annum forecast	3	2 0.25% change in pay award =£0.3m	6	Would provide additional resources to cover any underestimate on equal and future pay provisions	Any lower than anticipated pay award to be transferred out of cash limits into corporate risk provision
Provisions for Equal pay and future pay insufficient to meet liabilities	4	4 1% variation in total pay = £1.3m p.a.	16	Successful equal pay claims above the provision would reduce the level of reserves A reduction in the proposed contribution from schools would reduce the resources available to the General Fund for future pay High levels of successful job evaluation appeals would increase the overall pay bill of the council	Maintain and update a risk register Monitor progress on a frequent basis and update financial forecasts regularly particularly in the light of any new legal rulings
General inflation lower than the 2.5% forecast for 09/10 and 2% forecast for 10/12	4	3 0.5% change in inflation = £0.4m	12	Would provide additional resources within cash limits to help meet any adverse financial impacts of the recession not built into the	Monitor inflation rates and impact on contract costs closely

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
				budget	
Investment interest rates lower than anticipated	3	2 0.5% lower = £0.5m	6	Would need more reserves to cover anticipated 3 year shortfall in investment interest	Keep investment strategy under constant review including opportunities to repay debt
Long term borrowing rates lower than anticipated	3	1 0.5% lower = £0.05m for each £10m borrowed	3	Would help business cases involving borrowing and make invest to save schemes more financially attractive	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow
The recession results in delays in the receipt of income to the council, cash-flows worse than projected and consequently reduced investment interest	4	2 5% reduction in cash-flows = £0.1m	8	Would need more reserves to cover anticipated 3 year shortfall in investment interest	Monitor cash-flows closely and highlight any problem areas
Services fail to operate within cash limits due to; <ul style="list-style-type: none"> • Increased service demand • Price variations • Unachieved income levels • Unachieved savings 	3	3 1% overspend on net GF budget = £2.2m in 2009/10	9	Departmental service pressures that can only be met through additional resources, such as the risk provision, or savings elsewhere in the budget. Reduction in reserves	Monitor corporate critical budgets and overall budget through TBM. Identify action plans to mitigate cost pressures. Apply strict cash limits but at least repay any use of reserves over no more than 3 years should risk materialise that cannot be accommodated

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
					by management or policy action.
Waste tonnages higher than projected resulting in additional landfill costs and deficit in landfill trading allowance permits	2	2 1% increase in tonnage in 09/10 = £0.1m	4	Unable to maintain budget freeze on budget provision without a re-assessment of the provisions for risk in the waste reserve	Provision for higher tonnages made in assessment of waste PFI reserve Monitor and identify specific areas of growth and undertake waste minimisation measures
Recession has a greater than anticipated impact on collection of income and commercial rents	4	3 1% reduction in income = £1.2m 1% reduction in commercial rents = £0.1m	12	Services would need to identify compensating savings and in particular look at whether expenditure could be reduced in those income generation areas	Identify action plans to mitigate income and rent shortfalls
The downturn in housing market creates spending pressures within the homelessness budget	3	3 10% increase in homelessness budget = £0.2m	9	Would create additional pressures in the Adult Social Care & Housing cash limit to find compensating savings	Re-classify budget as corporate critical and monitor accordingly and develop financial recovery plans
The number of children taken into care and the number of child protection cases are higher than	3	3 1% increase in looked after	9	Would create additional pressures in the CYPT cash limit to find compensating	Monitor corporate critical budget through TBM and develop financial recovery

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
anticipated particularly following recent national high profile cases		children budget = £0.2m		savings	plans
Increasing demand for adult social care services above projections	3	3 1% increase in adult social care budget = £0.8m	9	Would create additional pressures in the Adult Social Care & Housing, Learning Disabilities and Health led services cash limits to find compensating savings	Monitor corporate critical budget through TBM and develop financial recovery plans
The number of free bus journeys and / or the level of reimbursement to the bus operators is lower than the projection in the budget	4	3 1% of concessionary fares budget = £0.1m	12	Would enable a transfer to the risk provision	Number of journeys starting within Brighton & Hove monitored on monthly basis Brighton & Hove local scheme developed to minimise risk of future successful legal challenges
Major civil incident occurs e.g. storm	2	3 Estimated "Bellwin" threshold = £0.8m	6	Budget overspend/reduction in reserves Pressures on other budgets	Ensure adequate levels of reserves to cover threshold expenditure Ensure appropriate insurance cover is in place.
Pupil numbers lower than projected	3	3 1% of DSG Grant = £1.3m	9	Schools funding through dedicated schools grant lower than anticipated.	Review & improve pupil number projections. Consultation with schools forum.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Cost overruns occur on schemes in the agreed capital programme	2	3 1% cost overrun on total programme = £0.7m	6	Reserves or other capital resources redirected to fund overspend Unable to meet capital investment needs	Effective cost control and expenditure monitoring. Flexibility within programme to re-profile expenditure if necessary.
Capital receipts lower than anticipated	3	4 10% reduction in receipts = £1m	12	Fewer resources available for SIF and other strategic funds	Flexible capital programme that allows plans to be reduced or re-profiled.
LPSA2 reward grant higher than anticipated	3	3 Maximum £1.1m	9	Would provide additional resources on a one-off basis to help fund a wide range of initiatives where grant funding is declining	Monitoring performance against targets.
Further risks affecting 2011/12 only					
Grant floor in 2011/12 is less than the 1% assumed increase	4	3 1% reduction in grant floor = £1.1m	12	Financial pressures on the national budget are likely to lead to an extremely tight spending round starting in 2011/12, combined with potentially low inflation and higher efficiencies grants may see a year-on-year freeze or	Lobbying government on grant distribution and grant floor

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
				decreases Reductions in cash limits or upward pressure on council tax	
Reductions in specific and area based grants in 2011/12 causing additional budget pressures	4	3 1% reduction in all specific and area based grants = £0.6m	12	Financial pressures on the national budget are likely to lead to an extremely tight spending round starting in 2011/12, combined with potentially low inflation and higher efficiencies grants may see year-on-year decreases, expenditure will need to be cut accordingly to avoid upward pressure on the council tax	Identify "at risk" grants. As far as possible ensure that "at risk" grants do not cover on-going expenditure. Respond to consultation papers and lobby government on impact.
Changes in the national funding regime for concessionary fares results in net loss of resources	3	4 Concessionary fares budget = £10m	12	Reductions in cash limits or upward pressure on council tax	Lobbying for appropriate resource distribution.
Reduction in Dedicated Schools Grant following review of existing formula	3	4 1% reduction in DSG = £1.4m	12	Additional pressure on schools budgets	Respond to consultation papers and lobby government on impact
Pension costs increase at next actuarial review to	4	4	16	Reductions in cash limits or	Implement actuarial advice on

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
cover any deficit		Each 1% additional employer contribution = £1.2m		upward pressure on council tax	contribution rate. All employment decisions include allowance for full pension costs. Maximise contributions to pension fund where affordable
Insurance premia retendering in early 2011 results in higher than anticipated payments	3	2 10% increase in premia = £0.3m	6	Provision for £0.4m increase already in projections but any further increase would result in reductions in cash limits or upward pressure on council tax	Insurance market closely monitored Continue work on risk management and implementation of risk minimisation measures across the council

KEY : Likelihood: 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.
Impact: 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.
Risk (L x I): 1-3 Low, 4-7 Moderate, 8-14 Significant, 15-25 High.

Prudential Indicators 2009/10 to 2011/12

The following prudential indicators are recommended to the council.

A Prudential indicators for Affordability

In demonstrating the affordability of its capital investment plan the council must:

- determine the ratio of financing costs (e.g. capital repayments, interest payments, investment income, etc) to net revenue stream for both the Housing Revenue Account (HRA) and non-HRA services for a 3 year period; and
- determine the incremental impact on the council tax and housing rents (in both instances the scope for increases is governed by the Government's ability to limit council tax increases and the current restriction on council rents).

Indicator A1 sets out the ratio of financing costs to net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report. Note that depending on how the housing LDV is financed indicators A1 to C2 may change. Indicators D1 and D2 allow for the LDV to be financed through council borrowing should this be the option chosen.

A1 *Prudential indicator – Estimates of the ratio of financing costs to net revenue stream 2009/10 to 2011/12*

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Non-HRA	7.9%	7.7%	7.3%
HRA	30.1%	30.7%	29.8%

Indicators A2 and A3 set out the estimated incremental impact on both the levels of council tax (Band D equivalent) and housing rents of the recommended capital investment plans and funding proposals. The impact has been calculated using the latest projections on interest rates for both borrowing and investments. The impact does not take account of government support included for new borrowing within the formula spending share and housing subsidy.

A2 *Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the council tax 2009/10 to 2011/12*

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Addition in council tax requirement	£20.17	£31.65	£39.38

A3 Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2009/10 to 2011/12

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Addition in average weekly housing rent	£7.62	£4.86	£4.98

B Prudential indicators for Prudence

A key indicator of prudence is that, over the medium term, net borrowing will only be for a capital purpose (net borrowing being total borrowing less investment). Under the Code the underlying need to borrow for a capital purpose is measured by the capital financing requirement.

Indicator B1 compares the estimated net borrowing with the estimated capital financing requirement as at 31 March each year. Indicator B1a is supplemental to indicator B1 and compares the capital financing requirement against projected gross debt levels (i.e. before the deduction of investments).

B1 Prudential indicator – Net borrowing and the capital financing requirement 2009/10 to 2011/12

	31/03/10 Estimate	31/03/11 Estimate	31/03/12 Estimate
	£000	£000	£000
Net borrowing	155,248	160,950	161,903
Capital financing requirement	261,118	261,777	260,712

B1a Prudential indicator (supplemental) – Gross borrowing and the capital financing requirement 2009/10 to 2011/12

	31/03/10 Estimate	31/03/11 Estimate	31/03/12 Estimate
	£000	£000	£000
Gross borrowing	227,491	228,191	228,191
Capital financing requirement	261,118	261,777	260,712

Indicator B1a is not a requirement of the prudential code but it does show more clearly the comparison between the underlying need to borrow and outstanding debt.

C Prudential indicator for Capital Expenditure

Elsewhere on this agenda is a report recommending the capital investment plans for the council over the next three years. Indicator C1 summarises the recommendations within that report. Indicator C2 sets out the estimates of the capital financing requirement over the same period.

C1 Prudential indicator – Estimates of total capital expenditure 2009/10 to 2011/12

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
	£000	£000	£000
Total non-HRA	71,146	46,280	34,760
Total HRA	36,119	19,169	18,941
Total programme	107,265	65,449	53,701

In considering the capital investment plan the council has had regard to a number of key issues, namely:

- affordability, e.g. implications for council tax/housing rents
- prudence and sustainability, e.g. implications for external borrowing
- value for money, e.g. option appraisal
- stewardship of assets, e.g. asset management planning
- service objectives, e.g. strategic planning for the authority
- practicality, e.g. achievability of the forward plan.

C2 Prudential indicator – Estimates of capital financing requirement 2009/10 to 2011/12

	31/03/10 Estimate	31/03/11 Estimate	31/03/12 Estimate
	£000	£000	£000
Non-HRA	168,510	167,939	165,644
HRA	92,608	93,838	95,068
Total	261,118	261,777	260,712

The estimates are based on the financing options included in the capital investment report. The estimates will not commit the council to particular methods of funding – the actual funding of capital expenditure will be determined after the end of the relevant financial year.

The council has a number of daily cashflows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with the approved treasury management strategy and practices. In day to day cash management no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. It is possible, therefore, that external debt could exceed the capital financing requirement in the short term.

D Prudential indicators for External Debt

A number of prudential indicators are required in relation to external debt.

D1 *Prudential indicator – Authorised limit 2009/10 to 2011/12*

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
	£000	£000	£000
Borrowing	317,000	302,000	307,000
Other long term liabilities	0	0	0
Total	317,000	302,000	307,000

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. **In taking its decisions on the budget report the council is asked to note that the authorised limit determined for 2009/10 in the above table is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.**

The authorised limits are consistent with the council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Director of Finance & Resources confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

D2 *Prudential indicator – Operational boundary 2009/10 to 2011/12*

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
	£000	£000	£000
Borrowing	294,000	279,000	283,000
Other long term liabilities	0	0	0
Total	294,000	279,000	283,000

The operational boundary is based on the authorised limit but without the additional headroom. The operational boundary represents a key management tool for in-year monitoring by the Director of Finance & Resources. As with the authorised limit figures for borrowing (gross) and other long term liabilities are separately identified.

The authorised limit and operational boundary separately identify borrowing from other long-term liabilities. The council is recommended to delegate authority to the Director of Finance & Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term

liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the council at its next meeting following the change.

E Prudential indicators for Treasury Management

A number of prudential indicators are required in respect of treasury management. The indicators are based on the council’s treasury management strategy and take into account the pre-existing structure of the council’s borrowing and investment portfolios.

E1 *Prudential indicator – Brighton & Hove City Council has adopted the “CIPFA Code of Practice for Treasury Management in the Public Services” within Financial Standing Orders.*

E2 *Prudential indicators – Upper limits on interest rate exposure 2009/10 to 2011/12*

	2009/10	2010/11	2011/12
Upper limit on fixed interest rate exposure	138%	135%	134%
Upper limit on variable interest rate exposure	55%	54%	54%

The above percentages are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 134-138% is a consequence of the council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

E2a *Prudential indicators (supplemental) – Upper limits on interest rate exposure 2009/10 to 2011/12*

	2009/10	2010/11	2011/12
Upper limit on borrowing – fixed rate exposure	100%	100%	100%
Upper limit on borrowing – variable rate exposure	40%	40%	40%
Upper limit on investments – fixed rate exposure	100%	100%	100%
Upper limit on investments – variable rate exposure	100%	100%	100%

Indicator E2a is supplemental to Indicator E2 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within which borrowing and investments will be managed. The effect of the limits is the Director of Finance & Resources will manage fixed interest rate exposure within the range 60% to 100% for borrowing and within the range 0% to 100% for investments.

E3 Prudential indicator – Upper and lower limits on the maturity structure of borrowing 2009/10

	Upper limit	Lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	50%

The limits in Indicator E3 represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period.

E4 Prudential indicator – Principle sums invested for periods longer than 364 days

	2009/10	2010/11	2011/12
	£000	£000	£000
Limit	35,000	35,000	35,000

ADULT SOCIAL CARE & HOUSING 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate:

The directorate provides vital services to support some of the most vulnerable people in the city. The services provided are; Adult Social Care (Older People & Physical Disabilities, Management & Support and Service Strategy); Housing (Housing Strategy & Development, Homelessness & Housing Needs, Private Sector Housing, Housing Support Service, Supporting People and Learning Disabilities).

The directorate's objectives support the council's corporate plan and directorate development plan by:

- Providing homes to meet the needs of the City
- Improving housing quality in the City to ensure all have access to Decent Homes
- Delivering high quality, personalised services
- Delivering Value for Money
- Working in partnership
- Reducing inequality
- Delivering excellent customer services
- Developing our workforce

The directorate's approach to the budget proposals are based upon:

- Understanding and costing the delivery of our statutory obligations.
- Working in partnership to improve efficiency and value for money across the health economy while ensuring 'front line' services are delivered effectively.
- Implementation of the personalisation programme and learning from value for money reviews undertaken across the directorate and identified best practice.

Financial and Service Pressures

The main financial pressures on the directorate's service in 2009/10 include:

- Existing demand pressures from service users with physical disabilities and expected growth in 2009/10 of £156,000.
- The impact on provider fees from the implementation of the Working Time Directive and Fairer Contracting of £100,000.
- Increased energy costs of £120,000.
- An effective reduction in the Preserved Rights Grant of £173,000 and the impact on services from no inflationary increase on the Supporting People Grant £80,000.
- Funding public health, addressing historic deficits, and other inflationary pressures £465,000.
- Significant unexpected in-year pressures in 2008-09 which the financial recovery plan is addressing leaving an expected shortfall of £340,000.

These pressures require the directorate to find over £2.2 million of savings (or 5.4% of its budget) to meet a cash limit in 2009-10 based on a 0.5% uplift on the base budget.

Value for Money and Proposals for Main Service Areas

Performance and cost is regularly benchmarked against other authorities and the budget proposals focus on plans to achieve good performance and deliver reduced unit costs. Residential costs are higher than average compared to similar authorities. However, the Council has made a decision to contract with providers based more on quality than price through Fairer Contracting which is reflected in the unit costs.

The focus for future efficiencies is on the implementation of the value for money programme, building on the reviews undertaken in 2008/09, and the further developments of the personalisation programme across the directorate's services in order to improve outcomes for service users and encourage self directed support. A further area of focus is on making the best use of accommodation available across the city to support families, vulnerable people and Adult Social Care service users.

The opening of the access point for adult social care has allowed us to provide support and assistance to a wider range of people. It is also improving value for money by making access to things like grab rails and luncheon clubs much simpler. This has and will continue to improve customer service and reduces the need for costly assessments for smaller services or equipment that make a difference to peoples' lives.

The extra care facilities at Vernon Gardens for disabled people aged 19–65 will be developed during the year.

The main proposals for each service area are shown below and are expected to generate £2.202 million: -

Adult Social Care

- Implementation of the value for money recommendations and the personalisation programme, including the self directed support strategy, reducing the number of assessments that do not result in a service, and continuing initiatives in home care including the re-ablement pilot and day care (£598,000).
- Full year effect of financial recovery plans for Adult Social Care developed in 2008/09 (£220,000).
- Better procurement of supported housing options for Adult Social Care service users (£200,000).
- Use of relevant grants to support the Community Care budget. This effectively 'top slices' the grants to meet increased demands in core services (£450,000).
- Review fees and charges and contract arrangements for services provided to health and other partner organisations (£210,000).
- New value for money reviews in back office areas (£45,000).
- A focus on re-ablement and self directed support against assessed needs and reviewing all high and medium cost care packages ensuring that they meet a person's needs in the most cost effective way (£164,000).

Housing

- Improvements in housing procurement, reviewing fees and charges for licensing and enforcement, and charging partners for housing services (£315,000).

Staffing Implications for the Directorate:

The proposals include a reduction of 10 posts which are currently vacant. A further review of any temporary staffing arrangements will be undertaken regularly.

Key Risks:

The impact of the recession in general and on the delivery of new housing and achievement of affordable housing targets may increase homelessness with consequent pressures on the council's services and budgets.

A further risk is any unplanned or growth in service user numbers, in particular those with physical disabilities.

2009/10 Budget proposals summary:

Adult Social Care & Housing						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	36,235	868	1,354	-1,063	-824	335
Housing Strategy	4,614	104	80	-145	-170	-131
TOTAL	40,849	972	1,434	-1,208	-994	204

S75 LEARNING DISABILITIES 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate

There are approximately 700 people who use a learning disability service including residential care, supported living, floating support, respite breaks, adult placements, day services and employment support. The continued use of individualised budgets and self directed support will manage growth more effectively and will be used to commission and remodel services so that they are more personalised and flexible and so achieve improved outcomes and value for money.

Financial and Service Pressures

The main financial pressures on the service in 2009/10 include:

- Anticipated growth pressures through increased demand and transitions of £1.481 million.
- Delivery of the financial recovery plan for 2008/09 with a current estimated shortfall £400,000 and managing demand.

These pressures require the service to find over £1.1 million of savings (or 5.2% of its budget) to meet its cash limited budget in 2009/10 which has been increased by 4% over 2008/09.

Value for Money and Proposals

The Learning Disability Service has delivered significant efficiencies of over £2.8m since transfer of management and lead to the authority. Significant reductions have been made in the cost of services whilst improving the quality and increasing the choice available through adopting best practice, following government proposals and implementing the value for money recommendations. This has been recognised in the recent assessments by government agencies.

The Learning Disability service has high unit costs (per head of population) compared with other unitary authorities. This is partly due to having a proportionately higher number of adults with a learning disability in the city. Significant progress has been made in developing a financial recovery plan to help manage the demand pressures on the budget for the last two financial years. Further actions are now needed and will focus on development of the 3-year financial recovery plan with strong links to the commissioning strategy.

The main proposals for the service are shown below:-

- Re-commissioning out of area placements through flexible and personalised models of support (£25,000).
- Extending individualised budgets and self directed support in particular for those coming through the transition process providing more flexible and personalised models of support (£150,000).
- Renegotiating spot and block contracts with providers (£213,000).
- Full year effect of financial recovery plans for Learning Disability Services developed in 2008/09 and a focus on re-ablement and self directed support against assessed needs. The emphasis is on reviewing care packages to ensure that they meet a person's needs in more cost effective ways (£412,000).

- Re-commissioning in-house accommodation services to ensure they are 'fit for purpose' and provide the most appropriate accommodation for assessed needs and represent value for money (£135,000).
- Increase efficiency through combining managerial roles and other best practice initiatives (£200,000)

Staffing Implications for the Directorate:

There is likely to be an impact on accommodation and day services staff where 10.5 posts are expected to be deleted of which 2 posts are vacant; the remaining postholders will be redeployed. There will be a continued vacancy freeze on permanent appointments to minimise the risk of redundancy.

Key Risks:

- Shortage of suitable options for re-commissioning out of area placements.
- Growth may be greater than expected because of ordinary residence claims as a result of tenancies and other non registered services.
- There is also a risk of increased pressures from services being registered which is estimated to be £150,000.

2009/10 Budget proposals summary:

Section 75 : Learning Disabilities						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Council Lead						
Learning Disabilities	21,744	524	1,481	-800	-335	870
TOTAL	21,744	524	1,481	-800	-335	870

HEALTH LED S75 ARRANGEMENTS 2009/10 BUDGET PROPOSALS

General approach to the budget proposals:

Under S75 of the Health Act 2006, National Health Service (NHS) bodies and local authorities can form partnership arrangements for lead commissioning, integrated provision of services and pooled budgets. Brighton & Hove City Teaching Primary Care Trust (PCT) acts as lead commissioner for some adult social care services. Sussex Partnership NHS Foundation Trust is the lead provider for Adult Mental Health, Older People Mental Health and Substance Misuse Services. South Downs Health Trust is the lead provider for Intermediate Care, Integrated Community Equipment Store and AIDS/HIV services.

Health budgets are generally uplifted in line with their central government allocation. Health partners have been advised of the budget context for the Social Care uplift offering of 0.5% cash limited and budget proposals have been discussed and agreed to support the Personalisation Programme.

Issues on Sussex Partnership Foundation Trust (SPT) Led Services:

The uplift on the health elements of the integrated budgets is expected to be 2.3% (inflation uplift less efficiency savings). SPT have worked with the council to identify potential savings to deliver against the cash limited budget available. The proposals are subject to the current review of senior management structures across SPT and the impact of these changes on the Social Care element of the budget.

Whilst there are indications of increasing younger people with mental health needs this needs to be considered against the demand on Older People Mental Health Services which has reduced over the past 18 months. SPT have agreed to manage overall demand.

A financial recovery plan has been put in place in the light of the 2008/09 pressures, further detail is awaited on the expected results of this and the full year effect on 2009/10.

Savings proposals for SPT Led Services

- Reduction in use of agency staff (£40,000)
- Review of Mental Health integrated management costs for the Social Care element of the budget (£140,000)

Issues on South Downs Health Trust Led Services:

The pressures within the Integrated Community Equipment Service and evidence of increased demand may lead to a potential pressure of £130,000. However expectations of compensating reductions within Health and Social Care Services have not been quantified.

Savings proposals for South Downs Health Trust Led Services

- Intermediate Care - reduction of 2 care support worker posts and reduction in temporary staff (£41,000).
- HIV/Aids - reduction in supplies and services budget (£2,000).
- Integrated Community Equipment Service - due to the complexities of commissioning of equipment further analysis is required and options considered to address all aspects of the ICES budget. This will be led by South Downs Health Trust and involve the PCT and City Council.

2009/10 Budget proposals summary:

Health Led Section 75 arrangements						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
SPT						
Mental Health and Substance Misuse	10,380	253	0	0	-180	73
SDHT						
Intermediate Care, ICES and HIV/AIDS	2,125	51	130	-63	-128	-10
TOTAL	12,505	304	130	-63	-308	63

CULTURAL SERVICES DIRECTORATE 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate:

The Directorate's strategy to meet its budget savings target is to focus on proposals that implement the recent Value for Money review recommendations and minimise the effect on frontline services. This process will also assist in generating additional income streams, driving down unit costs in service areas and in our partnerships / award of grants to external organisations.

In order to address the increases in the contract for energy costs, tough decisions have been taken to deliver further efficiencies. These may have an impact on frontline services although the risks associated with this are considered manageable.

Financial and Service Pressures

The cash limited budget requires savings to be made to address service pressures and inflationary increases. Key service pressures for Cultural Services include:

- Energy costs where the anticipated increase of £150,000 has been mitigated by a one off corporate contribution of £60,000 to reduce this pressure to £90,000.
- Inflationary costs including staff increments £89,000.
- Grants for Community Development Commissioning via the Trust for Developing Communities and the Brighton & Hove Community and Voluntary Sector Forum are a pressure for 2009/10 and subsequent years. Service Pressure recurrent funding of £220,000 has been recommended along with an additional £100,000 from Area Based Grant for 2009/10 only. Plans will be developed to address the shortfall of £100,000 in 2010/11.

Value for Money and Proposals for Main Service Areas:

In overall terms, spending on cultural services are higher than found in comparable authorities. However, this reflects the priority this Council places on culture and tourism and its ambition to 'punch above its weight', recognising the economic and employment benefits this brings to the City. In addition, the city is a regional hub for culture and tourism and has a major conference centre as well as the Royal Pavilion and Museum's collections which are of international significance.

Summaries of the main proposals for each service area, focussing on the most significant areas, are shown below: -

Economic Development & Regeneration (including Arts & Creative Industries)

A 6-point plan to help small businesses tackle the effects of the credit crunch and economic downturn has been initiated. It includes the establishment of a new Economy Task Force; urging local banks to provide sensitive support; funding additional business support clinics; launching a 'buy-local' campaign; moving towards 10-day invoice payments for small business; offering monthly instead of quarterly rent payments for our commercial tenants; and 12 instalments for business rates instead of 10. This activity is being delivered in

partnership with organisations including SEEDA, Business Link, Brighton & Hove Business Forum and the Chamber of Commerce.

Value for Money - The division has successfully negotiated draft developer contributions to support apprenticeships, training and workforce development activity.

Proposals - The division proposes to reduce its supplies and service budget and work towards securing additional external grants to assist in delivering the City's economic priorities. There will be no inflation on the Community & Voluntary Sector Grants budget creating a saving of £30,000 against the contingency. This proposal will not reduce the amount of funding already committed to organisations in receipt of 3 year grants. Member decisions for the 2009/10 year have already been made at Policy & Resources Committee in November 2006.

Subscriptions have been reviewed and the value gained through subscriptions has been assessed against cost. Savings of £20,000 can be achieved through the withdrawal from the South East Regional Assembly.

Major Projects & Venues

A plan is in place to take forward the redevelopment of the Brighton Centre by initiating a procurement process to appoint a lead architect and professional development team to undertake a detailed feasibility design study.

Value for Money - Brighton & Hove is at the forefront of SEEDA's South East Coastal Strategy, one of the sub-regional delivery frameworks for the Regional Economic Strategy. This framework identifies culture and leisure based growth as a priority for stimulating wider economic transformation. Each of the major projects has the potential to deliver significant economic impact and offer the opportunity to consolidate the city's role as a key sub-regional service centre on the South East coast and, in regional policy terms, to support the economic development of Brighton & Hove as one of the South East's 8 'diamonds for growth' within the Regional Economic Strategy.

Proposals - Following a thorough review of all external income sources, the division proposes to generate additional income by sub-letting an area of the Brighton Centre kitchens, increasing the projected budget for catering commission at the Brighton Centre and increasing fees & charges across both venues by 1.5% above inflation. Concessionary rates for both weekday and weekend bookings apply at Hove Town Hall to registered charities, Brighton & Hove based non profit making organisations and local community groups.

Royal Pavilion and Museums

A solution for the future management of Foredown Tower is being developed with the Hove and Adur Sea Cadets which will safeguard its future and minimise future investment and costs to council tax payers. The cadets are being encouraged to consider the option of establishing a community trust in the future for running the Tower.

Value for Money - In line with recommendations from the recent Value for Money review the division is introducing a recommended level of donations at the city's museums to improve income from visitors, linking to a proposed saving of £23,000 in the 2009/10 budget. The division is also investing in systems to improve the capability to make sales of admissions, functions, tours and other services, in line with major competitors. The division has improved user satisfaction (up to 65%) for museums and galleries and is now 2nd in our comparator group behind York in 2007/08.

Proposals - The division propose to reshape one management and one curatorial post to provide clearer focus on key heritage assets and career progression opportunities.

Tourism

The new VisitBrighton website that has just been launched provides a fantastic new way for the City to make its offer known to millions of potential visitors while making us more efficient and generating additional income through an improved and much more accessible booking system.

Value for Money - The re-launched website www.visitbrighton.com will increase website traffic and deliver the accommodation bookings required to achieve VFM targets. Traffic to the website will reach two million unique visitors in the current year. The relocation of the Visitor Information Centre has reduced costs and increased footfall from 170,000 to 300,000 in one year with increased income and better customer service.

Proposals - The division proposes to secure accommodation booking revenue following the implementation of the new website and improvements to conference sales activity generating an additional £20,000. Subscriptions have been reviewed and the value gained through subscriptions has been assessed against cost. Savings of £6,000 can be achieved through the withdrawal from the British Resorts and Destinations Association.

Libraries and Information Services

The division will build on the council's continuing commitment to improve access to public library services with a trial extension of opening hours at Hove Library to 6 days a week, through additional funding for half-day opening on Mondays.

Value for Money - Jubilee Library continues to be in the top 5 libraries in the country – fifth in terms of visits and fourth re issues per year. Following the successful extension of opening hours at Jubilee Library last year, it is proposed to open Hove Library for half a day on Mondays and assess the take up during the year. Sunday opening at Jubilee has generated approximately 73,000 extra visits per annum. User satisfaction with libraries increased to 88% in 2007/08. The library service continues to provide better value than Bournemouth, the only other Library PFI authority in the country (£23.79 per head as opposed to Bournemouth's £32.95 in 2007/08). The Service is using 'Transformation Bid' monies to carry out an options appraisal on the future development of community libraries, following the recommendations of the VFM audit in 2008.

Proposals - The division will reduce supplies and services budgets for events, exhibitions, marketing and promotions, new library materials, design, print and reproduction and general office costs.

Directorate wide

The directorate will implement a range of measures to effectively manage and reduce its energy consumption in buildings, reduce supplies and services budgets and introduce a vacancy management procedure.

Staffing implications for the Directorate

Six staff posts are affected by the directorate's proposals of which 3 are vacant posts to be deleted. In ensuring value for money, the directorate is in the middle of re-shaping senior management responsibilities that will result in the deletion of the vacant Assistant Director Economic Development & Regeneration post and the Head of Strategic Projects posts which will be at risk of redundancy.

Key Risks:

The directorate will manage additional in-year service pressures of £89,000 as well as inflationary pressures. These include the costs of staffing increments not associated with the re-structure.

Energy costs are a key issue where the increase in contract costs are estimated at £150,000. £60,000 of this has now been met by a corporate contribution.

The proposals do not currently include any provision for the continuation of employment initiative projects funded through the Area Based Grant in 2008/09 at £200,000 and which was expected to end in 2008/09. This will impact on our partners delivering pre-employment and training courses. Separate decisions are yet to be held regarding LABGI and LPSA Reward funding and it is anticipated some of these activities can be supported by LABGI and LPSA.

Uncertainty on the impact of the economic downturn on the economy and in particular on visitor numbers which may have an impact on the ambitious income targets set for 2009/10 and beyond.

2009/10 Budget proposals summary:

Cultural Services						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures & priorities	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Economic Development & Regeneration (& Arts & Creative Industries)	2,880	112	17	-138	-20	-29
Major Projects and Venues	205	1	35	-15	-40	-19
Royal Pavilion & Museums	2,222	47	77	-56	-23	45
Tourism	1,847	44	10	-10	-26	18
Libraries & Information services	3,934	93	98	-20	0	171
TOTAL	11,088	297	237	-239	-109	186

CHILDREN & YOUNG PEOPLE'S TRUST 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate:

The Children and Young People's Trust provides a range of universal, targeted and specialist services for children, young people and families in Brighton and Hove. The focus of the Trust's work is to improve outcomes for children and young people with a particular emphasis on supporting vulnerable children including those with a special educational need or disability and looked after children. Emphasis is placed on prevention and early intervention which means identifying and providing services as early as possible where there is an identified need.

The Trust is currently reviewing the Children and Young People's Plan for 2009 – 2012. The Trust's draft objectives are to:

- Provide the leadership to drive cultural change throughout children's services.
- Improve the well being of all children, narrowing the gap between the most disadvantaged and their peers to reduce inequality by increasing opportunity.
- Improve quality standards of services for children and young people across the city.
- Commission and deliver excellent services that are value for money.
- Become an employer of choice.

The Trust's approach to the budget is based upon:

- Minimising any significant impact on front-line delivery of children and young people's services.
- Building on the considerable progress made in 2008/09 to manage expenditure within budget and to ensure rigorous and effective management of identified corporate critical areas.
- Addressing areas of higher cost, for example, looked after children and children with Special Educational Needs (SEN) to improve value for money.

2009/10 represents the first stage of a three year budget strategy. The CYPT is two years old and the budget strategy will align with the development of the Trust at the next stage and be reflected in the new Children and Young People's Plan. The main elements of the strategy are:

- An overall reduction in management costs to be achieved through a restructure of management, a review of the area model of service delivery and a review of city-wide services.
- Rationalisation of accommodation to reduce energy and other costs.
- Increased contributions from the Sure Start Grant to the Early Years Visiting Service which is of particular significance given the current national focus on safeguarding.

Financial and Service Pressures

The main financial pressures of £1,637,000 on the directorate's services in 2009/10 include:

- Demand for disability agency placements of £127,000.
- Increased independent foster agency placements of £907,000. This pressure has been reviewed and a savings target set (see below).
- Decreased residential agency placements offsetting other pressures by £152,000 following a review of the likely level of cases for 2009/10.
- A loss of Area Based Grant funding for the Youth Service of £200,000.
- Current demand pressures on the children's Leaving Care budget of £239,000.
- Improvement to safeguarding children amounting to £50,000, including an independent chair for the Local Children's Safeguarding Board (LCSB).
- Staff Increments £200,000.
- Introduction of a performance analyst post to inform and support management in further improvement in services and value for money £45,000.
- Other small pressures £21,000.

These pressures require the directorate to deliver over £1.25 million of savings to meet a target of no cash increase over 2008/09 for Local Education Authority (LEA) Services and a 4% cash increase in other CYPT services. The cash limit has been met from improved efficiency (£1,040,000) and increased income (£160,000). The remaining £50,000 results from a saving on Legal Fees.

There are signs that the increased national focus on safeguarding has contributed to increased activity in terms of referrals to child protection. The CYPT has undertaken a stock-take of its safeguarding arrangements and there is a recognition that recent increased activity may lead to longer term pressures on front-line child protection services and provision for Looked After Children. This risk is considered in the overall council budget proposals.

Value for Money and Proposals for Main Service Areas

The central LEA services are just above the average for similar authorities while spending per pupil in schools is close to the average. In the Annual Performance Assessment of children's Services, Ofsted has identified academic achievement and personal development as good and above average for the Foundation Stage and Key Stages 1 and 2. At Key Stage 4 achievement is also good and standards achieved at age 16 are better than those in similar authorities.

The costs of children's social care are high compared to other similar authorities and in particular Looked After Children. The CYPT has reviewed activity and spend on Looked After Children (LAC) and as a result of this focus, numbers of LAC are reducing steadily (now at 79/10,000 against 84/10,000 in 2006) and the forward

trajectory continues downwards. The use of Independent Foster Agency placements (IFAs) is now lower than the numbers budgeted for based on previous trend analysis. A joint, sub regional tendering process has been completed with colleagues in West Sussex that will procure residential and IFA placements at a cost that will offer further budget savings. The recent and sustained national focus on safeguarding children may militate against further progress in this area of work.

Spending on Special Educational Needs (SEN) is also high compared to similar authorities. The CYPT is actively engaged in reducing out of city placements for children with Special Educational Needs (SEN) and funding for local authority special schools is under review. This should serve to ensure this area is managed within budget in 2009/10 and with appropriate redirection of resources for 2010/11 onward. This work will build on the successful strategies developed for LAC.

The savings target of £1,250,000 has been met as follows:

- Management restructuring and review of current area model of service delivery £540,000;
- Accommodation savings £50,000;
- Reduction in Independent Fostering Agency numbers £450,000;
- Further Contribution from Sure Start Grant to Early Years Visitors £130,000;
- Funding the £30,000 contribution for educational work by the Brighton Festival from the Reward Grant element of the Local Public service Agreement 2 (LPSA2) in accordance with the decision by the Public Service Board;
- Reduced legal costs £50,000.

Staffing Implications

There are staffing implications arising from the proposed changes to the tiers two and three staffing structures and the area model review. These have and will continue to be consulted upon outside of the budget process.

Key Risks

To achieve the level of efficiencies only two years following the inception of CYPT, significant change management arrangements are need to be put in place to minimise the impact on statutory responsibilities, the delivery of services to safeguard children, and staff morale.

Recent national events relating to safeguarding have led to an increase in the level of referrals over recent weeks. There is a risk that this may lead to longer term pressures on front-line child protection services and provision for Looked After Children.

Any redundancy costs from restructuring will need to be met by spreading the costs over five years which will produce a lower net saving for that period.

2009/10 Budget proposals summary:

CYPT						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
	£'000	£'000	£'000	£'000	£'000	£'000
Main Service Area						
Director	-495	26	67			93
Specialist Services	23,864	599	912	-450	-50	1,011
Learning & Schools	1,690	29	13		-31	11
Central Area and Schools Support	7,129	154	27	-50	-40	91
East Area, Early Years and NHS commissioning	5,671	122	277		-44	355
West Area and Youth Support	4,926	101	264		-45	320
Quality & Performance	1,305	25	77			102
TOTAL	44,090	1,056	1,637	-500	-210	1,983
Directorate restructure				-540		-540
TOTAL	44,090	1,056	1,637	-1,040	-210	1,443

ENVIRONMENT DIRECTORATE 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate

The Environment directorate provides some of the city's most visible services from street cleansing to safer streets, and from parking to parks. The main services within the directorate include, sustainable transport, seafront, parks & open spaces, planning, city clean (waste services), sport & leisure, community safety, conservation and design, parking, countryside, highways management, environmental awareness and recycling. The budget proposals for Environment, cover the portfolios of two Cabinet Members. The Cabinet Member for Environment is responsible for the majority of the service. The Cabinet Member for Culture, Recreation & Tourism has responsibility for the sport & events aspects.

The directorate's objectives to support the council's corporate plan priorities are to:

- To preserve, enhance and improve the city's built and natural environment
- To improve the appearance of the city
- To protect and improve public health, community safety services and provide a range of sports and leisure services in the city
- To continuously improve service delivery, efficiency, operations and performance
- To provide and deliver services that meet the needs of the many different people and communities who live in and visit our city.

The directorate's approach to the budget proposals is based upon:

- Improving value for money in higher cost services.
- Maintaining income where possible by broadening the range of services that we can offer.
- Investment in services with a high priority.

The cash limit for the directorate is set to increase by £179,000 for 2009/10 a rise of less than 0.5%. The cash limit has been achieved despite significant pressures of almost £2.5 million. Savings and other funding totalling over £3 million have been generated to achieve a balanced budget, with the most significant efficiencies having been identified in City Clean.

Financial and Service Pressures

The directorate is facing a significant number of unavoidable service pressures, including unprecedented rises in energy costs and substantial loss of grant funding. The main financial pressures on the directorate's services in 2009-10 include:

- Loss of grant funding as shown below:

Funding Source	Service	£
Area based grant	Public Safety	498,000
Communities & Local Government	Planning	250,000
Sport England	Active for Life programme	145,000
LPSA 2 Pump Priming grant	Environmental Improvement team	151,000
Total		1,044,000

- Increased energy costs of £553,000 on Street Lighting and at the King Alfred Leisure Centre.
- Increased landfill tax costing a further £450,000.
- Income shortfalls at our leisure facilities of £180,000.

The budget proposals are based on a full year's operational activity at the King Alfred Leisure Centre, there would therefore be a financial pressure created by any period of temporary shutdown for maintenance and/or repair works.

The budget proposals set out in this report have achieved the cash limit, and at the same time:

- Safeguarded critical front line community and public safety services despite the loss of government grant funding.
- Increased investment in city planning.
- Protected investment in parks & gardens and funded increased mowing frequencies.
- Provided replacement funding for the Active for Life programme.
- Offered free swimming to the under 16's and over 60's.
- Carried out value for money reviews in City Clean, City Parks and Development Control that have delivered improved efficiencies and significant savings in City Clean.

The approach over future budget strategies will be to continue to protect front line services, generate new investment for priority services, whilst absorbing the loss of further grant funding streams.

Value for Money and Proposals for Main Service Areas

A significant proportion of the directorate's savings for 2009/10 will be made from the changes made to refuse and recycling rounds following the opening of the waste transfer station and materials recycling facility at Hollingdean and the extension of communal bins, which has enabled the directorate to streamline operations in this important service area. We have also not experienced the waste growth anticipated and experienced across the country allowing for reduced waste disposal costs.

Summaries of the main proposals for each service area focussing on the most significant areas are shown below: -

Sustainable Transport

Annual inflationary increases are being introduced to all parking charges and income will be generated from the introduction of a new controlled parking zone. Therefore, as set out in last years budget proposals an annual average inflationary increase of

2.5% has been applied across all parking fees. This is expected to generate a small additional return due to the different usage levels for each tariff.

Following the successful refurbishment and modernisation of the Lanes and London Road car parks it is proposed to increase the charges to bring them into line with market rates (whilst still being below other city centre car park levels). The proposed Preston Park resident parking scheme would also generate further income. This coupled with efficiencies in service delivery will allow the service to achieve a much higher percentage reduction in net budget than that set out in the Medium Term Financial Strategy as follows:

- Uplift of charges to more competitive levels at the Lanes & London Road car parks following redevelopment works will generate £200,000.
- Subject to member agreement on the introduction of the new Preston Park controlled parking zone an additional £273,000 would be generated.
- Back office efficiencies including centralising our parking information service in Hove Town Hall will generate £50,000.

A continued fall in patronage of the Park & Ride service from Withdean means the service no longer offers value for money and therefore it is proposed that the service will be replaced with additional investment of £90,000 in the regular 27 bus service which follows an identical route. A further £32,000 will be invested in subsidised bus routes in addition to the current £1million subsidy.

Public Safety

Grant funding for many essential services in public safety are due to end in March 2009, with further loss of grant due in 2010/11. Many of the services affected are part of the council's core service provision and deliver many of the agreed LAA targets. Following extensive external assessment the services have also been shortlisted for a national Beacon Council Award and in a separate process national accreditation has been achieved for the Domestic Violence services. Significant progress is being made in the delivery of the Council's Community safety, Crime Reduction and Drugs Strategy. For example, in comparison to the same period in 2007, during the period April to December 2008:

- Total police recorded crime has reduced by 8.1%
- Criminal damage has reduced by 11.3%
- Violent crimes with injury has reduced by 11.6%
- Assault without injury has reduced by 10.6%

In order to continue this work mainstream funding needs to be allocated to these services to ensure their continuation. To allow the authority time to absorb the grant losses within its mainstream budgets, a share of the LPSA 2 reward grant has been secured from the Public Sector Board. An allocation of £0.500 million from the reward grant in 2009/10 and £0.400 million in 2010/11, will secure the funding needed to continue the services in the short term. This would then allow the authority time to secure mainstream funding for all the core services from within its cash limit across the life of the three year budget strategy.

City Planning

The service has suffered a loss of £250,000 in grant funding, but we will be investing a further £315,000 in City planning to cover this loss and to increase resources in policy planning and in particular Development Control in order to ensure that we

meet government targets and complete a programme of transformational change. There will also be an expansion of the pre application planning advice service to cover medium size applications for which a cost recovery charge will be levied.

Following the strategic Value for Money review, work is continuing in the Development Control service to implement service improvements. Having achieved the majority of key national performance indicator targets for the service in 2007/8, the outcomes of the review will help deliver further improvements in efficiency.

City Services (City Clean and City Parks)

A reorganisation of refuse and recycling rounds following the opening of the waste transfer station and materials recycling facility at Hollingdean, and the extension of communal bins will enable the directorate to make over £920,000 savings in next financial year. In addition further savings of over £737,000 will be made by reduction in waste tonnages. A service pressure of £450,000, relates to an increase of £8 per tonne in Landfill Tax. An extra £100,000 is to be invested to increase the frequency of mowing the grass across the city. Value for money reviews have been completed in city clean and city parks during the current financial year with the following headlines:

City clean review

A peer review was carried out by the London Borough of Southwark of our city clean service with the following headlines:

- Productivity has improved and refuse service costs reduced from £46.1 per household pa to £29.09
- Customer satisfaction with refuse increased from 46% to 77.5%
- Cleanliness of streets has improved
- The new recycling service has increased recycling from 14% to 28%

City parks review

The review established that the service is judged as good value for money evidenced by:

- Medium “cost per head” compared to other authorities in class, falling year on year.
- High levels of customer satisfaction with the city’s parks and open spaces, increasing year on year.
- High levels of usage of the city’s parks and open spaces.
- Six of the city’s parks achieved the coveted green flag award

Sport and Leisure

The council will continue to support the hugely successful Active for Life programme; by providing £145,000 of additional funding to replace the loss of grant monies, the programme provides a range of opportunities, which help to improve health in local communities. The project has made a real difference with more than forty weekly activity sessions, which are part of a programme of more than 360 different activities.

The council has also agreed to participate in the new initiative to offer free swimming to under 16’s and over 60’s. The Primary Care Trust is part funding the net cost of the scheme with the council.

Staffing implications

City Clean - staffing implications associated with refuse and recycling round changes have been agreed with staff and the trade unions, the associated voluntary redundancy costs have been factored into the proposals.

Area based grant funding – The budget strategy has secured funding for one year for some 36 staff that are affected by the end of this grant funding including 28 staff in the Partnership Community Safety Team, 4 staff in the Drug & Alcohol Action Team, and 4 staff in the Environment Improvement Team.

Active for Life – The additional allocation of council resources has ensured the 7 posts affected can be funded for 2009/10.

During the next year the authority will work to release mainstream funding to allocate to the core services delivered by these teams to ensure their continuation.

2009/10 Budget proposals summary:

Environment						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures & Priorities	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
	£'000	£'000	£'000	£'000	£'000	£'000
Main Service Area						
Sport & Leisure	1,523	34	486	0	0	520
Sustainable Transport (excl parking)	10,149	243	605		-52	796
Parking	-11,056	-280	0	-50	-767	-1,097
Public Safety	3,706	84	420	0	-500	4
City Planning	1,948	42	315	0	-20	337
City Clean (Waste collection & Street Cleansing)	12,958	306	0	-923	0	-517
Waste Disposal (PFI)	11,487	287	450	-737	0	0
City Parks	5,719	136	100	0	0	136
TOTAL	36,434	852	2,376	-1,710	-1,339	179

FINANCE & RESOURCES DIRECTORATE 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate

The directorate provides a diverse range of front line and support services (including council tax and business rates collection, the council's switchboard and reception, concessionary travel, City Direct walk-in centres, electoral services, local land charges, registrars, bereavement services, property and design, ICT, finance, internal audit and strategic procurement). The directorate also hosts the Coroner's service.

The directorate's objectives to support the council's corporate plan priorities are to:

- Improve the customer experience of council services.
- Drive value for money in our own services and supporting other services to achieve the same.
- Promote effective governance and city management.
- Develop sustainable medium term resource strategies (financial, property, information and natural resources) to meet the council's objectives.
- Promote equality and diversity across our services.

The directorate's approach to the budget proposals is based upon:

- Giving even better value from our services by improving performance and efficiency through a customer focus, technology, and better business processes.
- Improving income where possible by broadening the range of services we can charge for and by improving income collection/recovery.
- Improving value for money more widely through reducing accommodation, effective asset management, procurement, insurance, technology, and customer access.

Financial and Service Pressures

The main financial pressures on the Directorate's services in 2009-10 include:

- Increased energy costs of £120,000.
- The loss of income of £494,000 (land charges £400,000; other income £94,000).
- Additional empty property business rates of £140,000.
- Maintaining performance in the benefits service due to increased demand of £100,000.
- An increased caseload in the Coroner's Service costing an additional £40,000.

In the budget proposals the Directorate has also managed to provide:

- Reinvestment of non-recurring savings of £200,000 in ICT into software assurance, information security, data access and an initial investment in virtual technology.
- £30,000 for Coroner's court facilities at Woodvale in advance of anticipated legislation.
- £54,000 to continue rationalising purchasing through the e-procurement system.

These pressures require the directorate to find over £1.5 million of savings (or 8.6% of its budget) to meet a target of no cash increase over 2008-09 (and a 1½% increase in repairs and maintenance). The cash limit has been met from improved efficiency (£732,000 or 4.1% of the budget), additional benefits subsidy for non HRA properties (£500,000 or 2.8%) and increased income (£301,000 or 1.7%).

Value for Money and Proposals for Main Service Areas

The proposals are set within a context of the cost of all the council's central services being among the lowest (per head of population) for unitary authorities.

The directorate has continued to reduce costs while improving performance as evidenced by the council's improvement in its CPA score for use of resources from a 2 to 3 (out of 4). The use of resources includes financial reporting, financial management, asset management, financial standing, and internal control – all core activities of the directorate.

Wherever possible, the directorate benchmarks its performance and costs as part of a continuing programme to improve value for money. Key highlights include:

- Property and design services perform well at low cost. This includes the balance of planned to reactive maintenance, property condition and suitability, delivery of capital projects through an innovative strategic partnership, and CO2 emissions for our operational buildings being among the lowest compared to similar authorities.
- The benefits service scores a maximum of 4 in all the previous CPA measures at below average cost per weighted caseload. The performance in turnaround measures for new claims and change of circumstances is at the average compared with other authorities and within the CPA targets for a 4 star rating.
- The council tax service has been subject to significant benchmarking and best practice comparison during the year. The resulting recommendations are being implemented in 09/10 to further improve collection and provide better value for money in administrative costs.
- ICT is at an average level in terms of service delivery and average cost of ICT, with slightly higher web delivery costs. Since the benchmarking costs have moved to the lower quartile in terms of telephony and close to the lower quartile for desktop and laptop purchasing.
- Low unit costs in transactional finance services, above average compliance with best practice and above average performance in prompt payment.
- Accountancy costs are near the bottom quartile and CPA Use of Resources scores on financial reporting, financial management, financial standing are now all 3 out of 4.
- Internal Audit costs are substantially lower compared to other unitary councils and the CPA Use of Resources score for internal control is at 3 out of 4.

Property and Design Services

The approach to the 2009-10 budget is to:

- Reduce office accommodation (£23,000).
- Restructure our teams after streamlining business processes (£55,000).
- Improve procurement of planned maintenance (£37,000).

Customer Services

The approach to the 2009-10 budget is to:

- Reflect the additional subsidy for non-HRA properties of £500,000.
- Modernise our billing/recovery procedures to save £230,000 with an initial investment of £100,000.
- Introduce new income streams amounting to £50,000.
- Restructure services and working practices saving £45,000.

Information, Communications and Technology Services (ICT)

The approach to the 2009-10 budget is to:

- Implement contract savings of £50,000.
- Introduce and bed down new multi function printing devices to save £100,000.

Finance & Strategic Procurement

The approach to the 2009-10 budget is to:

- Make savings through our business process review (£192,000).
- Implementing the revised procurement strategy to improve value for money across the Council.

Staffing Implications for the Directorate:

In 2009-10 approximately 32 posts are affected by the budget proposals mainly in the Revenues & Benefits division which is proposing contractual changes (excluding equal pay). There is a risk of 2-3 redundancies in total in Financial Services and Property and Design.

Key Risks:

The recession may impact on areas such as commercial rent income, business rates (empty properties), local land charges (due to the housing market) and housing benefit administration if the number of claimants continues to increase. The position will be volatile and difficult to predict and will be closely monitored with alternative strategies and in-year recovery measures developed if necessary.

Rising energy costs can have a significant impact in life event services, the corporate accommodation portfolio, and capital schemes. Energy efficiency measures can help to mitigate some of this risk but this depends on the level of any future increases.

2009/10 Budget proposals summary:

Finance & Resources						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Finance & Procurement	5,982	138	128	-192	0	74
ICT	5,327	126	200	-350	0	-24
Property & Design	2,873	68	211	-115	-151	13
Customer Services	3,869	77	639	-575	-150	-9
TOTAL	18,051	409	1,178	-1,232	-301	54

STRATEGY & GOVERNANCE DIRECTORATE 2009/10 BUDGET PROPOSALS

General approach to the budget proposals taken within the Directorate:

The directorate provides a range of services including legal and democratic services, human resources and payroll, improvement and organisational development, communications and the corporate policy unit.

The Directorates objectives to support the council's corporate plan priorities are:

- Understanding and responding to the City's needs
- Driving improvement and better value for money
- Strengthening the Council's reputation
- Delivering excellence through our people
- Building democratic capacity
- Ensuring legality and ethical decision making

Since 2007/08 S&G have taken a three year approach to the budget and savings process including:

- Maximising internal /external income and funding
- The use of new technology and new business processes
- Where appropriate, teams have been reorganised to focus on the priorities of the organisation and to deliver improved value for money.

This will continue to be our medium term approach in 2009/10.

Financial and Service Pressures

The main financial pressures on the Directorate's services in 2009-10 are for legal services where specific additional capacity is required. This is offset by savings elsewhere in legal services.

Value for Money and Proposals for Main Service Areas

The proposals are set within a context of the cost of all the council's central services being among the lowest (per head of population) for unitary authorities.

By far the largest service pressure in the coming year is the demand of implementing the outcome of any equal pay settlement.

Legal & Democratic Services

The Legal Service restructure, implemented in 2008/09, was designed to deliver savings for the period 2009/10 by streamlining management arrangements and ensuring best use of legal support across the whole service. This will deliver a saving of £21,000.

Through 2008/09 and 2009/10 Legal Services are both upgrading and introducing new and improved software solutions to drive productivity, maximise flexibility and to reduce unit costs where possible. This along with efficiencies in other supplies and services budgets will deliver savings of £15,000.

Human Resources

Savings will be made by the introduction of new business partnering/strategic split arrangements and improved use of technology. In addition, a combination of increasing income for school recruitment support, developing income from Admin All Areas and from rationalisation of payroll dates will achieve savings of £67,000.

The introduction of the new HR structure and the new computer system will both improve value for money by providing more strategic HR resources for departments, reducing the cost and inefficiency of HR transactions and reducing costs through better support of managing attendance and employee relations. This will deliver savings of £17,000 and reductions in temporary staff, saving a further £36,000.

Improvement and Organisational Development

Whilst the management review in 2007/08 delivered management savings the bulk of these have been reinvested to deliver corporate workforce development, improve management capabilities and lead on VFM and Investors in People. Additional efficiencies are being made by introducing Inter Plan, a management information system, to streamline the collection and monitoring of data to support inspection and CAA.

Communications

A new Head of Communications is currently reviewing all aspects of the communication function and design and print expenditure across the council. This will lead to a medium term approach. For 2009/10 the savings will come from increased income targets in the Design and Print service.

As part of a continuing VFM strategy, Communications are currently undertaking a service restructure aimed at eliminating duplication, improving efficiency and accountability and to strengthen the corporate narrative and brand. It is also carrying out a best value review of all print, design, and publicity in order to deliver a streamlined, effective and value for money service.

Corporate Policy Unit

Research & Consultation has been reconstituted as the Analysis and Research Team are taking on additional duties relating to LINKS and is now receiving additional funding while managing the new work within existing resources.

The Policy Unit already delivers excellent value for money, providing a wide range of services with a small staffing complement. In 2008/09, over £110,000 of additional external funding was secured and agreement has been reached with partners to continue this level of funding into 2009/10.

Staffing Implications for the Directorate:

- Deletion of 1 full time post in Improvement and Organisational Development which is currently vacant.

Key Risks:

- Downturn in property market reducing income to Legal Services.
- Lack of external contributions to continue to fund the Local Employment Partnership.
- Unforeseen legislative changes requiring additional resources.
- Reduced project service capacity may hinder the VFM agenda.
- Service areas find it difficult to respond quickly to changing needs of the organisation due to lack of resources.

2009/10 Budget proposals summary:

Strategy & Governance						
	Adjusted Base Budget 2008/09	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2009/10
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	2,949	66		-53	-67	-54
Improvement & Organisational Development	1,662	40		-28		12
Legal & Dem	2,071	44	30	-36		38
Policy Unit	2,644	14			-11	3
Director of S&G	459	9		-8		1
Executive Office	396	9		-10		-1
Communications	591	13			-14	-1
Members Allowances	1,057	26	1			27
TOTAL	11,829	221	31	-135	-92	25

Licensing Fees & Charges 2009/10

Any fees charged must be in accordance with any requirements of the legislation under which they are charged. Fees payable to the licensing authority relating to functions covered by the Licensing Act 2003 are set centrally by the Secretary of State for Culture, Media and Sport.

Fees and charges increased in line with a standard 2.5% inflation are assumed within the budget process and do not require the specific approval of the Executive however these are included in the schedules for completeness. The increase over 2008/09 is set out; in most areas a fee increase in line with inflation is assumed. Fee increases are rounded to the nearest £ or 50p which distorts the percentage increase.

Under Financial Regulations the Executive shall keep all charges and income under review and shall receive a report from Directors on price variation above or below the corporately applied rate of inflation.

Some redundant fees have been deleted for administrative convenience or because legislation has been rescinded. Cosmetic piercing registration fees have been consolidated.

Sex establishment fees are considered sufficient to cover service provision.

Comparison was made with relevant comparator groups and near neighbours.

Gambling premises fees were calculated using LACORS advice, issued in January 2007. They are set below legal maxima but appear to provide sufficient income to cover service provision.

Different street trading consent fees are set to recognise the duration and benefits of various short term occasional consents, using Upper Gardner Street Market as a comparator.

Zoo licences are renewable every six years but should be set at a level to recover the annual costs of specialist veterinary inspection.

Despite service pressures, including a medical advice service previously supplied by the Health Protection Agency, proposed DVLA checks and a consultant's taxi demand report scheduled for 2009, taxi licensing income should reasonably cover costs if current charges are raised by the standard inflation rate.

The cost of complying with stray dog duties has risen due to difficulties with re-homing certain breeds, increased kennelling costs and veterinary costs.

Fees & charges set under Highways Act and Road Traffic Regulation Act legislation were not raised in 2008/09, with some fees having no rise for more than 2 years. Most fees have been raised to the nearest £, which distorts the percentage rise but is no more than an additional £1 on each item. Compared to other similar sized cities and to London boroughs, our charges are relatively low.

Planned Traffic Regulation Orders relate to temporary traffic measures that are introduced to facilitate planned works lasting more than 5 days duration but less than 18 months. The structure of these fees has been changed to include the cost of the legally required advert. This is to improve collection rates for the local authority, as previously it has caused administrative difficulties in ensuring that the cost of the advert is fully reimbursed to the council by the relevant agency. The advert fee has been calculated on the average cost using our current local newspaper rates, and this flat rate has now been included in the upfront total fee. This distorts the percentage figures but is a more accurate reflection of the cost of this service, and brings us more into line with other local authority charges for this.

Access protection lines have not been raised for several years and again, the rise of £5 more accurately reflects the cost of this service.

Legal Implications

Any fees charged must be in accordance with any requirements of the legislation under which they are charged. The power to set a licence fee does not permit the Council to raise revenue generally. There is genuine ambiguity in the Local Authorities (Functions and Responsibilities) Regulations whether setting licence fees is a Council or Executive function; a report to full Council avoids uncertainty. Licensing fees are not set entirely at the Council's discretion, but should be set at a level reasonably expected to cover the costs of service provision. Officers have reviewed budgets and trading accounts and where appropriate compared with neighbours and comparators.

BRIGHTON & HOVE COUNCIL - FEES AND CHARGES

SERVICE:
DIVISION:
DEPARTMENT:

**NETWORK MANAGEMENT
SUSTAINABLE TRANSPORT
ENVIRONMENT**

DESCRIPTION AND BASIS OF PROPOSED CHARGE	2008/09 CHARGE PER UNIT £	2009/10 CHARGE PER UNIT £	2009/10 CHARGE INCREASE £	2009/10 CHARGE INCREASE %	
Vehicle Crossing Inspection - First inspection	10.50	11.00	0.50	4.80%	
Vehicle Crossing Inspection - Proceeding to works	70.00	72.00	2.00	2.90%	
Private Road Opening Licences (New)	289.00	296.00	7.00	2.40%	
Private Road Opening Licences (Existing)	186.50	191.00	4.50	2.40%	
Additional Search Enquiries					
Solicitors and other agency queries per question	29.00	30.00	1.00	3.40%	
Traffic Regulation Orders - Planned (Temp or Permanent)					
Administration & advertising costs	333.50	1500.00	1166.50	349.80%	
+ Advert cost		To include advertising cost	To include advertising cost		
Traffic Regulation Orders - Notices (Temp - Emergency)					
Administration fee & officer time	184.50	189.00	4.50	2.40%	
SCAFFOLD LICENCE					
Initial 6 weeks	28.00	29.00	1.00	3.60%	
Renewal subsequent 8 weeks	28.00	29.00	1.00	3.60%	
Initial 6 weeks for 12m. length along the Public Highway	150.00	154.00	4.00	2.70%	
Renewal subsequent 8 weeks for 12m. length along Public Highway	150.00	154.00	4.00	2.70%	
SKIP LICENCE					
Returnable Deposit	50.00	51.00	1.00	2.00%	
Deposit Processing Fees	15.00	15.00	0.00	0.00%	
7 day licence	12.00	12.00	0.00	0.00%	
28 day licence	30.00	31.00	1.00	3.30%	
HOARDING					
Area of hoarding less than 10 square metres of ground plan	28.00	29.00	1.00	3.60%	
Initial 8 weeks					
Renewal subsequent 12 weeks per square metre	28.00	29.00	1.00	3.60%	
Area of hoarding 10 square meters or more of ground plan	17.00	18.00	1.00	5.90%	
12 weeks per square metre					
MATERIALS					
Per week	12.00	12.00	0.00	0.00%	
Secure Hazardous Waste, Lockable Storage Containers, Temporary offices, Welfare facilities and Asbestos removal, decontamination units.					
Per sq m.	16.00	17.00	1.00	6.30%	
OBJECTS ON THE HIGHWAY (TABLES AND CHAIRS, SHOP DISPLAY ETC)					
Initial application less than 5 square metres	127	85.00	87.00	2.00	2.40%
Initial application 5 square metres or greater		280.00	287.00	7.00	2.50%
Annual renewal fee per square metre		17.00	17.00	0.00	0.00%

DESCRIPTION AND BASIS OF PROPOSED CHARGE	2008/09 CHARGE PER UNIT	2009/10 CHARGE PER UNIT	2009/10 CHARGE INCREASE	2009/10 CHARGE INCREASE
	£	£	£	%
A-BOARD LICENCE				
New application first year	66.00	68.00	2.00	3.00%
Annual renewal fee	46.00	47.00	1.00	2.20%
SIGNS				
Brown Tourist signs	150.00	155.00	5.00	3.30%
Neighbourhood watch signs	30.00	31.00	1.00	3.30%
LINING				
Access Protection White Lines	40.00	45.00	5.00	12.50%
Disabled Bays	Free		Free	Free
Skin Piercing Fees : Cosmetic Piercers				
Acupuncturist - Premises	113.00	116.00	3.00	2.65%
Tattooist, ear piercing - Premises	113.00	116.00	3.00	2.65%
Each additional piercer	56.00	116.00	60.00	107.1%
Body Piercing, ear piercing - Premises inc one person	113.00	116.00	3.00	2.65%
Each additional piercer	56.00	116.00	60.00	107.1%
EPA Authorisation Fees				
Other Fees				
Language school inspection	69.00	71.00	2.00	2.90%
Information to solicitors	119.00	122.00	3.00	2.52%
Food Premises Register				
Single page copy	5.00	5.00	0.00	0.00%
Copy containing information regarding particular category (by hand)	72.00	74.00	2.00	2.78%
Copy containing information regarding particular category (by post)	121.00	124.00	3.00	2.48%
Full copy of register (by hand)	226.00	232.00	6.00	2.65%
Full copy of register (by post)	241.00	247.00	6.00	2.49%
Street Trading :				
Upper Gardner Street	511.00	524.00	13.00	2.54%
Zone - other sites	2891.00	removed		
Zone B (mobiles)	613.00	628.00	15.00	2.45%
Zone A (42 sq.ft.)	3506.00	3594.00	88.00	2.51%
Zone A (50 sq. ft.)	4207.00	4312.00	105.00	2.50%
(S) Fri. Sat. Zone C (42 sq.ft.)	1170.00	removed		
(S) Thurs. Fri. Sat. Zone C (42 sq.ft.)	1750.00	removed		
New vendors	468.00	removed		
Street artists	29.00	30.00	1.00	3.45%
Street Trading :				
Miscellaneous short term consents	13.00	30.00	17.00	130.77%
Farmers Market - Per Stall	165.00	227.00	62.00	37.58%
Small Street Market	233.00	300.00	67.00	28.76%

	2008/09 CHARGE PER UNIT £	2009/10 CHARGE PER UNIT £	2009/10 CHARGE INCREASE £	2009/10 CHARGE INCREASE %
Other				
Sex Establishment	11837.00	11837.00	0.00	0.00%
Occasional Sex Establishment	4044.00	4044.00	0.00	0.00%

SERVICE:
DIVISION:
DEPARTMENT:

ENVIRONMENTAL HEALTH
ENVIRONMENT
PUBLIC SAFETY

Licence fees :

Collection of reclaimed dogs :

statutory charge	25.00	25.00	0.00	0.00%
dog warden charge	18.00	20.00	2.00	11.11%
kennelling per day	12.10	20.00	7.90	65.29%
administration charge + vaccination	5.69	30.00	24.31	427.24%
animal boarding	163.00	167.00	4.00	2.45%
dangerous wild animals	194.00	199.00	5.00	2.58%
dog breeding	40.00	41.00	1.00	2.50%
export licences	49.00	50.00	1.00	2.04%
pet shops	109.00	111.00	2.00	1.83%
riding establishments	256.00	262.00	6.00	2.34%
zoo	81.00	10000.00	9919.00	12245.68%
zoo (with dispensation)		6000.00	6000.00	
Dog Fouling- Fixed penalty	50.00	50.00	0.00	0.00%
Noise Pollution- Fixed Penalty	100.00	100.00	0.00	0.00%

Health Promotion/Education

Training Courses :

Basic food hygiene	43.00	44.00	1.00	2.33%
Basic health & safety	43.00	44.00	1.00	2.33%
Assured safe catering	18.00	18.00	0.00	0.00%
2 hour food hygiene	18.00	18.00	0.00	0.00%
Advanced food hygiene	524.00	537.00	13.00	2.48%
Intermediate food hygiene	114.00	117.00	3.00	2.63%
Door Supervisors Training Course fee				

Environmental Health

Officer attendance at Exhumations-
hourly rate

	45.62	47.00	1.38	3.02%
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WID Default charges

Senior EHO per hour	30.99	32.00	1.01	3.26%
Technical Officer per hour	27.04	28.00	0.96	3.55%
Admin staff per hour	15.36	16.00	0.64	4.17%

Pollution Management

Provision of information on contaminated
land :

1 st hour	54.00	55.00	1.00	1.85%
Each subsequent hour	12.00	12.00	0.00	0.00%

	2008/09 CHARGE PER UNIT £	2009/10 CHARGE PER UNIT £	2009/10 CHARGE INCREASE £	2009/10 CHARGE INCREASE %
Verification Fees				
Vehicle Licensing				
Hackney carriage vehicle	176.00	180.00	4.00	2.27%
Private hire vehicle	153.00	157.00	4.00	2.61%
Substitute vehicle fee	28.00	29.00	1.00	3.57%
Drivers initial-Hackney Drivers	64.00	66.00	2.00	3.13%
Drivers renewal-Hackney drivers	43.00	44.00	1.00	2.33%
Private hire – Initial drivers	64.00	66.00	2.00	3.13%
- renewal drivers+A148	43.00	44.00	1.00	2.33%
Private hire operator				
- 1 to 2-Operators License Single	55.00	56.00	1.00	1.82%
- over 2 --operators License Multiple	192.00	197.00	5.00	2.60%
Each additional external plate	27.00	28.00	1.00	3.70%
Temporary Hackney Carriage / Private Hire Drivers Licence	11.00	11.00	0.00	0.00%
CRB Fees	37.00	38.00	1.00	2.70%
Plate Deposit-Hackney Carriage	37.00	38.00	1.00	2.70%
Plate Deposit-Private Hire	27.00	28.00	1.00	3.70%

SCHEDULE 3

SERVICE:

DIVISION:

DEPARTMENT:

TRADING STANDARDS

ENVIRONMENT

PUBLIC SAFETY

Weights

Exceeding 5kg or 10lb or not exceeding 500mg or 2CM	7.00	7.00	0.00	0%
Other weights	5.00	5.00	0.00	0%
Weights where statements of error are requested (e.g. UKAS/ISO 9000).Fee determined by reference to the hourly rate.	62.00	64.00	2.00	3.23%

Measures

Linear measure not exceeding 3m for each scale	8.00	8.00	0.00	0%
Exceeding 3m - full fee for first 3m and 50% of full fee for each additional 3m or part thereof				
Capacity measures without divisions not exceeding 1 litre	5.00	5.00	0.00	0%
Exceeding 1 litre - full fee for first litre and 50% of full fee for each additional litre or part thereof				
Cubic ballast measures (other than brim measures)	132.00	135.00	3.00	2.27%

Cubic ballast measures (verified by linear measurement)	75.00	77.00	2.00	2.67%
Liquid capacity measures for making up and checking average quantity packages	23.00	24.00	1.00	4.35%
Templates				
Per scale - first item	39.00	40.00	1.00	2.56%
Second and subsequent items	14.00	14.00	0.00	0.00%

Weighing Instruments

1. Instruments calibrated to weigh only in imperial or metric units

Not exceeding 15kg (not exceeding 34lb)	24.00	25.00	1.00	4.17%
Exceeding 15kg to 100kg (34lb-224lb)	33.00	34.00	1.00	3.03%
Exceeding 100kg to 250kg (224lb-560lb)	48.00	49.00	1.00	2.08%
Exceeding 250kg to 1 tonne (560lb-2,240lb)	81.00	83.00	2.00	2.47%
Exceeding 1 tonne to 10 tonne (2,240lb-22,400lb)	132.00	135.00	3.00	2.27%
Exceeding 10 tonne to 30 tonne (22,400lb-67,200lb)	278.00	285.00	7.00	2.52%
Exceeding 30 tonne to 60 tonne (67,200lb-134,400lb)	413.00	423.00	10.00	2.42%

Table of Lotteries and Gambling Premises Licence Fees for Brighton & Hove Licensing Authority

Classes of Premises Licence	Reg. 6 and Reg. 8 First Annual and Annual Fees	Reg. 10 Change of Circumstances	Reg. 11 Variation	Reg. 12 Transfer	Reg. 13 Copy of Licence	Reg. 14 Reinstatement	Reg. 15 Provisional Statement	2008/09 Proposed Charge Per Unit	% Increase	2009/10 Proposed Charge Per Unit	% Increase
	£	£	£	£	£	£	£	£	%	£	%
Regional Casino	n/a [15000]	n/a [50]	n/a [7,500]	n/a [6,500]	n/a [25]	n/a [3,000]	n/a [3,000]	n/a	n/a	n/a	n/a
Large Casino	n/a [10000]	n/a [50]	n/a [5,000]	n/a [2,150]	n/a [25]	n/a [3,000]	n/a [3,000]	n/a	n/a	n/a	n/a
Small Casino	n/a [5000]	n/a [50]	n/a [4,000]	n/a [1,800]	n/a [25]	n/a [3,000]	n/a [3,000]	n/a	n/a	n/a	n/a
Existing Casino	n/a [1,500]	£11.55 [50]	£11.55 [7,500]	n/a [6,500]	n/a [25]	n/a [3,000]	n/a [3,000]	n/a	n/a	n/a	n/a
Bingo Premises	£500 [1,000]	£11.55 [50]	£1,155 [1,750]	£1,155 [1,200]	£11.55 [50]	£1,155 [1,200]	£1,155 [3,500]				
AGC's	£500 [1,000]	£11.55 [50]	£1,000 [1,000]	£1,155 [1,200]	£11.55 [25]	£1,155 [1,200]	£1,155 [2,000]				
Betting-Tracks	£500 [1,000]	£11.55 [50]	£1,155 [1,250]	£950 [950]	£11.55 [25]	£950 [950]	£1,155 [2,500]				
FEC's	£375 [750]	£11.55 [50]	£1,000 [1,000]	£950 [950]	£11.55 [25]	£950 [950]	£1,155 [2,000]				

Classes of Premises Licence	Reg. 6 and Reg. 8 First Annual and Annual Fees	Reg. 10 Change of Circumstances	Reg. 11 Variation	Reg. 12 Transfer	Reg. 13 Copy of Licence	Reg. 14 Reinstatement	Reg. 15 Provisional Statement	2008/09 Proposed Charge Per Unit	% Increase	2009/10 Proposed Charge Per Unit	% Increase
	£	£	£	£	£	£	£	£	%	£	%
Betting – Other	£300 [600]	£11.55 [50]	£1,155 [1,500]	£1,155 [1,200]	£11.55 [25]	£1,155 [1,200]	£1,155 [3,000]				
Lotteries - New								£40.00	*	£40.00	0.00
- Renewal								£20.00	*	£40.00	0.00

* Set by Gambling Commission

The figures in brackets [] are the legal maximum that can be charged.

LPSA2 Reward Grant

The Grant

The LPSA2 Reward Grant is given as reward for meeting certain targets in the previous Local Area Agreement. The results for many of the targets are already available and a reasonable estimate can be made of the likely reward that will be received by the council.

The council will receive at least £3.2m, and possibly as much as £4.3m. The reward will be paid over two years, and will be split 50:50 between capital and revenue expenditure.

The decision making process

LPSA reward money is allocated by the government on the basis of performance against LPSA targets across all public sector partners. It has been previously agreed with the Public Service Board that decisions on any LPSA funding and rewards will be taken jointly with them. The anticipated LPSA Reward Grant has therefore been allocated between the different LAA blocks based on a risk assessment of delivery in the area, and the extent to which the relatively small sums involved in the LAA could be of use. The aim was to identify areas where the risks are high, and LPSA Reward Grant could have maximum impact.

Process for allocation

The allocation of LPSA Reward Grant set out in this annex has been approved by the Public Service Board, which represents the various agencies that support the delivery of the Local Area Agreement. Although their approval is not a requirement for the release of funding, it is a demonstration of partners' support for this approach.

A partnership manager representing each block presented on the risks in their area, and the extent to which LPSA money could be of use. In some areas, such as housing, risks were high but the market was so large that even a sizable LPSA sum would make little difference. In other areas, such as resource efficiency and sustainability, risks were lower, but small sums could fund schemes with potentially much larger impacts.

The results of the risk and impact assessments are included in the following table: -

BLOCK	RISK TO LAA TARGETS	POTENTIAL IMPACT OF LPSA FUNDING
Crime / safety	High	High
Health/Wellbeing	Medium	Medium
Stronger Communities	Medium	High
Resource efficiency/ environmental	Low	Medium
Transport	Low	Low
Enterprise/ learning	Low	Medium
Children and Youth	Medium	High
Housing	High	Low

The following table provides the allocations for each area across 2009/10 and 2010/11. It should be noted that the funding available through the LPSA Reward Grant is one-off funding until March 2011 only, and therefore service areas using LPSA money to support recurring funding will need to put alternative funding arrangements or an exit strategy in place for 1 April 2011 onwards.

AREA	INTENDED USE	2009/10 £'000	2010/11 £'000
Crime and Safety	Continuation funding for the Partnership Community Safety Team	500	400
Health	Supporting key LAA targets for mental health and drug use	200	150
Stronger communities	Continuing neighbourhood work and community development	150	370
Environment	Support for the Carbon Management Programme and energy efficiency	50	50
Transport	Support for transport targets for emission reduction and public transport use	0	40
Enterprise	Support for initiatives around learning and counter-recessionary activity	117	250
Schools & Youth	Support for various initiatives including Healthy Schools and Falmer Academy	400	150
Housing	Support for empty homes work	40	40
Partnerships	Purchase of performance management software ("Interplan")	65	0
Contingency		100	173
TOTAL		1622	1623

This distribution of funding is based on the money that we have a high certainty of receiving. In addition, up to £1,141,000 may be received if we are successful on other targets. Any additional money received will be distributed broadly in the same proportions, depending on the nature and scope of needs identified at the time.

CABINET MEETING

Agenda Item 170

Brighton & Hove City Council

Subject:	Capital Resources and Capital Investment Programme 2009/10		
Date of Meeting:	12 February 2009		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Mark Ireland	Tel: 29-1240
		James Hengeveld	29-1242
	E-mail:	mark.ireland@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB6527	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The purpose of the report is to inform Cabinet of the level of available capital resources and to recommend a Capital Investment Programme for 2009/10 to Budget Council. The capital programme is set in the context of the Medium Term Financial Strategy approved by this Cabinet.
- 1.2 In December 2008, the government confirmed the allocations within the Local Government Capital Finance Settlement for 2009/10. This sets out the level of borrowing the government is prepared to support through revenue grant for the financial year and the level of government capital grants.
- 1.3 This report includes the use of revenue contributions and general reserves to support capital investment and should be read in conjunction with the General Fund Revenue and Council Tax and the Housing Revenue Account Budget 2009/10 reports.

2. RECOMMENDATIONS:

- 2.1 To recommend to Council the following:-
 - The Capital Investment Programme for 2009/10 and note the estimated resources in future years as detailed in appendix 2.
 - To allocate £0.65m resources in 2009/10 for the Strategic Investment Fund and agree the allocation of Strategic Investment Fund resources as set out in paragraph 3.17.
 - To allocate £0.685m for the ICT fund.

- To allocate £1.0m for the Asset Management Fund.
- To allocate £0.5m toward the Brighton Centre redevelopment reserve.
- The potential use of unsupported borrowing as set out in Table 4.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Context

- 3.1 The capital programme is funded through a combination of government grants, supported and unsupported borrowing, capital receipts and reserves and revenue contributions. During 2008/09 the level of capital receipts that the council received fell dramatically as a result of the current economic climate and a decline in the property market. The level of sales of council homes through 'right to buy' has been severely affected by the current market conditions in house prices and the reduction in the availability of mortgages; during 2008/09 the gross receipts will be £0.7m compared with £7.4m and £6.6m in the previous two years for 'right to buy' sales alone. The trend of lower capital receipts is expected to continue in the medium term and will impact on the resources that are available for capital investment.
- 3.2 The agreed policy of the council is to set a fully funded General Fund Capital Investment Programme for 2009/10 to 2011/12. The expectation of lower capital receipts for the foreseeable future have been factored into the capital programme through a combination of reallocation of resources and a review of the capital strategy and are detailed within this report.

Capital Resources

- 3.3 A fully financed Capital Investment Programme is proposed for 2009/10 assuming that existing approved capital projects spend in-line with their budget. As listed in Table 1 below for both 2009/10 and 2010/11 the programme will be financed using borrowing, government grants, capital receipts, capital reserves and revenue contributions. Further details on each source of funding are given in appendix 1. The position for 2011/12 is less clear because this falls into the next spending round, however, estimates for government grants and borrowing allocations have been included in appendix 2 of this report for information.
- 3.4 Capitalisation Directions were allocated during 2008/09 by central government to allow local authorities to address revenue costs associated with equal pay compensation settlements. A combination of the use of reserves and borrowing are to be undertaken by the Council to meet this liability and the financial consequences were reported to Council on 29th January 2009. This has been included in the 2008/09 capital programme and therefore is not reflected within the 2009/10 capital programme.

Table 1. Capital Resources	2009/10 £'000	2010/11 £'000
Supported Borrowing	8,107	7,375
Capital Grants	32,169	26,988
Total Government Support	40,276	34,363
Capital Receipts	3,273	542
Potential Capital Receipts from LDV to improve council housing stock (up to £45m over 5 years)	15,663	4,507
Capital Reserves	3,277	691
Specific Reserves	615	0
External Contributions	983	0
Direct Revenue Funding – Major Repairs Allowance	9,352	9,300
Direct Revenue Funding – Housing Revenue Account	4,854	3,700
Direct Revenue Funding – Service Departments	1,758	1,920
Unsupported Borrowing	3,995	2,990
Capital Resources to Invest in Capital Programme	84,046	58,013
Possible Unsupported Borrowing to support LDV (for the reasons described in paragraph 3.8)	23,219	7,436
Total Capital Resources	107,265	65,449

- 3.5 The supported borrowing should result in additional formula grant for the council to help fund the additional financing costs. However, the council is at the grant floor and therefore receives no additional revenue support for this borrowing. The cost to the council of financing the 2009/10 supported borrowing allocation is £0.2m in 2009/10 as a part year cost and £0.8m per annum thereafter for the full year effect.
- 3.6 The Capital Strategy has been reviewed and supported borrowing allocations have been reassessed and allocated over priority areas of investment. Details of corporate funds and supported borrowing allocations are detailed further within this report and appendices.
- 3.7 The three year capital programme includes additional investment in the following areas:-
- Over £150m will be invested in vital investment in schools, transport and other infrastructure over the next three years.
 - £9.8m over three years to improve housing conditions for vulnerable people in private housing. This is a result of a successful bid by the Brighton & Hove and East Sussex Together partnership to the Regional Housing board. The focus will be on raising private sector housing conditions to decent home standards,

improving energy efficiency to combat fuel poverty and reduce carbon emissions.

- A successful bid for over £1m of government funding for providing extra care facilities at Vernon Gardens for disabled people aged between 19 and 65 years old. This will be achieved in partnership with the Guinness Trust.
- Developing a solution for the future management of Foredown Tower which will safeguard its future and minimise future investment and costs to council tax payers. The Hove and Adur Sea cadets will take on the management of the Tower for community use and to develop training opportunities for young people while at the same time maintaining the Tower as a visitor and educational attraction. The cadets are being encouraged to consider the option of establishing a community development trust for running the Tower in the future.

3.8 In September 2008 Cabinet approved the setting up of the proposed Local Delivery Vehicle to deliver key strategic housing and corporate priorities and to generate funding for investment in the HRA to improve council homes and assist the council in meeting the Decent Homes Standard. Two funding options have been explored namely private sector funding or council unsupported borrowing and the preferred funding route has yet to be determined. The capital programme shown in this report includes the consequences for the capital resources and spending of both funding options.

3.9 The education capital programme will accommodate £1.0m per annum to support the bringing forward of the Building Schools for the Future programme should the bid to the government prove successful. A report will be presented to Children & Young People Cabinet Member Meeting on 2nd March 2009. Support for the development of Falmer Academy is included within the Strategic Investment Fund.

Changes to Resources

3.10 The council has received considerably more capital grant (£13.7m extra) for 2009/10 than in 2008/09. Some £10.6m of new capital grant is received through four main areas;-

- A sum of £3.1m in 2009/10 (and a further £5.5m in 2010/11) is included for the Primary Capital Programme involving investment in new and refurbished primary schools;
- An allocation of £2.0m (and a further £6.0m in 2010/11) for investment in education for 14-19 years and special needs;
- The Gypsy and Traveller Sites Grant of £1.7m is a new 100% funded grant for 2009/10 and has been included in the capital programme for Environment;
- An allocation of £3.8m for the first tranche of SEEDA grant for infrastructure works at the Community Stadium, Falmer.

Of the remainder £0.9m has been switched from supported borrowing toward capital grant for the Education Modernisation allocation and there have been

increases of £0.8m Housing Private Sector Renewal Grant and £0.5m Education Early Years and Children’s Centres.

Capital Receipts

- 3.11 Funding of the Capital Programme is dependent on the achievement of certain capital receipts over the 3-year period. The ability of the council to sustain capital investment beyond 2010/11 will depend on the generation of new capital receipts.
- 3.12 Budget Council last year agreed that from 2008/09 the net receipts from ‘right to buy’ sales would be split between funding for corporate strategic projects delivering regeneration and affordable housing opportunities and investment in housing. The first £0.5m of this income is to be used to finance support for major projects with the remainder set aside for investment in housing. However, due to the lower level of ‘right to buy’ receipts forecast in 2009/10 it is not expected to produce a net receipt of more than £0.5m.

Corporate Funds

- 3.13 Revised projections for future capital receipts should enable sufficient resources to cover allocations to corporate funds as detailed below:-

Table 2. Corporate Funds	2009/10 £'000	2010/11 £'000	2011/12 £'000
Strategic Investment Fund (SIF)	650	750	1,000
Asset Management Fund (AMF)	1,000	1,000	1,000
ICT Fund	685	685	750
Brighton Centre redevelopment	500	500	1,000
King Alfred site	640	1,500	0

- 3.14 The council’s financial strategy for the redevelopment of the Brighton Centre includes annual contributions into a Brighton Centre redevelopment reserve to assist with the cashflow funding of the project during the period of development and the early years of operation of the new Centre. The fund currently stands at £3.0m and contributions of £0.5m per annum for the next two years followed by annual contributions of £1.0m are sufficient to meet the requirements of the current business case and the latest project timetable.
- 3.15 In 2007 a total of £3.0m was earmarked from the capital programme over 2008/09 and 2009/10 for the Housing Enabling Programme and sustainable transport both linked to the King Alfred development. A sum of £0.86m in 2008/09 has been committed and £0.64m has been earmarked in 2009/10 for urgent health and safety works at the King Alfred. The remaining £1.5m in 2010/11 is available for further works at the leisure centre and / or to support the redevelopment of the site.

Strategic Investment Fund

3.16 It is proposed to allocate £0.65m to the Strategic Investment Fund in 2009/10.

3.17 The council has ongoing commitments to major projects that require financial support to enable their progression. The financial support takes the form of legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists. It is proposed that £0.650m be allocated to support major projects for 2009/10 as detailed below:-

Table 3. Major Projects	Funding Required £'000
Brighton Centre redevelopment	275
Falmer Academy	200
King Alfred development	70
Community Stadium	90
Preston Barracks regeneration	85
Black Rock development	60
Circus Street development	65
Open Market development	144
I360 / West Pier	25
City College	25
Historical Records Office - The Keep	20
Falmer Released Land	30
London Road	15
Edward Street / American Express	15
Total funding	1,119
Less b/f from major projects 2008/09	469
Total funding from SIF	650

ICT Fund

3.18 It is proposed to allocate £0.685m resources to the Information and Communication Technology (ICT) Fund to finance the cost of improvements in ICT. The ICT Fund is traditionally £0.75m per annum, however, a sum of £0.065m in both the 2009/10 and 2010/11 ICT fund was reprofiled into 2008/09 to enable the purchase of an

Enterprise Licence Agreement - the early purchase of this licence allowed for a significant discount.

- 3.19 The allocation of the ICT fund is currently being finalised and will be subject to a further report to Cabinet.

Asset Management Fund

- 3.20 It is proposed to allocate £1.0m resources per annum to the Asset Management Fund (AMF). This includes expenditure on a range of properties covering, fire safety, health & safety, DDA responsibilities and general improvements. Bids to the fund are currently being finalised and proposals for allocations of resources to schemes will be subject to a further report to Cabinet.

Unsupported Borrowing

- 3.21 For 2009/10 it is envisaged the council will undertake unsupported borrowing to finance capital expenditure plans as detailed below:-

Table 4. Unsupported Borrowing	Borrowing Required £'000
Social Care buildings	500
Royal Pavilion stoneworks	929
Historical Records Centre – The Keep	45
Volks Railway	155
Former NCP car parks improvements	616
Replacement of vehicles & plant	1,750
Total for Capital Programme	3,995
Possible Unsupported Borrowing to support LDV (for the reasons described in paragraph 3.8)	23,219
Total Unsupported Borrowing	27,214

- 3.22 As a result of condition surveys on Social Care operational buildings an annual programme of planned works has been incorporated into the capital programme to ensure the buildings meet current standards and are fit for purpose.
- 3.23 An extensive programme of stoneworks to the Royal Pavilion is required to maintain the building and was agreed at Budget Council. The final phase of works is due to be completed in 2009/10. The estimated cost in 2009/10 is £0.929m funded through unsupported borrowing. The financing costs for this additional

borrowing will be met from the Planned Maintenance Budget (PMB). Further details of the scheme will be included in the PMB report to Cabinet at a later date.

- 3.24 The new Historical Records Centre (the Keep) is being developed in partnership with East Sussex County Council and will house archival and historical public records. Development costs of £0.045m are anticipated in 2009/10 which are to be met from unsupported borrowing. The financing costs of borrowing will be met from existing budgets within Cultural Services.
- 3.25 In 2006/07 capital funding of £0.105m was identified to assist with the refurbishment of the Volks Railway siding sheds. Further investigations concluded that the sheds were beyond repair and a single phase rebuild is required to ensure the continued operation of the railway. An additional £0.155m is required to complete this rebuild and a further report will be presented to Cabinet at a later date detailing the revised scheme.
- 3.26 Unsupported borrowing of £2.0m was approved at last Budget Council to support the management and improvements to car parks transferring to the council. The balance of unsupported borrowing in this financial year is reprofiled from 2008/09.
- 3.27 The remaining £1.75m is likely to be used to purchase vehicles for Cityclean and parking equipment if this proves to be the most cost-effective way of procurement. These assets are currently provided through operational leases and paid for through the service revenue budget.

Capital Investment Programme

- 3.28 A recommended Capital Investment Programme for 2009/10 together with the impact in future years, by project, is shown at appendix 2 to this report. Capital reprofiling arising from the 2008/09 capital programme will be incorporated into the 2009/10 programme when the capital accounts are closed in May 2009 and will be funded from existing resources carried forward.
- 3.29 Appendix 2 includes the capital spend forecasts based on Targeted Budget Management month 9 for 2008/09.
- 3.30 The financial implications of individual projects are included in the detailed reports that are submitted by service directorates for each project to allow the Executive to give their full consideration to the capital and revenue costs prior to their approval.
- 3.31 Full provision for the revenue implications arising from the proposed Capital Investment Programme has been made in the General Fund and HRA revenue budgets.

4. CONSULTATION

- 4.1 The level of consultation undertaken on individual schemes will be reported to Members when the detailed report is submitted to the Executive for approval.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications are included within the body of the report.

Finance Officer consulted: Rob Allen, Strategic Finance Date 27 January 2009

Legal Implications:

- 5.2 Formulating a plan or strategy for the control of the Council's borrowing, investments or capital expenditure is the responsibility of the Executive (i.e. Cabinet.) The adoption of the plan or strategy is the responsibility of full council.
- 5.3 With regard to borrowing, credit arrangements, capital receipts and investment, the Council must comply with Part 1, Chapter 1 of the Local Government Act 2003. For example, section 3 of the Act requires the council to determine how much money it can afford to borrow

Lawyer consulted: Oliver Dixon

Date: 27 January 2009

Equalities Implications:

- 5.4 The equality implications of individual schemes included within the Capital Investment Programme are reported to Members when the detailed report is submitted to the Executive for final approval. The programme includes resources to finance adaptations to the homes of disabled people and capital projects that are designed to improve living conditions of all sections of the community, through direct investment by the council or through capital grants to the private sector. The Asset Management Fund will address access improvements to council services and buildings.

Sustainability Implications:

- 5.5 The environmental implications of individual schemes included within the Capital Investment Programme are separately reported to Members when the detailed report is submitted to the Executive for final approval.

Crime & Disorder Implications:

- 5.6 The prevention of crime and disorder implications of individual schemes included within the Capital Investment Programme are reported separately to the Executive when the detailed report is submitted for approval.

Risk & Opportunity Management Implications:

- 5.7 The risk implications of individual schemes included within the Capital Investment Programme are reported to Members when the detailed report is submitted for approval. The Risk Matrix in appendix 5 of the Revenue Budget report elsewhere on the agenda highlights some of the general risks to the Capital Investment Programme.

Corporate / Citywide Implications:

- 5.8 The report is relevant to the whole City.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The budget process allows all parties to put forward viable alternative capital investment proposals to Budget Council on 26 February. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals. All budget amendments must have been “signed off” by finance officers no later than 4pm on 24 February.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations in the revenue budget report, will enable the council to meet its statutory duty.

SUPPORTING DOCUMENTATION

Appendices:

1. Capital Resources
2. Capital Investment Programme 2009/10

Documents In Members' Rooms

1. None.

Background Documents

1. Letter from the Department for Education and Skills dated 10 October 2007.
2. Letter from the Government Office for the South East for Transport dated 27 November 2007.
3. Letter from the Government Office for the South East relating to housing allocations dated 15 January 2008.
4. Letter from the Department of Health relating to the Local Authority Personal Social Services Capital Programme dated 10 December 2007.
5. Various files held within the Strategic Finance unit. Budget and accounting files are held within Financial Services.

Capital Resources

The council's Capital Investment Programme for 2009/10 will be financed using the resources shown in the table below.

Brighton & Hove City Council 2009/10	£'000
Supported Borrowing	8,107
Capital Grants	32,169
Total Government Allocations	40,276
Capital Receipts	3,273
Potential Capital Receipts from LDV to improve council housing stock (up to £45m over 5 years)	15,663
Capital Reserves	3,277
Specific Reserves	615
External Contributions	983
Direct Revenue Funding–Major Repairs Allowance	9,352
Direct Revenue Funding – Housing Revenue Account	4,854
Direct Revenue Funding – Service Departments	1,758
Unsupported Borrowing	3,995
Capital Resources to Invest in Capital Programme	84,046
Possible Unsupported Borrowing to support LDV (for the reasons described in paragraph 3.8)	23,219
Total Capital Resources	107,265

Supported Borrowing

In December 2007 government departments announced details of their assessment of local authorities' relative need to incur capital expenditure. A total of £8.107m Supported Borrowing was allocated across the service areas of Education, Transport, Housing and Personal Social Services for 2009/10. A summary of these allocations and the split across directorates is shown below:

Brighton & Hove City Council 2009/10	Government Allocation £'000	Service Allocation £'000
HRA Regional Housing Board	1,230	1,230
Transport & Road Maintenance (LTP)	4,485	4,237
Education	2,349	2,349
Children's Social Services	43	43
Corporate Investment Funds		248
Total Capital Resources	8,107	8,107

The proposed reduction to the Local Transport Plan (LTP) will reduce the LTP programme in 2009/10 from £6.04m to £5.79m; and in 2010/11 from £6.5m to £3.02m. It is possible these reductions to planned expenditure could result in the government reducing funding allocations for the LTP in future years.

Capital Grants

In addition to supported borrowing, the government distributes capital grants towards the financing of certain capital expenditure. In 2009/10, the council anticipates that it will receive new capital grants of £25.514m. A summary of these grants is shown in the table below:

Grant	£'000
Schools Devolved Capital	2,885
Primary Capital Programme	3,075
Targeted Capital Fund	2,000
Education Modernisation Grant	922
Surestart Early Years	1,062
Children's Centres	908
Extended Schools	354
Education Technology Grant	616
Aiming High for Disabled Children	313
Youth Capital Fund	122
General Fund Housing*	3,513
Disabled Facilities Grant	660
Extra Care Housing Grant	500
Places for Change – Hostel Refurbishments	550
Transport and Maintenance	1,659
Falmer Infrastructure Grant	3,828
Waste Infrastructure	447
Gypsy & Traveller Sites Grant	1,740
Adult Social Care	360
Total	25,514

* Estimate only - awaiting confirmation

It is expected that other capital grants may be received during the year and these will be reported through Quarterly Capital Monitoring to Cabinet. Grants decided by the Regional Housing Board were announced in March of last year and a similar arrangement is expected for this year.

Capital Receipts and Reserves

The council's internal resources are generated from capital receipts and capital reserves. The council monitors these resources over a rolling three-year period, by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme. The allocation of these resources is through the Corporate Capital Funds. Further details of these allocations are contained within the body of the report.

Specific Reserves

The introduction of a communal bin scheme in central areas of Brighton and Hove requires investment of £0.615m to fund communal bin containers and an additional vehicle. The investment will be met from the Waste PFI reserve. The savings generated by the introduction of communal bins will then reimburse the reserve.

External Contributions

The council will receive external contributions totalling £0.983m in 2009/10. These are scheme specific resources and include a European Union grant to deliver transport projects (City Vitality Sustainability) which is up to £2.2m of investment over a four-year period, for 2009/10 a sum of £0.976m has been identified. An additional sum of £0.007m will be used for investment in the Knoll Recreation Ground.

Direct Revenue Funding

The council will finance capital expenditure in 2009/10 from the General Fund and Housing Revenue Account of £15.964m. A summary of the allocations by service is shown below:

Funding	£'000
Finance & Resources - planned maintenance & Madeira lift refurbishment	838
Children and Young Peoples Trust – structural maintenance	920
Total General Fund Services	1,758
Housing Revenue Account	4,854
Major Repairs Allowance	9,352
Grand Total	15,964

Other Capital Investment

The council has also developed ways of providing capital investment in the city without having to use all of its own capital resources. It has achieved this by working in partnership with the private sector and public bodies (i.e. Lottery, Sports Council etc) whereby the capital investment is undertaken and accounted for by the private sector.

The table below identifies capital investment projects and proposed funding arrangements.

Project	Procurement Route	Investment
Black Rock	Private Sector Partnership	Circa £80m total development
Brighton Centre	In conjunction with Standard Life Investment	£100m to £150m for centre. Total development of £350m to £450m
Circus St Development	Joint development with the University of Brighton	Circa £100m Development
City College Capital Strategy	City College four site strategy with Sussex LSC funding bid	Circa £80m development
Edward Street / American Express	Private Sector Partnership	To be determined
Falmer Academy	Partnership for Schools Design and Build Framework	Circa £28m
Falmer Community Stadium	Through Brighton & Hove Albion Football Club	Circa £50m development
Falmer Released Land	To be determined	To be determined
Historical Records Centre	East Sussex County Council and Sussex University partnership	Circa 23m
i360 / West Pier	Private Sector Partnership	Circa £20m
Integrated Waste Management Project	Private Finance Initiative	Circa £300m
King Alfred development	To be determined	To be determined
London Road	Private Sector Partnership	To be determined
Open Market	Open Market Traders Association and enabling development	Circa £15m development
Preston Barracks	Regeneration through SRB and also with SEEDA	Circa £120m development

Capital Investment Programme 2009/10 to 2011/12

Appendix 2

Capital Scheme	Spend to March 2008 £'000	Approved Payments 2008/09 £'000	Profiled Payments 2009/10 £'000	Profiled Payments 2010/11 £'000	Profiled Payments 2011/12 £'000
<u>SUMMARY</u>					
Children & Young Peoples Trust	2,515	3,129	17,340	21,769	7,205
Cultural Services		1,806	1,804	2,000	4,000
Strategy & Governance		374	763	383	20
Environment	470	3,407	15,002	4,365	6,558
Finance & Resources	5,159	1,963	4,621	3,334	3,250
Adult Social Care & Housing	7,610	15,328	42,766	23,662	23,381
Corporate Items to be allocated			24,969	9,936	9,287
Total	15,754	26,007	107,265	65,449	53,701
<u>Funded by:</u>					
Supported Borrowing			8,107	7,375	7,315
Government Grants			32,169	26,988	11,198
Capital Receipts			18,936	5,049	7,461
Capital Reserves			3,892	691	0
External Contributions			983	0	0
Major Repairs Allowance			9,352	9,300	9,300
Direct Revenue Funding			6,612	5,620	5,620
Unsupported Borrowing			27,214	10,426	12,807
Total			107,265	65,449	53,701

Note - Only schemes that have an impact on the capital programme in 2009-10 and future years have been included within these tables

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>CHILDREN AND YOUNG PEOPLES TRUST</u>						
<u>Approved Schemes</u>						
• Extended Schools		74	615	183		872
• Surestart Early Years		158	1,967	1,062		3,187
• Childrens Centres Phase 3		20	1,322	540		1,882
• Falmer Academy – Swan Downer & caretakers flat				557		557
• Devolved Formula Capital	2,515	2,789	146			5,450
• Aiming High for Disabled Children		88	359			447
<u>New Schemes</u>						
• New Pupil Places			669	669	670	2,008
• Modernisation			2,234	2,305	2,300	6,839
• Capital funding direct to schools			2,885	2,885	2,900	8,670
• Primary Capital Programme			3,075	5,453		8,528
• Structural Maintenance			920	920	920	2,760
• Schools Access Initiative			367	367	370	1,104
• Targeted Capital Fund			2,000	6,000		8,000
• Harnessing Technology Grant			616	662		1,278
• Youth Capital Fund			122	122		244
• Children's Social Services			43	44	45	132
Total for Service	2,515	3,129	17,340	21,769	7,205	51,958

Note - If the bid for the brought forward Building Schools for the Future programme is successful an annual sum of £1.0m to support the programme will be contributed from a combination of the above resources and has yet to be identified. This will be reported to the Children & Young People Cabinet Member Meeting in March 2009.

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>CULTURAL SERVICES</u>						
<u>Approved Schemes</u>						
• King Alfred Development		860	640	1,500		3,000
• Historical Record Centre (The Keep)		300	45	500	4,000	4,845
• Major Projects		646	1,119			1,765
<u>New Schemes</u>						
Total for Service		1,806	1,804	2,000	4,000	9,610

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>STRATEGY & GOVERNANCE</u>						
<u>Approved Schemes</u>						
• Human Resources System		374	763	383	20	1,540
<u>New Schemes</u>						
Total for Service		374	763	383	20	1,540

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>ENVIRONMENT</u>						
<u>Approved Schemes</u>						
• Restoration of Western Bandstand		385	473			858
• Volks Railway Shed			253			253
• Downland Initiative Programme	96		150	54		300
• City Centre Mixed Priority Route	300	500	20			820
• Sussex Safer Roads Partnership	74	76	87	88		325
• Falmer Infrastructure Works		300	3,828	1,040	58	5,226
• Car Park Improvements		1,384	616			2,000
• Knoll Recreation Ground		8	7			15
• City Vitality Sustainability (CIVITAS)		754	976			1,730
• Communal Bins			615			615
<u>New Schemes</u>						
• Local Transport Plan			5,790	3,019	6,500	15,309
• Waste Infrastructure Grant			447	164		611
• Gypsy & Travellers Sites Grant			1,740			1,740
Total for Service	470	3,407	15,002	4,365	6,558	29,802

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>FINANCE & RESOURCES</u>						
<u>Approved Schemes</u>						
• Royal Pavilion stoneworks	2,312	725	929			3,966
• Farming diversification	1		150	149		300
• Statutory DDA access	549	680	105			1,334
• Kensington Street	80		19			99
• Energy Efficiency	219	54	65			338
• Ovingdean Grange Farm	946	17	34			997
• Madeira Lift Refurbishment		125	125			250
• Woodvale Cemetery Spire	88	277	116			481
• Legionella Works		45	45			90
• Replacement FIS	964	40	135			1,139
<u>New Schemes</u>						
• Planned maintenance of operational buildings			713	1,000	1,000	2,713
• Planned maintenance of social care buildings			500	500	500	1,500
• Asset Management Fund			1,000	1,000	1,000	3,000
• ICT Fund			685	685	750	2,120
Total for Service	5,159	1,963	4,621	3,334	3,250	18,327

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>ADULT SOCIAL CARE & HOUSING</u>						
<u>Approved Schemes</u>						
• Extra Care Housing - Vernon Gardens		500	500			1,000
• Development of Westbourne Hospital site		994	469			1,463
• Places for Change – Hostel Refurbishments		190	760			950
• Disabled Facilities Grant 2008/09	7,490	560	273			8,323
• Home Repair Innovation	120	125	129	182		556
• Housing Stock Programme 2008/09		12,946	4,891			17,837
• Craven Vale		13	112			125
<u>New Schemes</u>						
• Housing stock programme			15,436	14,230	14,230	43,896
• Investment in housing from RTB receipts			0	250	500	750
• Private sector housing allocation			3,513	3,469	3,500	10,482
• Disabled Facilities Grants			660	660	660	1,980
• Adult Social care			150	150	150	450
• Mental Health Grant			130	130	130	390
• Adult Social Care IT Infrastructure Grant			80	84		164
• Potential Capital Receipts from LDV to improve the council housing stock*			15,663	4,507	4,211	24,381
Total for Service	7,610	15,328	42,766	23,662	23,381	112,747

* Note - The potential capital receipts from the LDV to improve the council housing stock may total up to £45m over 5 years. The spending profile of the receipts will be different from the profile shown above depending on the timing of the receipt e.g. if a receipt comes in towards the end of a financial year then the bulk of the spending will be in the following financial year.

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
CORPORATE ITEMS						
• Strategic Investment Fund				750	1,000	1,750
• Unsupported Borrowing for vehicles and plant			1,750	1,750	1,750	5,250
• Possible Unsupported Borrowing to support LDV			23,219	7,436	6,537	37,192
Total for Service	0	0	24,969	9,936	9,287	44,192

Capital Resources

The council's Capital Investment Programme for 2009/10 will be financed using the resources shown in the table below.

Brighton & Hove City Council 2009/10	£'000
Supported Borrowing	8,107
Capital Grants	32,169
Total Government Allocations	40,276
Capital Receipts	3,273
Potential Capital Receipts from LDV to improve council housing stock (up to £45m over 5 years)	15,663
Capital Reserves	3,277
Specific Reserves	615
External Contributions	983
Direct Revenue Funding–Major Repairs Allowance	9,352
Direct Revenue Funding – Housing Revenue Account	4,854
Direct Revenue Funding – Service Departments	1,758
Unsupported Borrowing	3,995
Capital Resources to Invest in Capital Programme	84,046
Possible Unsupported Borrowing to support LDV (for the reasons described in paragraph 3.8)	23,219
Total Capital Resources	107,265

Supported Borrowing

In December 2007 government departments announced details of their assessment of local authorities' relative need to incur capital expenditure. A total of £8.107m Supported Borrowing was allocated across the service areas of Education, Transport, Housing and Personal Social Services for 2009/10. A summary of these allocations and the split across directorates is shown below:

Brighton & Hove City Council 2009/10	Government Allocation £'000	Service Allocation £'000
HRA Regional Housing Board	1,230	1,230
Transport & Road Maintenance (LTP)	4,485	4,237
Education	2,349	2,349
Children's Social Services	43	43
Corporate Investment Funds		248
Total Capital Resources	8,107	8,107

The proposed reduction to the Local Transport Plan (LTP) will reduce the LTP programme in 2009/10 from £6.04m to £5.79m; and in 2010/11 from £6.5m to £3.02m. It is possible these reductions to planned expenditure could result in the government reducing funding allocations for the LTP in future years.

Capital Grants

In addition to supported borrowing, the government distributes capital grants towards the financing of certain capital expenditure. In 2009/10, the council anticipates that it will receive new capital grants of £25.514m. A summary of these grants is shown in the table below:

Grant	£'000
Schools Devolved Capital	2,885
Primary Capital Programme	3,075
Targeted Capital Fund	2,000
Education Modernisation Grant	922
Surestart Early Years	1,062
Children's Centres	908
Extended Schools	354
Education Technology Grant	616
Aiming High for Disabled Children	313
Youth Capital Fund	122
General Fund Housing*	3,513
Disabled Facilities Grant	660
Extra Care Housing Grant	500
Places for Change – Hostel Refurbishments	550
Transport and Maintenance	1,659
Falmer Infrastructure Grant	3,828
Waste Infrastructure	447
Gypsy & Traveller Sites Grant	1,740
Adult Social Care	360
Total	25,514

* Estimate only - awaiting confirmation

It is expected that other capital grants may be received during the year and these will be reported through Quarterly Capital Monitoring to Cabinet. Grants decided by the Regional Housing Board were announced in March of last year and a similar arrangement is expected for this year.

Capital Receipts and Reserves

The council's internal resources are generated from capital receipts and capital reserves. The council monitors these resources over a rolling three-year period, by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme. The allocation of these resources is through the Corporate Capital Funds. Further details of these allocations are contained within the body of the report.

Specific Reserves

The introduction of a communal bin scheme in central areas of Brighton and Hove requires investment of £0.615m to fund communal bin containers and an additional vehicle. The investment will be met from the Waste PFI reserve. The savings generated by the introduction of communal bins will then reimburse the reserve.

External Contributions

The council will receive external contributions totalling £0.983m in 2009/10. These are scheme specific resources and include a European Union grant to deliver transport projects (City Vitality Sustainability) which is up to £2.2m of investment over a four-year period, for 2009/10 a sum of £0.976m has been identified. An additional sum of £0.007m will be used for investment in the Knoll Recreation Ground.

Direct Revenue Funding

The council will finance capital expenditure in 2009/10 from the General Fund and Housing Revenue Account of £15.964m. A summary of the allocations by service is shown below:

Funding	£'000
Finance & Resources - planned maintenance & Madeira lift refurbishment	838
Children and Young Peoples Trust – structural maintenance	920
Total General Fund Services	1,758
Housing Revenue Account	4,854
Major Repairs Allowance	9,352
Grand Total	15,964

Other Capital Investment

The council has also developed ways of providing capital investment in the city without having to use all of its own capital resources. It has achieved this by working in partnership with the private sector and public bodies (i.e. Lottery, Sports Council etc) whereby the capital investment is undertaken and accounted for by the private sector.

The table below identifies capital investment projects and proposed funding arrangements.

Project	Procurement Route	Investment
Black Rock	Private Sector Partnership	Circa £80m total development
Brighton Centre	In conjunction with Standard Life Investment	£100m to £150m for centre. Total development of £350m to £450m
Circus St Development	Joint development with the University of Brighton	Circa £100m Development
City College Capital Strategy	City College four site strategy with Sussex LSC funding bid	Circa £80m development
Edward Street / American Express	Private Sector Partnership	To be determined
Falmer Academy	Partnership for Schools Design and Build Framework	Circa £28m
Falmer Community Stadium	Through Brighton & Hove Albion Football Club	Circa £50m development
Falmer Released Land	To be determined	To be determined
Historical Records Centre	East Sussex County Council and Sussex University partnership	Circa 23m
i360 / West Pier	Private Sector Partnership	Circa £20m
Integrated Waste Management Project	Private Finance Initiative	Circa £300m
King Alfred development	To be determined	To be determined
London Road	Private Sector Partnership	To be determined
Open Market	Open Market Traders Association and enabling development	Circa £15m development
Preston Barracks	Regeneration through SRB and also with SEEDA	Circa £120m development

Capital Investment Programme 2009/10 to 2011/12

Appendix 2

Capital Scheme	Spend to March 2008 £'000	Approved Payments 2008/09 £'000	Profiled Payments 2009/10 £'000	Profiled Payments 2010/11 £'000	Profiled Payments 2011/12 £'000
<u>SUMMARY</u>					
Children & Young Peoples Trust	2,515	3,129	17,340	21,769	7,205
Cultural Services		1,806	1,804	2,000	4,000
Strategy & Governance		374	763	383	20
Environment	470	3,407	15,002	4,365	6,558
Finance & Resources	5,159	1,963	4,621	3,334	3,250
Adult Social Care & Housing	7,610	15,328	42,766	23,662	23,381
Corporate Items to be allocated			24,969	9,936	9,287
Total	15,754	26,007	107,265	65,449	53,701
<u>Funded by:</u>					
Supported Borrowing			8,107	7,375	7,315
Government Grants			32,169	26,988	11,198
Capital Receipts			18,936	5,049	7,461
Capital Reserves			3,892	691	0
External Contributions			983	0	0
Major Repairs Allowance			9,352	9,300	9,300
Direct Revenue Funding			6,612	5,620	5,620
Unsupported Borrowing			27,214	10,426	12,807
Total			107,265	65,449	53,701

Note - Only schemes that have an impact on the capital programme in 2009-10 and future years have been included within these tables

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>CHILDREN AND YOUNG PEOPLES TRUST</u>						
<u>Approved Schemes</u>						
• Extended Schools		74	615	183		872
• Surestart Early Years		158	1,967	1,062		3,187
• Childrens Centres Phase 3		20	1,322	540		1,882
• Falmer Academy – Swan Downer & caretakers flat				557		557
• Devolved Formula Capital	2,515	2,789	146			5,450
• Aiming High for Disabled Children		88	359			447
<u>New Schemes</u>						
• New Pupil Places			669	669	670	2,008
• Modernisation			2,234	2,305	2,300	6,839
• Capital funding direct to schools			2,885	2,885	2,900	8,670
• Primary Capital Programme			3,075	5,453		8,528
• Structural Maintenance			920	920	920	2,760
• Schools Access Initiative			367	367	370	1,104
• Targeted Capital Fund			2,000	6,000		8,000
• Harnessing Technology Grant			616	662		1,278
• Youth Capital Fund			122	122		244
• Children's Social Services			43	44	45	132
Total for Service	2,515	3,129	17,340	21,769	7,205	51,958

Note - If the bid for the brought forward Building Schools for the Future programme is successful an annual sum of £1.0m to support the programme will be contributed from a combination of the above resources and has yet to be identified. This will be reported to the Children & Young People Cabinet Member Meeting in March 2009.

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>CULTURAL SERVICES</u>						
<u>Approved Schemes</u>						
• King Alfred Development		860	640	1,500		3,000
• Historical Record Centre (The Keep)		300	45	500	4,000	4,845
• Major Projects		646	1,119			1,765
<u>New Schemes</u>						
Total for Service		1,806	1,804	2,000	4,000	9,610

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>STRATEGY & GOVERNANCE</u>						
<u>Approved Schemes</u>						
• Human Resources System		374	763	383	20	1,540
<u>New Schemes</u>						
Total for Service		374	763	383	20	1,540

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
<u>ENVIRONMENT</u>						
<u>Approved Schemes</u>						
• Restoration of Western Bandstand		385	473			858
• Volks Railway Shed			253			253
• Downland Initiative Programme	96		150	54		300
• City Centre Mixed Priority Route	300	500	20			820
• Sussex Safer Roads Partnership	74	76	87	88		325
• Falmer Infrastructure Works		300	3,828	1,040	58	5,226
• Car Park Improvements		1,384	616			2,000
• Knoll Recreation Ground		8	7			15
• City Vitality Sustainability (CIVITAS)		754	976			1,730
• Communal Bins			615			615
<u>New Schemes</u>						
• Local Transport Plan			5,790	3,019	6,500	15,309
• Waste Infrastructure Grant			447	164		611
• Gypsy & Travellers Sites Grant			1,740			1,740
Total for Service	470	3,407	15,002	4,365	6,558	29,802

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	£'000	£'000	£'000	£'000	£'000	£'000
<u>FINANCE & RESOURCES</u>						
<u>Approved Schemes</u>						
• Royal Pavilion stoneworks	2,312	725	929			3,966
• Farming diversification	1		150	149		300
• Statutory DDA access	549	680	105			1,334
• Kensington Street	80		19			99
• Energy Efficiency	219	54	65			338
• Ovingdean Grange Farm	946	17	34			997
• Madeira Lift Refurbishment		125	125			250
• Woodvale Cemetery Spire	88	277	116			481
• Legionella Works		45	45			90
• Replacement FIS	964	40	135			1,139
<u>New Schemes</u>						
• Planned maintenance of operational buildings			713	1,000	1,000	2,713
• Planned maintenance of social care buildings			500	500	500	1,500
• Asset Management Fund			1,000	1,000	1,000	3,000
• ICT Fund			685	685	750	2,120
Total for Service	5,159	1,963	4,621	3,334	3,250	18,327

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
ADULT SOCIAL CARE & HOUSING						
Approved Schemes						
• Extra Care Housing - Vernon Gardens		500	500			1,000
• Development of Westbourne Hospital site		994	469			1,463
• Places for Change – Hostel Refurbishments		190	760			950
• Disabled Facilities Grant 2008/09	7,490	560	273			8,323
• Home Repair Innovation	120	125	129	182		556
• Housing Stock Programme 2008/09		12,946	4,891			17,837
• Craven Vale		13	112			125
New Schemes						
• Housing stock programme			15,436	14,230	14,230	43,896
• Investment in housing from RTB receipts			0	250	500	750
• Private sector housing allocation			3,513	3,469	3,500	10,482
• Disabled Facilities Grants			660	660	660	1,980
• Adult Social care			150	150	150	450
• Mental Health Grant			130	130	130	390
• Adult Social Care IT Infrastructure Grant			80	84		164
• Potential Capital Receipts from LDV to improve the council housing stock*			15,663	4,507	4,211	24,381
Total for Service	7,610	15,328	42,766	23,662	23,381	112,747

* Note - The potential capital receipts from the LDV to improve the council housing stock may total up to £45m over 5 years. The spending profile of the receipts will be different from the profile shown above depending on the timing of the receipt e.g. if a receipt comes in towards the end of a financial year then the bulk of the spending will be in the following financial year.

Capital Scheme	Spend to March 2008	Approved Payments 2008/09	Profiled Payments 2009/10	Profiled Payments 2010/11	Profiled Payments 2011/12	Total Scheme Cost to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
CORPORATE ITEMS						
• Strategic Investment Fund				750	1,000	1,750
• Unsupported Borrowing for vehicles and plant			1,750	1,750	1,750	5,250
• Possible Unsupported Borrowing to support LDV			23,219	7,436	6,537	37,192
Total for Service	0	0	24,969	9,936	9,287	44,192

Subject:	Housing Revenue Account Budget 2009/10		
Date of Meeting:	11 February 2009		
Report of:	Director of Adult Social Care & Housing Director of Finance & Resources		
Contact Officer:	Name:	Sue Chapman	Tel: 29-3105
	E-mail:	sue.chapman@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB 6576	
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report presents the Housing Revenue Account Forecast Outturn for 2008/09 as at month 9 and the proposed Budget for 2009/10 as required by the Local Government and Housing Act 1989. The report was considered by the Housing Management Consultative Committee on 20 January 2009 (see extract) and the Housing Cabinet Member on 11 February 2009 (see extract). Cabinet will consider the budget proposals including changes to rents, fees and charges as well as savings and service pressures on 12 February 2009.
- 1.2 The council's Housing Revenue Account (HRA) contains the income and expenditure relating to the council's landlord duties in respect of approximately 12,320 properties and 2,230 leasehold properties. These properties are accounted for separately from the council's other services/activities which form part of the council's General Fund.

2. RECOMMENDATIONS:

- 2.1 That Cabinet recommend that Council;
- Agree the budget for 2009/10 as shown in Appendix 1;
 - Agree the individual rent increases and decreases in line with rent restructuring principles as determined by the Government;
 - Agree the changes to fees and charges as detailed in paragraph 3.14 to 3.20;
 - Authorise the Director of Adult Social Care & Housing to implement the new rents, fees and charges, but with delegation to make any minor amendments which may appear to be appropriate in particular cases; and
 - Authorise the Director of Adult Social Care & Housing to prepare and place on deposit the statement of proposals, estimates and other particulars as required by Section 76 of the Local Government and Housing Act 1989.

3. RELEVANT BACKGROUND INFORMATION

TARGETED BUDGET MANAGEMENT (TBM) 2008/09 MONTH 9

3.1 The adjusted budget for 2008/09 is a net expenditure budget of £0.250 million. The forecast outturn as at month 9 is an underspend of £0.373 million resulting in a surplus of £0.123 million, as shown in Appendix 1. The main variances are:

- Salary costs are projected to underspend by £0.383 million from vacancy management pending reviews to be implemented as part of the improvement programme, together with a £0.060 million provision for the implementation of single status.
- The premises repairs budgets are now projected to overspend by £0.018m and the forecast includes the following variances:
 - An overspend of £0.100 million (1.8% of total £5.6 million budget) for the responsive repairs contract based on an improved forecasting methodology.
 - The empty property repair costs overspend has increased by £0.050 million to £0.250 million due to an increase in the average cost of repair per property from £2,300 to £2,600 compared to the last year. These works are now operating through the open book process since December 2008 which enables officers to work with partners to use transparent information to achieve unit cost reductions.
 - An underspend on service contracts of £0.232 million due to the continuation of existing contracts, which have a lower specification than the new contracts, the costs of which have been budgeted for and which will be let in 2009/10.
 - An underspend of £0.100 million for cyclical decorations as more works were capitalised than anticipated.
- A review by Corgi of the way that gas inspections to installation works are carried out has resulted in an efficiency saving in the use of consultants, creating an underspend of £0.140 million.
- The income budget for service charges is projected to overachieve by £0.100 million in respect of leaseholder service charges due to costs for recharging being greater than anticipated at budget setting.

HRA BUDGET PROPOSALS 2009/10

Summary

- 3.2 The HRA budget has been set with the overall aim of 'achieving excellence in Housing Management', in accordance with the 30 year business plan and to maximise delivery of the core priorities in new Housing Management Service Improvement Plan. The 5 core priorities are:
1. Improve services to an excellent standard, with residents at the heart of everything we do.
 2. Improve the quality and sustainability of our homes and neighbourhoods.
 3. Deliver value for money services and maintain a sustainable 30 year business plan.
 4. Make best use of our housing stock to address housing need.
 5. Ensure that social housing provides a platform for reducing inequality and creating opportunity.
- 3.3 The HRA Budget has also been developed to provide a balanced budget taking into account the HRA subsidy determination and other income and expenditure assumptions. The council's Medium Term Financial Strategy outlines an efficiency savings target for all services across the city of 3%. In drawing up this budget, officers have taken into account the required level of efficiency savings but also sought to maximise the level of resources available to invest in meeting the Decent Homes Standard and have therefore identified savings of 7.4%.
- 3.4 The 7.4% savings of £0.709 million identified, along with a much lower increase in HRA subsidy payable to the Government than anticipated, has resulted in an increase in revenue contributions of £1.469 million to fund additional Decent Homes works, such as kitchens and bathrooms, in the capital programme for 2009/10.
- 3.5 The HRA budget for 2009/10 is shown in Appendix 1. In preparing the base budget, inflation of 2.3% on employee costs and 2.5% on other costs has been applied. Savings proposals, service pressures, and changes to rents, fees and charges and housing subsidy are detailed in paragraphs 3.7 to 3.29.

3.6 The following table summarises the movement on the HRA base budget between 2008/09 and 2009/10:

Main Budget Variations	£'000
Original Base Budget 2008/09 (Net)	250
Increases in Resources:	
Savings Proposals as detailed in paragraph 3.7	(709)
Increase in Rent for Dwellings (net of Empty Properties)	(1,919)
Reduction in Capital Financing Costs due to lower interest rates on borrowing	(585)
Reductions in Resources (Increased costs):	
Employees pay award and other inflation	243
Increase in Revenue Contribution to Capital Programme	1,469
Increase in Subsidy Payable to the Government	823
Reduction in interest on reserves due to lower interest rates	78
Service Pressures as detailed in paragraph 3.8	315
Other minor variances	35
Base Budget 2009/10 (Net)	0

3.7 Savings and Service Pressures

The budget includes savings of £0.709 million as detailed below:

Proposed Savings 2009/10	£'000
Review of various roles and responsibilities leading to a reduction of 1.94 fte posts and regrading of posts. These posts are vacant or reduced hours have already been agreed with staff.	73
Efficiency savings target of 2% for the responsive repairs and voids and gas servicing and maintenance contracts operating within open book accounting.	181
A review by Corgi of the way that gas inspections to installation works are carried out has resulted in an annual efficiency saving in the use of consultants.	198
Reduction in contract administration through efficient procurement of the Gardening for Older People Scheme	20
Reduction in supplies and services budgets	45
No inflationary increase and reduction in central support services recharge.	63
Housing Strategy – reduction in staff charged to HRA for management of temporary accommodation	21
Additional income from the communal cleaning service charge as approved at Housing Cabinet 4 November 2008	76
Realignment of commercial property rental income budget to reflect the current level of income.	32
Total Proposed Savings	709

3.8 The budget also includes service pressures of £0.315 million resulting from:

- Legal fees and other associated costs of £0.015 million for the creation of St James House as a Tenant Management Organisation;
- Additional energy costs of £0.300 million from the increased contract prices of an average of 53% for gas and 83% for electricity. This service pressure is net of additional income from tenants and leaseholders heating charges.

3.9 Rents 2009/10

Rents are calculated in accordance with the government's rent restructuring guidelines. Target rents for each property are calculated based on the relative property values, bedroom size and local earnings. The act of moving tenants' current rents to the target rent is called rent convergence. In order to limit increases in current rents to reach target rents, the guidance specifies a maximum rent increase equivalent to inflation + ½% + £2 per week.

- 3.10 In previously working toward a stock transfer (and in accordance with the department for Communities and Local Government Housing Stock Transfer Guidance), the property values used within the rent calculations from 2007/08 were increased to reflect the value of improvement works to be completed by 2012. The council has now once again reviewed the property values used in the rent calculation and adjusted them to exclude those works that are now unlikely to be completed by 2012. This has resulted in a reduction in each tenant's target rent compared to that previously calculated, which will be reflected through smaller increases to actual rents until rent convergence. The average reduction in the target rents at 2009/10 prices, by number of bedrooms is shown in the table below:

Number of Bedrooms	2009/10 Current Weekly Target Rent £	2009/10 Revised Weekly Target Rent £	Reduction £
0	56.03	54.93	1.10
1	64.37	62.96	1.41
2	74.03	72.15	1.88
3	87.71	85.02	2.69
4	95.00	92.06	2.94
5 and 6	112.87	108.89	3.98

- 3.11 The Housing subsidy determination 2009/10 requires Local Authorities to use the September 2008 RPI (Retail Price Index) of 5% for setting rent inflationary increases. The Government has acknowledged that this level of RPI will set high rent increases and in order to minimise these, the determination now proposes to set a 'provisional' rent convergence date for the future. This means that the date for rent convergence will now change yearly depending on the level of inflation for that each year.
- 3.12 Therefore, the rent convergence date has now been extended from 2011/12 to 2023/24. This results in an average rent increase of 5.45% for Brighton & Hove, equivalent to £3.50 per week, increasing the average rent to £67.70 (compared to a greater increase of 6.58 % for a rent convergence date of 2011/12). However, in line with rent restructuring and all rents moving towards their individual targets, some rents will increase by more than the average and others by less than this. The maximum increase will be approximately £6.80, with the lowest increase being £1.01.

Fees and Service Charges 2009/10

- 3.13 The proposed changes to fees and charges for 2009/10 are as follows:
- 3.14 **Heating** - There are no contract price increases for 2009/10. However charges may be amended from 6 April 2009 to reflect the latest estimates of consumption. This means that some tenants will see a reduction in their charges due to lower consumption and others an increase from higher consumption.
- 3.15 **Water Charges** - Contract price increases from 1 April 2009 will be advised to tenants once the council receives notification of the increases by Southern Water. However charges may be amended from 6 April 2009 to reflect the latest estimates of consumption. This means that some tenants will see a reduction in their charges due to lower consumption and others an increase from higher consumption.
- 3.16 **Grounds Maintenance** – Charges will increase by 2.5% from 6 April 2009 in line with contract charges to the HRA.
- 3.17 **Communal Cleaning Services** – New charges for 2009/10 were approved at Housing Cabinet on 4 November 2008 and are based on the type of building occupied. Weekly charges are £2.41 for low rise blocks, £3.58 for high rise blocks and £0.50 for Houses in Multiple Occupation.
- 3.18 **Garages & Car Parking** - All charges are frozen until 31 March 2010 as approved at Housing Committee on 16 November 2006
- 3.19 **Supporting People** – Charges will reduce by 3% from £13.25 to £12.85.
- 3.20 **Sheltered Services** – The charges have been reviewed and revised charges are detailed in the report 'Delivery of support services for council sheltered housing tenants' agreed and reported to Housing Management Consultative Committee on 20th January and Housing Cabinet on 11 February 2009.

Housing Subsidy Determination 2009/10

- 3.21 The HRA is part of the national housing subsidy system through which Council Housing Rents are standardised across the country. The subsidy system uses a national formula to set guideline rents for each property together with allowances for management, maintenance and capital charges based on notional costs. The current subsidy system was introduced in 1990 and relies on the Secretary of State publishing annual 'Determinations' which set out the basis of subsidy.

- 3.22 The department for Communities and Local Government (CLG) stated that the HRA Subsidy Determination for 2008/09 was to be a one year only methodology to give Ministers time to explore the possibilities for wider reform of the HRA subsidy regime. Subsequently Ministers announced a joint CLG and Treasury review to develop a sustainable long term system for financing council housing. As the review is not expected to report until Spring 2009 it has been necessary to delay again until a new regime can be introduced possibly in 2011/12. CLG have therefore issued a determination on a similar basis to before, which will apply to 2009/10 only.
- 3.23 The 2009/10 Subsidy Determination proposes changes resulting in revenue subsidy payable of £12.317 million compared to £11.494 million payable last year. The overall subsidy position (taking into account the capital element) is an increase in subsidy payable to the Government of £0.538 million.
- 3.24 The following table summarises the determination and the notional elements included:

Housing Subsidy	2008/09 £'000	2009/10 £'000	Change £'000
'Notional' Revenue Items			
Management Allowance	(7,638)	(8,041)	(403)
Maintenance Allowance	(14,526)	(14,869)	(343)
Capital Charges	(7,065)	(6,240)	825
	(29,229)	(29,150)	79
Less Guideline Rent	40,723	41,467	744
Net revenue subsidy payable to the Government (exc. MRA)	11,494	12,317	823
Capital Items			
Major Repairs Allowance	(9,067)	(9,352)	(285)
Overall subsidy position – net payment to the Government	2,427	2,965	538

Note: Credits represent income

- 3.25 **Management** – The main change to the notional cost formulae used is the reintroduction of the 3 year average for crime data inputs which has led to a much more favourable settlement than last year.
The Management Allowance per dwelling will increase by 5.8% to £652.57 (0.65% increase last year) compared to a national average increase of 3.5% at £659.40 per dwelling.
- 3.26 **Maintenance** – The main changes to the notional cost formulae is the reintroduction of the 3 year average for crime data inputs and the use of a 3 year average to smooth the changes to the building cost indices adjustment. This has led to a much more favourable settlement than last year.
The Maintenance Allowance per dwelling will increase by 2.9% to £1,206.71 (no change last year) compared to a national average decrease of 0.8% at £1,103.20 per dwelling.
- 3.27 **Capital Charges** – The HRA receives subsidy based on the cost of financing historical borrowing allocations. This has reduced due to lower interest rates anticipated for 2009/10.
- 3.28 **Guideline Rent** – The subsidy system assumes a notional guideline rent per dwelling which increases annually in line with the government's Rent Restructuring Policy. The guideline rent for 2009/10 is £66.04 per property per week, an increase of 2.36%.
- 3.29 **Major Repairs Allowance (MRA)** – In addition to the revenue subsidy the HRA also receives a Major Repairs Allowance for each property, which is used to partly fund the Capital Programme. The MRA represents the estimated long term average amount of capital spending required to maintain the stock in its current condition. Although there have been no changes to the methodology, the national average unit costs used to calculate the MRA have been revised. The net effect of this change is an increase of 3.7% per unit (compared to the national average of 2.4%), increasing average MRA to £758.98 per dwelling. The total MRA, including the loss of stock from Right to Buy sales, has increased by £0.285 million to £9.352 million.

PROJECTED HRA RESERVES

- 3.30 The month 9 forecast outturn for 2008/09 shows a contribution to reserves of £0.123 million increasing the projected reserves to £4.352 million at 31 March 2009. The 2009/10 budget has been set for a breakeven position. Therefore, the reserves are projected to remain at £4.352 million as at 31 March 2010 as shown in the table below.

Projected HRA general reserves at 31 March 2010	£'000
Reserves at 1 April 2008	5,615
Less: Contribution to fund 2008/09 Capital Programme	(1,386)
Plus: Forecast contribution from 2008/09 Revenue Outturn	123
Projected Reserves at 31 March 2009	4,352
Plus: contribution from 2009/10	0
Projected Reserves at 31 March 2010	4,352

- 3.31 The recommended minimum level of reserves is now £2.400 million so there is £1.952 million available for use.
- 3.32 Estate Development Budget revenue reserves are £0.034 million as at 1 April 2008. These reserves relate to committed revenue and capital expenditure for schemes agreed in previous financial years that are not yet completed. Therefore these reserves will reduce as schemes are finished.

4. CONSULTATION

- 4.1 Tenants are consulted during the year on the HRA Budget and the Estate Development Budget. After Cabinet approval, tenants will receive notification of their individual rents and charges for 2009/10.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Financial Implications are included in the main body of the report

Sue Chapman, Head of Financial Services 7 January 2009

Legal Implications:

- 5.2 The Council is required to keep a separate Housing Revenue Account (HRA) by virtue of the Local Government and Housing Act 1989. Preceding any financial year, the council must formulate for that year proposals relating to i) the income from rent and charges of all property within the HRA, ii) the expenditure on repair, maintenance, supervision and management of that property and iii) any other prescribed matters. In formulating the proposals, the council must use its best assumptions and estimates to secure that on their implementation the account will not show a debit balance. Within one month of formulating the proposals it must prepare and place on deposit a statement setting out the proposals and estimates.

Liz Woodley, Lawyer

7 January 2009

Equalities Implications:

- 5.3 The HRA budget will fund services to people with special needs due to age, vulnerability or health needs.

Sustainability Implications:

- 5.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment.

Crime & Disorder Implications:

- 5.5 The Budget includes financial provision for Crime and disorder implications.

Risk and Opportunity Management Implications:

- 5.6 Financial risks have been assessed throughout the development of the council's budget.

Corporate / Citywide Implications:

- 5.7 The Budget seeks to improve the quality of housing and services provided to tenants across the City.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 There are no alternative options proposed. Rents are set in accordance with the Government's rent restructuring guidance and increases are in line with the Housing Subsidy Determination. The Housing Subsidy Determination controls rent setting by removing resources from local authorities through non compliance.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The Local Government and Housing Act 1989 requires each Local Authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions the Authority must set a balanced account. This budget report provides a breakeven budget and recommends rent increases in line with current government guidance.

SUPPORTING DOCUMENTATION

Appendices:

1. Housing Revenue Account Forecast Outturn 2008/09 and Budget 2009/10

Documents In Members' Rooms

1. None

Background Documents

1. 2009/10 Housing Revenue Account Subsidy Determination
2. 2009/10 Housing Revenue Account Working Papers

Appendix 1

HOUSING REVENUE ACCOUNT - BUDGET 2009-10			
	2008-09 Adjusted Budget £'000	2008-09 Forecast Outturn £'000	2009-10 Original Budget £'000
EXPENDITURE			
Employees	9,044	8,661	9,262
Premises - Repairs, Response & Voids	7,701	8,051	7,342
Premises - Repairs, Service Contracts	2,777	2,545	2,910
Premises - Repairs, Programmed Repairs	1,264	1,164	764
Premises – Grounds Maintenance	512	503	505
Premises - Other	2,411	2,449	2,428
Transport	159	249	187
Supplies and Services - Provision for Bad Debt	300	270	308
Supplies and Services - Other	1,698	1,569	1,633
Support Services - from Other Departments	2,300	2,320	2,250
Revenue contribution to Capital Schemes	2,481	2,561	4,854
Capital Financing Costs	4,941	4,908	4,356
Housing Subsidy Payable	11,494	11,547	12,317
TOTAL EXPENDITURE	47,082	46,797	49,116
INCOME			
Rents Dwellings	(41,009)	(41,069)	(42,870)
Empty Properties	531	508	473
Rents Car Parking/Garages	(757)	(721)	(728)
Commercial Rents	(452)	(490)	(495)
Service Charges	(3,433)	(3,533)	(3,861)
Other recharges and Interest	(1,712)	(1,615)	(1,635)
TOTAL INCOME	(46,832)	(46,920)	(49,116)
DEFICIT / (SURPLUS)	250	(123)	0

Meeting: Cabinet

Date: 12 February 2009

Report of: Director of Strategy & Governance

Subject: Extract from the Proceedings of the Housing Management Consultative Committee held on the 20 January 2009

Wards Affected: All

Present: Councillors Caulfield (Chairman); Allen, Davey, Fryer, Mears, Simpson (Opposition Spokesperson), Simson, Wells and Barnett

Tenant Representatives: Chris El-Shabba (Brighton East Area Housing Management Panel), Ted Harman (Brighton East Area Housing Management Panel), Heather Hayes (North & East Area Housing Management Panel), Beryl Snelling (Central Area Housing Management Panel), Tom Whiting (Sheltered Housing Action Group), Sue Hansen (Tenant Disability Network) and Beverley Weaver (Foredown Estate Residents' Association)

PART ONE

57. HOUSING REVENUE ACCOUNT BUDGET REPORT 2009/10

- 57.1 The meeting considered a report of the Director of Adult Social Care & Housing that presented the Housing Revenue Account Forecast Outturn for 2008/09 as at month 6 and the proposed Budget for 2009/10 as required by the Local Government and Housing Act 1989 (for copy see minute book).
- 57.2 The Chairman accepted an amendment tabled in relation to the report. The amendment reflected recent changes to the national economy and their impact on the Housing Revenue Account.
- 57.3 Councillors Mears and Wells noted the 3 million Housing Subsidy that the Government collected from the council. They felt that this could be perceived as a 'tax' levied on Tenants.
- 57.4 Councillor Simpson noted the many years that the council had benefited from the subsidy. She also noted that Government were currently looking to review of subsidy arrangements.
- 57.5 Councillor Fryer noted a reduction in the gardening scheme for older people. Officers clarified that the reduction was in administration of the scheme rather than to the budget.
- 57.6 In response to a query from Councillor Fryer, Officers reported that the 1.6 million identified in the report would be the subject of a report to the next meeting, in consideration of the Capital Programme.

- 57.7 Councillor Fryer asked if there were to be reductions in the number of Community Wardens. Officers explained that of the 13 posts originally created only 12 were recruited too. Following restructuring the 13th post was redundant and had been abolished.
- 57.8 Councillor Allen asked about the re-alignment of rent charges in anticipation of stock transfer in 2007. Officers commented that this work was required by the Government of The South East in order to access Stock Transfer Gap Funding.
- 57.9 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Housing Management Consultative Committee accepted the following recommendations:

That the Housing Management Consultative Committee recommend to the Housing Cabinet Member that Cabinet:

(1) approves the budget for 2009/10 as shown in Appendix 1

(2) approves individual rent increases and decreases in line with rent restructuring principles as determined by the Government.

(3) approves the changes to fees and charges as detailed in paragraph 3.14 to 3.20 of the report.

(4) authorises the Director of Adult Social Care & Housing to implement the new rents, fees and charges, but with delegation to make any minor amendments which may appear to be appropriate in particular cases; and

(5) authorises the Director of Adult Social Care & Housing to prepare and place on deposit the statement of proposals, estimates and other particulars as required by Section 76 of the Local Government and Housing Act 1989.

(6) That the Housing Management Consultative Committee recommends to Housing Cabinet that the late adjustment is included in the HRA 2009/10 budget.

Subject:	Ice Rink, Queen Square - Update on Disposal
Date of Meeting:	12 February 2009
Report of:	Director of Finance & Resources
Contact Officer:	Name: Angela Dymott
	Ralph Long: 291442
	E-mail: Ralph.long@brighton-hove.gov.uk
Key Decision:	Yes CAB 7173
Wards Affected:	St Peters & North Laine

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 To advise Cabinet on the present position and seek approval for the disposal of the Ice Rink Site and the adjoining office building at 11 Queen Square, Brighton. The site has remained vacant and derelict for some years and this proposal will regenerate a critical City centre site encouraging ways through to the North of the site and affording substantial opportunities for environmental improvements to this south facing square. The report is complemented by a report in Part Two of the Agenda.

2. RECOMMENDATION:

- 2.1 That Cabinet approve and authorise
- a) the disposal of the Ice Rink site and 11 Queen Square on a 150 year lease to the successful bidder for a premium and a peppercorn rent, following the full evaluation of informal bids and recommendations by the council's appointed agents, Oakelys, as outlined in item 3.9 of this Agenda and detailed in the part two report.
 - b) the detailed terms to be settled by the Director of Finance & Resources, Assistant Director Property & Design and the Solicitor to the Council provided the terms are certified by the valuer to be the best consideration reasonably obtainable.
- 2.2 Should the disposal to the preferred party not be completed, to approve and authorise the disposal to either of the short listed parties, or other bidders on similar terms with an agreed target premium.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The site of 0.2acres (0.08Ha) is located at the end of Queen's Square in the City Centre, immediately to the north of Western Road and Churchill Square. The site is shown by bold outline on the attached plan. The Ice Rink has been vacant since 2003 and was marketed for disposal on a long lease in 2004. The previous planning requirement for the ground floor limited to D2 purposes (Assembly and Leisure) has imposed constraints on developers. Consequently previous attempts at disposal of the site in 2004 -2006 ended in developers being unable to secure a D2 use on the ground floor and withdrawing from the deal, thus leaving the ice rink site vacant and derelict.

Planning

3.2 The established land use of the former ice rink site is D2 (Assembly and Leisure). The adjoining building at 11 Queen Square is occupied as offices within Use Class B1. For planning purposes the ice rink would be affected by Local Plan policy SR21 which limits the loss of indoor recreation facilities. To the west of the site are Grade II listed buildings on Wykeham Terrace. To the north of the site is the historic Churchyard of St Nicholas within the Clifton Hill Conservation Area and the Church itself is Grade II Listed. Other tombs and the flint boundary walls are Listed by virtue of being pre-1947 structures within the curtilage of the listed church.

3.3 Since the previous unsuccessful marketing, Property & Design have been working with the Planning team exploring a definitive use for the site. The council owns the adjoining office building at 11 Queen Square and following an asset management review it was decided to include this building in the marketing package thus affording a mixed use redevelopment of the site and further increasing the possible options for the site.

3.4 An updated informal planning brief has been developed with the planning team to support the re- marketing of the site. In this, the planning team have indicated improvements to the environment to offset the loss of leisure use of the ice rink. These include a scheme to help redefine St Nicholas Churchyard as a safe, accessible and well used public open space for the City centre and local residents which could be achieved by incorporating a pedestrian/cycle route through the Ice Rink site linking the churchyard and Queen Square.

3.5 The brief has been further broadened to include retail or café/food and drink type uses on the ground floor that could act as a magnet for pedestrian flow through Queen Square and provide passive surveillance for users of the Churchyard. The upper floors could be developed for hotel, residential or office use and again this could provide passive surveillance of the Churchyard.

Marketing

- 3.6** In April 2008 local and London agents were approached for their interest in acting for the Council in marketing the site and local agents Oakleys were appointed. Following a period of conducting surveys and assembling information the marketing campaign was launched on the open market in September 2008. The property was offered for sale by way of an informal tender and interested parties were requested to put forward their financial and development proposals by 7th November 2008.
- 3.7** A total of 10 submissions were made and the majority of the bids and the 5 highest were for hotel schemes. Other uses included residential office and medical clinic all of which were in the bottom half of the bids.
- 3.8** From the 10 submissions a short list of 3 were identified by an assessment of the merits of the proposals and the price offered against the evaluation model. The short-listed bidders were invited for interview on 8th December 2008 with a panel comprising Council officers and the agents Oakleys. The interview process involved a question and answer session using the criteria of the evaluation model with a matrix of scoring based on the 8 criteria weighted as follows :track record 10% ; deliverability 15% ; price 15% ; funding 15% ; planning 15% ; quality 10% ; added value 10% ; timing 10%.
- 3.9** Following evaluation of the bids and interviews the council's agent's recommendation is to proceed with highest scored developer as the preferred purchaser for the site with the bid being subject to planning, contract and a preliminary timetable. The timetable has ambitious milestones for exchange of contract - March 2009, submission of Planning application - May 2009 with completion of sale to take place on receipt of planning permission within 2009/10. A separate Section 106 contribution will be paid by the developer.
- 3.10** The proposal is for a high quality hotel scheme of approximately 85 rooms arranged over 5/6 floors with restaurant facilities/bar/café on the part lower ground and ground floors. A walkway is proposed providing pedestrian and cycle access to St Nicholas Churchyard and providing a link through to Queen Square converting it from a cul de sac into a thoroughfare. The architects for the scheme are an international firm of architects who have a local office in the City. They are considering both a pre-let to a high quality restaurant operator or running the restaurant as part of their business.
- 11 Queen Square, Brighton**
- 3.11** 11 Queen Square is currently occupied as offices by Youth Advocacy and Participation (YAP) a CYPT/ Council service who provide advice and support to young people. The premises are let to YAP on a full repairing lease and have recently had structural and heating problems with the building which also does not have suitable access requirements. CYPT and Property & Design have been working together to relocate this function to more suitable premises and a letting has been agreed on the first floor of Ovest House, West Street with an anticipated relocation date of February 2009.

4 CONSULTATION

- 4.1** Consultations have been held with our appointed agent Oakley, the potential bidders, the planning team, economic development and CYPT and local Ward Councillors.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1** The disposal on long leasehold will generate a significant capital receipt, less associated fees, in connection with the disposal of the site. The council currently receives rent for the offices at 11 Queens Square, part of the capital receipt will be used to repay debt or generate interest to offset the loss of rent. The remaining net capital receipt will be needed to support the corporate Strategic Investment Fund for future years.

Finance Officer consulted: James Hengeveld Date: 15th January 2009

Legal Implications:

- 5.2** S 123 of the Local Government Act 1972 enables the Council to sell this property provided it achieves the best consideration reasonably obtainable. It is not considered that any individual's Human Rights Act rights will be adversely affected by the recommendation in this report.

Lawyer consulted: Anna Mackenzie Date: 15th January 2009

Equalities Implications:

- 5.3** The planners would require any development to incorporate improved access for all to include disabled access requirements, level and ramped access and cycle access.

Sustainability Implications

- 5.4** The site is in a sensitive location, within the City centre being close to St. Nicholas churchyard within the Clifton Hill Conservation Area and listed buildings in Wykeham Terrace.

Crime & Disorder Implications:

- 5.5** The site is vacant (apart from 11 Queen Sq) and there will be continuing issues of security and dereliction whilst the site remains undeveloped. The lack of public presence in St Nicholas churchyard will continue to be a problem and pose a risk to those who do use it.

Risk & Opportunity Management Implications:

- 5.6** The risks are dependant on the wider economic climate, property market conditions, the timing of the disposal, not achieving 'best consideration', obtaining planning consent, withdrawal of the developer selected and the site remaining vacant.

Corporate / Citywide Implications:

5.7 The disposal of properties is part of the corporate asset management process to ensure efficient and effective use of assets. This contributes to the regeneration of the City, the Council's strategic priorities and the increased opportunities for employment.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 The bids that have been submitted have been encouraging despite the impact of the credit crunch and the poor economic background. Due to the uncertain current property market the council asked its agents to carry out thorough due diligence before making their recommendations.

6.2 With the backdrop of the 'credit crunch' market conditions have been extremely difficult during 2008 and have resulted in a whole sale withdrawal from the development market in most property sectors, perhaps with exception in the hotel, restaurant and entertainment sectors. This is a reflection of the fall in the demand for both residential property and the lack of confidence in the business sector, whether this be commerce or retail, resulting in significant falls in value through 2008.

6.3 If the disposal falls through the alternative options available to the Council are :-

- a) *Negotiate with short listed parties* : Re-visit the other short listed parties bids and explore the possibilities of negotiating acceptable terms with other bidders with a target premium over a similar range.
- b) *Submit a Planning Application for the site*: this would remove some uncertainty for the successful developer but would not be appropriate for every party. There is the likelihood that a further planning application would be made varying the planning permission negating the time saved. The estimated cost for a full planning application with an Environmental Assessment is £100,000 which may not be fully recovered by any increase in the price.
- c) *Set up Joint Venture to deliver planning permission and potentially develop*: this would be undertaken by approaching selected parties of sufficient standing. It would involve a more complicated legal structure and documentation. There would be a share in the potential upside to compensate for a lower current price but the Council would not receive 100% of the uplift in land values if market conditions improve.
- d) *Wait until the economy improves before going back to the market*: This may not be until late 2009 /2010 and this option remains open if the current disposal does not proceed. There is no guarantee that a higher price would be achieved nor that market conditions will improve in the near future. In the meantime the property would remain vacant and vulnerable to vandalism and security problems.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1** To regenerate this area of the City, opening up the site to the north allowing more permeability to the site and enabling environmental improvements to create a lively south facing square.
- 7.2** To make best use of an existing asset and provide employment opportunities for the City encouraging local small businesses and apprenticeship training opportunities in construction.
- 7.3** The level of interest in the site has been good and the offers encouraging in the present economic climate. By initiating the development process now there is potential for the scheme to take advantage of an improving market when it comes. There is unlikely to be any higher price to be achieved in the near future from residential or office developers as these markets have some way to go before recovering.
- 7.4** Delay in disposing of the site will leave the Council with on going security and safety problems with the buildings and postpone the opportunity to improve safety and the general environment of the Square and Church yard.

SUPPORTING DOCUMENTATION

Appendices:

1. Plan of site

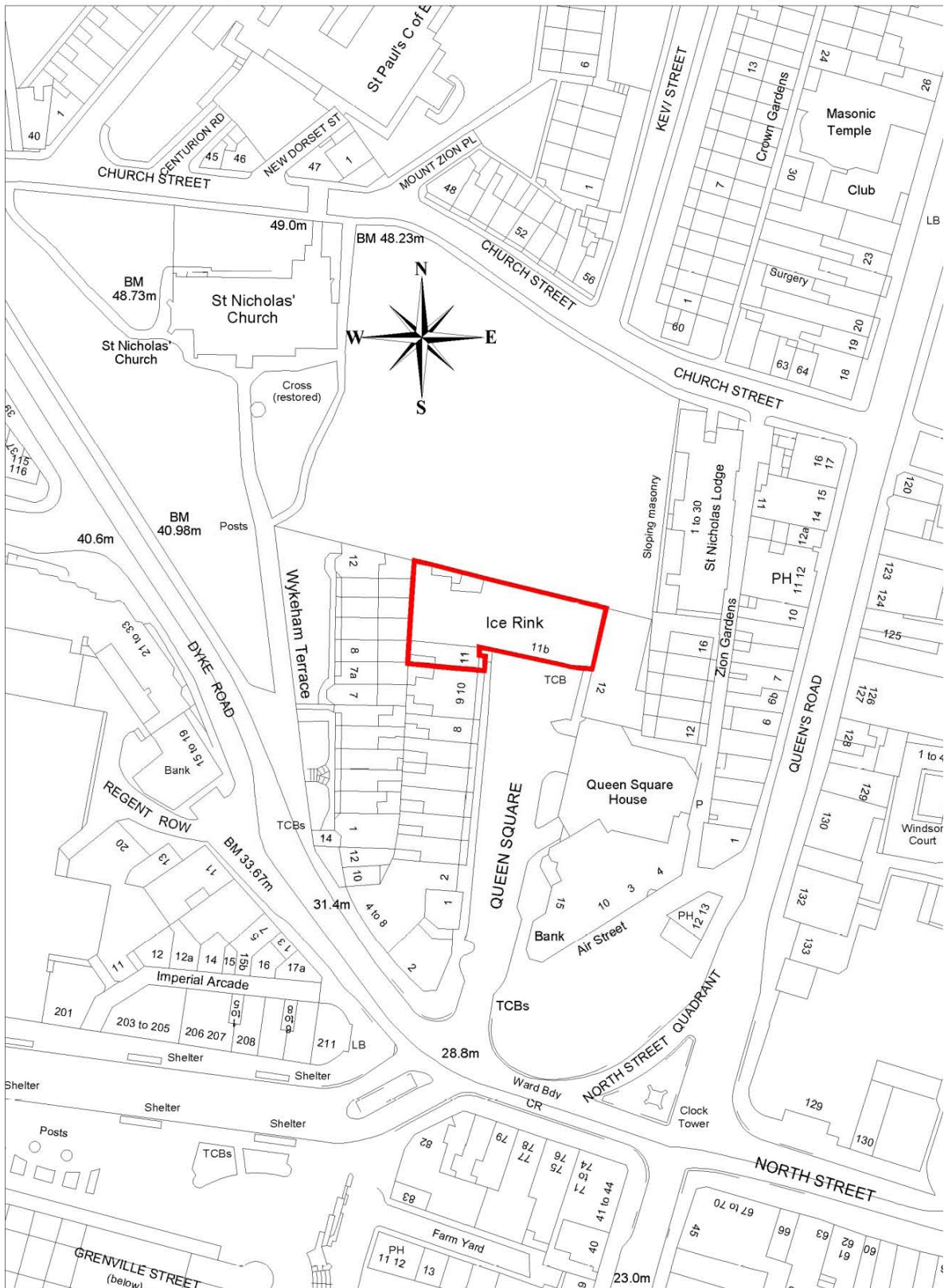
Documents In Members' Rooms

1. None

Background Documents

1. None

Queen Square Ice Rink & 11, Queen Square



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